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Credit card debt problems impact consumers' mental health

Latest BC consumer debt survey suggests credit card debt is five times more common than any other type



By [Jean Dondo](#)

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British Columbians are entering the new year faced with another wave of the pandemic and unrelenting inflation. But there are other concerns that have consumers staggering to keep their wits about them – credit card problems.

In its 2021 BC Consumer Debt Study, BC Licensed Insolvency Trustees Sands and Associates polled more than 1,700 consumers from across the province who have declared personal bankruptcy or legally consolidated debt with a consumer proposal.

The study has shown that compared to other types of problem debt, [credit card debt](#) is cited five times more often, with 18% of insolvent consumers reporting the use of credit for essential costs of living as the main reason for using their credit cards. What's more, more than 3 in 4 of the study participants have said that being in debt affected their mental health.

Blair Mantin, President and Licensed Insolvency Trustee of Sands & Associates, said, "Consumers may often be lulled into thinking their debt isn't 'too much', not realizing how easily problem debt gets out of control, or how common life challenges can leave people facing unimaginable financial difficulties and overwhelming stress."

Four out of the five most reported main causes of debt were outside an individual's control, including essential costs of living that basic wages could not cover, which was cited by 18% of participants.

Other direct primary causes of debt identified were illness, injury, or health-related issues (10%); breakdown in marriages or relationships (8%); and work-related issues (8%). Less than one-third (28%) of the total number of respondents believed that [debt problems](#) were caused by over-borrowing due to common financial mismanagement.

More than 56% of all consumers surveyed said that credit card debt was the most common type of debt when they started formal debt settlement. The use of loans as a "last resort" continues to grow, with high-cost loans such as payday loans and installment loans (9%) being among the most reported types of consumer debt.

In terms of being in debt affecting their wellbeing, 77% reported that their mental health was impaired as a result, and 53% said that