



All Together Money Response to National Lottery Community Fund – Request for Input

All Together Money is the trading name of the Association of British Credit Unions Limited (ABCUL) and welcomes the opportunity to respond to this consultation. We are the primary trade association for credit unions in Great Britain. All Together Money represents a diverse range of credit unions varying significantly in size and capacity from small volunteer-led organisations to larger, professionally staffed credit unions.

All Together Money's members typically operate with low complaint volumes and a strong emphasis on early engagement, fair outcomes and member trust. Our response to Call for Input is informed by this sector-wide perspective and focuses on ensuring that responds to the experiences and needs of a sector that is embedded in communities across Scotland and which understand the challenges that the financially-excluded face, as well as the operational challenges of effectively addressing these challenges.

Credit unions are co-operative societies that provide financial services – primarily savings and loan facilities – to their member-owners. They are registered as co-operative societies under the Co-operatives and Community Benefit Societies Act 2014 and the Credit Unions Act 1979. As deposit-takers, they are dual-regulated by the Prudential Regulation Authority and the Financial Conduct Authority. Since their inception in Britain in 1964, credit unions have been closely associated with anti-poverty and financial inclusion.

They tend to provide savings and loan facilities to those with limited or no access to financial services from mainstream providers, generally due to low income and/or a lack of a developed credit profile. They have been a central element of

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All Together Money is a trading name of the Association of British Credit Unions Ltd, a society registered under the Co-operative and Community Benefit Societies Act 2014 (Registration No. 23136R)



numerous government and philanthropic initiatives to extend financial inclusion and address the lack of adequate provision of affordable credit and secure savings facilities for large sections of the population. Credit unions are capped in the interest they can charge at 42.6% APR under the Credit Union Act 1979 and provide credit in competition with high-cost lenders. There are over 215 credit unions active in Great Britain today, serving more than 1.5 million members and managing approximately £2.7 billion in assets. They range from mid-sized businesses employing up to 50 staff to small, volunteer-led organisations.

Credit Unions role in Financial Inclusion

Published in January 2026, the Credit Union Growth Plan was jointly developed and endorsed by the UK's credit union representative bodies, reflecting a shared commitment to collective action, collaboration and long-term ambition for the sector.

The Credit Union Growth Plan sets out a comprehensive programme of reform, investment and sector development designed to expand the reach, sustainability and impact of credit unions across the UK, with the overarching aim of strengthening financial inclusion. It recognises credit unions as trusted, established providers of affordable credit, savings and financial services, particularly for individuals and communities who are underserved by mainstream banking.

It also highlights the Government's ambition to expand the co-operative and mutual economy, alongside its commitment to refreshing the UK's financial inclusion strategy, presents a significant opportunity for credit unions to scale their reach, strengthen resilience, and play a more prominent role within the UK's financial landscape.

Central to the Plan is the ambition to return the sector to its previous growth trajectory, with the potential to double membership to 4.4 million people and treble lending to £8 billion by 2035 through targeted policy support, regulatory reform and investment. These recommendations are intended to enable credit



unions to scale their operations, modernise services and increase access to affordable and ethical financial products for low- and moderate-income households.

The recommendations support financial inclusion in several ways:

- **Expanding access to affordable credit:** Investment in infrastructure, greater collaboration through Credit Union Service Organisations (CUSOs), and diversification into products such as car finance, credit cards, mortgages and SME lending, credit unions will be better placed to meet unmet demand for responsible, affordable finance.
- **Strengthening savings and financial resilience:** The Growth Plan promotes payroll savings schemes, opt-out savings initiatives and “Save As You Borrow” models to help households build savings habits and improve financial resilience, particularly amongst those with little or no savings.

To deliver this ambition, the Growth Plan identifies five core pillars of sustainable sector development: collaboration and consolidation; leadership and skills; innovation and infrastructure; legislation and regulation; and appropriate investment.

What works well

Credit unions play a vital, though often under-recognised, role in supporting people experiencing financial crisis. Individuals facing sudden income shocks, such as job loss, delays to benefit payments, relationship breakdown, or unexpected essential expenses, often turn to credit unions because they are trusted, locally rooted, and accessible. In many communities, particularly those experiencing high deprivation, credit unions are the only ethical lender with a physical presence and are often the only organisations able to respond quickly when mainstream financial services cannot.

Support is most effective when timely access to ethical finance is combined with wider crisis interventions, such as income maximisation, debt advice, and referrals to grant support. Credit unions’ ability to provide face-to-face assistance is particularly valuable for people who are digitally excluded or



experiencing multiple pressures. At a time where high street banks continue to withdraw from local communities, credit unions often maintain their physical presence, helping to ensure that accessible financial services remain available to everyone in their communities.

Payroll Savings are a strong mechanism to support long term financial resilience. There is a major opportunity for credit unions to support a significant expansion of savings among low- and moderate-income households through the roll out of opt-out approaches to payroll savings. The research trials conducted by Nest Insight have demonstrated the transformational potential of this approach which is akin to the transformational effects of auto-enrolment in pensions. In order for credit unions to benefit from this, we need to ensure that appropriate and scalable infrastructure is in place to support it.

What does not work well

Many credit unions continue to operate with a small teams and limited technology capacity, despite increasing expectations for them to deliver sophisticated financial support. Investment in digital systems, affordability assessment tools, online services, and operational resilience is essential, yet many community-based financial organisations face ongoing challenges in securing sustainable funding for these developments.

Despite this important role, there are clear structural limits to the support credit unions can provide to people experiencing acute financial crisis. Responsible lending requirements and affordability assessments are essential for protecting members' savings, but they also restrict credit unions from lending to individuals with extremely low or unstable incomes without taking on unsustainable levels of risk.

Crisis support also remains highly fragmented. Credit unions frequently encounter individuals whose needs would be better met through a combination of crisis advice and affordable credit, yet referral pathways between services are often weak or informal. This results in duplication, missed opportunities for early intervention, and people being passed between services at a time of significant



stress. A more coordinated and strategic approach, supported through appropriate investment from dormant assets, could help address these gaps and improve outcomes for those in financial crisis.

Another challenge is the growing number of individuals entering formal debt solutions without fully understanding the long-term implications. While arrangements such as DAS or Trust Deeds can be appropriate and necessary for some people, many enter them without a clear understanding the impact they may have on future access to credit and broader financial participation.

Gaps in support

One of the biggest challenges is access to affordable credit. A significant gap remains for people with thin credit files, poor credit behaviour or adverse credit histories, despite clear levels of social need. This is particularly acute for single adults without dependent income and for older people reliant on Pension Credit, where disposable income is extremely limited and even modest increases in essential living costs can quickly push households into financial crisis. This issue is becoming increasingly pressing as the costs of basic household necessities continue to rise significantly.

There is also a lack of accessible “second-chance” lending pathways. Where individuals are unable to obtain affordable credit, many rely on borrowing informally from friends or family. While often well-intentioned, this can place strain on personal relationships and weaken informal support networks, leaving individuals more vulnerable during a future crisis. In some cases, people may then turn to illegal or exploitative lenders, such as loan sharks, where the consequences can extend far beyond financial hardship to include intimidation, psychological trauma, social isolation, and physical harm.

Financial exclusion

What are the main barriers to accessing financial services?



The main barriers to accessing financial services are often interconnected and disproportionately affect people on low incomes, vulnerable groups, and those experiencing financial hardship. Key barriers include:

- **Low or unstable income** – Irregular earning, insecure work, benefit reliance, or low disposable income can make people appear too high risk for mainstream lenders and financial providers.
- **Poor or limited credit history** – Individuals with adverse credit histories, thin credit files, missed payment, or previous debt solutions may struggle to access affordable credit, bank accounts, or other financial products.
- **Digital exclusion** – Many services are now primarily online, but some people lack internet access, digital skills, confidence, or safe access to technology, making it difficult to engage with financial services.
- **Lack of physical banking services** – The closure of bank branches has reduced access to face-to-face support, particularly in rural or deprived communities. This can disproportionately affect older people, disabled people, and those needing additional support.
- **Low financial confidence or capability** – Some individuals may struggle to understand financial products, terms and conditions, debt solutions, or borrowing options, increasing the risk of poor financial decisions.
- **High cost and affordability barriers** – Rising living costs can leave households with little financial resilience, making it harder to meet affordability checks or maintain access to mainstream financial products.
- **Complexity of financial systems** – Financial services can be difficult to navigate, especially for people already in crisis. Complicated application processes, jargon, and fragmented support services can discourage engagement.
- **Stigma and mistrust** – Previous negative experiences with banks, debt, or financial institutions can lead to reluctance to seek help or engage with formal financial services.
- **Limited identification or documentation** – Some people may lack the forms of ID or proof of address required to open accounts or access



services, including homeless individuals, migrants, or people in temporary accommodation.

- **Geographical barriers** – Rural and remote communities may have limited access to branches, cash services, or affordable lenders, increasing reliance on costly alternatives.
- **Health and vulnerability issues** – Poor mental health, disability, addiction, or crisis situations can make managing finances and engaging with financial providers significantly more difficult.
- **Reliance on high-cost credit** – Persistent use of payday loans, buy-now-pay-later products, or informal borrowing can worsen financial vulnerability and damage future access to affordable credit.

Addressing these barriers typically requires a combination of affordable credit provision, financial education, debt advice, digital inclusion support, and accessible face-to-face services.

Financial exclusion remains a deeply entrenched issue. People experiencing exclusion are often unable to access or use basic financial services such as bank accounts, affordable credit, savings, insurance or reliable money advice.

Credit unions play a vital role in reducing financial exclusion by providing accessible, ethical, and community-focused financial services to people who are often underserved by mainstream providers. Through affordable lending, savings products, and face-to-face support, credit unions help individuals build financial resilience and avoid reliance on high-cost or illegal lenders. Their local presence and trusted relationships within communities are particularly important for people on low incomes, those with poor or limited credit histories, and individuals who may be digitally excluded or vulnerable. By offering inclusive financial services alongside signposting to wider support such as debt advice and income maximisation, credit unions help ensure that more people can participate safely and sustainably in the financial system.

What would help people access and use financial services?



Addressing the barriers above through more flexible approaches and better coordination between financial services and statutory partners would significantly improve access.

Digital exclusion further reinforces financial exclusion. While digital services can improve efficiency and accessibility for some, many people experiencing financial exclusion lack reliable access, digital confidence, or the ability to engage safely online. Credit unions that maintain physical branches therefore provide an important public service by offering face-to-face support, trusted relationships and safeguarding for vulnerable individuals.

However, maintaining a physical presence comes with increasing costs, particularly in smaller or underserved communities, and targeted support is needed to prevent further loss of access to in-person financial services. In many areas, credit unions are now among the last remaining providers of face-to-face financial services. Supporting branch networks through targeted investment from dormant assets, for example, could play a significant role in tackling financial and digital exclusion within Scottish communities.

Greater awareness among statutory and third-sector partners of the role credit unions can play would also be beneficial. Investment in knowledge-sharing partnerships could deliver significant value by enabling third sector organisations and public bodies to refer individuals to credit unions where appropriate, and vice versa. Stronger integration of credit unions within local financial inclusion strategies would improve referral pathways and help ensure people receive the right support at the right time.

Access to affordable credit and debt support

People's experiences of access to credit and problem debt

Access to fair and affordable credit remains one of the most significant challenges for people on low or insecure incomes. Where credit unions are unable to lend due to affordability constraints or adverse credit histories,



individuals often turn to high-cost alternatives such as payday loans or home credit. In the most serious cases, this can lead to problem debt and increased exposure to illegal lending.

Many individuals are also managing multiple buy-now-pay-later arrangements simultaneously, with some cases showing more than fifteen separate agreements, ranging from £250 for essential household appliances to as little as £7 for food purchases. Credit Unions report that the repeated use of high-cost credit to cover everyday living expenses is increasingly common, gradually reducing affordability and limiting future access to sustainable credit options.

Problem debt is becoming more complex, often involving multiple lenders, irregular income patterns, and ongoing financial vulnerability. It is closely linked to wider financial stress, poorer health outcomes, and reduced financial resilience. Without safe opportunities to stabilise finances and rebuild creditworthiness, poor credit histories become a long-term barrier rather than a point for early intervention.

What are the key challenges?

People accessing credit and experiencing problem debt face a range of interdependent challenges that can have long-term financial, social, and health impacts. Key challenges include:

- **Limited access to affordable credit** – People with low incomes, insecure employment, poor credit histories, or thin credit files are often unable to access mainstream lending, increasing reliance on high-cost or exploitative forms of credit.
- **Reliance on high-cost borrowing** – Payday loans, home credit, rent-to-own products, and some buy-now-pay-later arrangements can create cycles of repeat borrowing, where repayments reduce future affordability and deepen financial hardship.
- **Complex and multiple debts** – Many individuals now manage debts across numerous lenders and credit products simultaneously, making



repayments difficult to track and increasing the risk of arrears and defaults.

- **Rising living costs** – Increases in food, energy, housing, and other essential costs mean many households are using credit to cover everyday expenses rather than occasional emergencies, reducing long-term financial resilience.
- **Poor understanding of financial products** – Some borrowers may not fully understand interest rates, repayment terms, or the long-term consequences of debt solutions such as insolvency arrangements, leading to decisions that worsen financial exclusion.
- **Mental and physical health impacts** – Problem debt is strongly associated with stress, anxiety, depression, relationship breakdown, and poorer physical health outcomes, which can in turn make managing finances even more difficult.
- **Digital exclusion and accessibility barriers** – Increasingly digital financial services can exclude people who lack internet access, digital skills, confidence, or support to engage safely online.
- **Stigma and reluctance to seek help** – Shame or fear around debt can prevent people from accessing advice and support early, allowing financial problems to escalate before intervention occurs.
- **Weak referral pathways between service** – Support is often fragmented, with limited coordination between lenders, debt advice providers, local authorities, and third sector organisations, resulting in missed opportunities for early intervention.

What would help people access fair and affordable credit

Evidence shows that building on proven models is more effective than repeatedly piloting new approaches. Programmes that link affordable credit with risk-sharing mechanisms, such as no-interest lending, have demonstrated positive outcomes, as seen in the Fair4All Finance No Interest Loan Scheme (NILS) pilot. An evaluation by PwC highlighted that NILS reached people excluded from affordable credit, supported sustainable loan repayments, reduced reliance on high-cost



lenders, and was operationally viable for delivery partners. Credit unions are well placed to act as delivery partners in such schemes if implemented in Scotland.

Clear governance, accountability, and proportionate reporting requirements are essential to ensure confidence among funders, delivery organisations and communities, while enabling organisations, such as credit union, to focus on the day-to-day.

Learning from established approaches in England, including those developed by Fair4All Finance, provides a strong evidence base for what works in improving access to fair and affordable credit in Scotland.

Improved alignment with debt advice services and pathways to future financial participation would also help prevent individuals from being excluded from access affordable financial services for prolonged periods.

Financial education and empowerment

Financial education should be recognised as a core component of financial inclusion rather than a supplementary activity. Credit unions are well placed to deliver education that is practical, relevant and rooted in lived experience. Education is most effective when it responds to real-world pressures such as rising living costs, debt stress or harmful financial behaviours rather than abstract financial concepts.

Supporting adults to understand credit reports, develop savings habits and recognise risky behaviours can enable meaningful behaviour change and open pathways back into affordable financial services. Financial education also plays an important preventative role, strengthening household stability and reducing reliance on crisis support.

Promotion of regular savings habits with incentives like the UK government's Help to Save Scheme where savers are rewarded for saving with a 50% match would be strongly beneficial. However, the current sole-provider model through NS&I has not had significant uptake in respect to the eligible population. We believe this is largely a result of its operational model. Support to open the Help to Save



Model to a Multi-provider model, including credit unions, would significantly support an increase in product take up and thereby boost savings for those with low or volatile incomes.

The customers that Help to Save is intended to support coincide closely with the demographics that credit unions serve- this is highlighted by All Together Money's Community Development Credit Union Whitepaper. All Together Money's research utilising CACI's Acorn segmentation groups revealed that over 68% of the 92,000 members who saved with the eight pathfinder credit unions are all within the two lowest Acorn Groups "Stretched Society" and "Low Income Living". We recognise that a national provider would be needed to support a multi-provider model for Help to Save delivery but provided one can be found, credit union delivery would significantly boost take up. There is strong appetite among our members to provide the product based on recent surveys.

Financial education needs to reach young people, success has been seen through the gamification of financial education, such as through the Money Wise Games developed by Dot Dot Fire. This is an education platform designed to teach financial literacy through interactive gameplay. Participants engage in real-life scenarios, making decisions that simulate financial situations, which helps them to understand how to manage money effectively and develop good financial decision-making.

Funding, reporting and proportionality

While funding is essential, the way funding is designed has a significant impact on delivery. Reporting and compliance requirements must be proportionate to the size and purpose of funding, particularly where programmes are intended to support financial inclusion. Overly complex reporting frameworks risk excluding smaller or more resource-constrained credit unions and diverting capacity away from frontline delivery.

All Together Money are keen to engage constructively in the design of funding and reporting processes. Additionally, involving delivery organisations early would help ensure accountability is maintained while recognising operational realities.



Effective financial inclusion also depends on coordination, staff capacity, data, governance, physical, and digital infrastructure. These elements are often difficult to fund through short-term or transactional grants, yet they are essential to sustained impact and prevention.

Case studies

1st Alliance Community Bank is working in partnership with Beith Trust, CHAP and TACT to deliver a community-led programme in North Ayrshire that builds on existing local provision. Rather than creating new initiatives, the focus is on coordinating the knowledge, relationships and experience already embedded in communities. The programme aims to reduce child poverty by improving household stability, income security and access to timely support. Alongside improving access to fair financial services, it recognises that financial inclusion alone is not sufficient. By working as one team, partners are creating clearer, joined-up pathways so families can access the right help at the right time, without being passed between services.

A key strength of this approach is coordination. Aligning delivery reduces duplication, strengthens referral routes and enables more consistent support, particularly for families facing multiple pressures or who have disengaged from services. Alongside access to affordable finance, the programme supports improved financial resilience, clearer routes into learning and work, and greater household stability. This case study illustrates why financial inclusion is a strong fit for Dormant Assets funding. It cuts across priorities including child poverty, financial education, access to services and community resilience, and shows how investment in joined-up local infrastructure can deliver preventative outcomes and long-term impact beyond access to finance alone.

Initiatives that address illegal money lending and promote safe borrowing are an important part of a preventative approach to financial inclusion. *Tapped* is a youth-led film and education resource developed through a collaborative partnership led by Kingdom Community Bank, with young people at the centre of the creative process. Created by twelve secondary-school pupils, the project



brought together community finance, statutory partners and the voluntary sector to explore the harms of loan sharks and financial exploitation.

The film sits at the heart of a wider education programme for schools, youth workers and community educators, supported by a practical toolkit of lesson plans, discussion guides and digital resources. The programme builds financial resilience, encourages safer choices around credit and debt, and signposts young people towards ethical alternatives such as credit unions.

While initially delivered locally, the film and toolkit are now being made available more widely through partner networks. This demonstrates how community-led, youth-focused financial education can engage effectively, support behaviour change and provide a scalable model that complements wider financial inclusion activity, particularly when agencies share an understanding of the role credit unions play within the financial ecosystem.

Scale of Need

Evidence consistently highlights the scale and persistence of financial vulnerability across the UK and Scotland. Analysis by the Office for National Statistics (ONS) and major UK household finance surveys shows that around one quarter of UK adults would struggle to meet an unexpected cost of a few hundred pounds without borrowing, with significantly higher risk among low-income households, renters and disabled people. These findings are reinforced by the Joseph Rowntree Foundation's Cost of Living Tracker, which shows that low-income households are far less likely to hold savings buffers and are therefore highly exposed to financial shocks.

The scale of vulnerability is substantial. Research commissioned by Fair4All Finance, using nationally representative segmentation analysis, estimates that over 20 million people across the UK are living in financially vulnerable circumstances, driven by low financial resilience, insecure incomes, poor health and limited access to affordable credit. This assessment aligns closely with findings from the Financial Conduct Authority's Financial Lives Survey, which



identifies widespread low savings, bill arrears and difficulty managing financial commitments.

Independent evaluations consistently demonstrate strong returns on investment in community finance. Social Return on Investment (SROI) studies, including evaluations supported by Fair4All, indicate that every £1 invested in community finance can generate up to £9 in social value. Reported outcomes include reduced financial stress, improved financial capability, greater income stability and reduced demand on crisis, health and statutory services, supporting Scotland's preventative spending ambitions.

The wider economic case is also robust. Economic modelling by WPI Economics, commissioned by Fair4All Finance, estimates that improving financial inclusion could add up to £6.4 billion per year to the UK economy, largely through increased productivity linked to improved financial wellbeing, alongside higher savings and reduced poverty-related costs. Programme-level evaluations of community finance initiatives further show that more than two thirds of people accessing affordable credit report improvements in their financial situation, with over 80% reporting positive impacts on mental and physical health, underlining the close relationship between financial security, wellbeing and economic participation.

Experience from elsewhere in the UK strengthens the case for action. Evidence from Wales, drawing on Welsh Government-supported credit union programmes and House of Commons Library analysis, shows that sustained public investment expands access to affordable credit while ensuring that the majority of lending is recycled within local economies, strengthening communities as well as individual households.

Financial inclusion underpins all four Scottish Dormant Assets priorities: Opportunities for Children and Young People, Supporting Mental Health and Wellbeing, Tackling Poverty and Inequality, and Financial Inclusion. The evidence demonstrates that investment in community finance is not only well aligned with these priorities but represents a preventative approach that reduces long-term



crisis demand while strengthening household resilience and community wellbeing.

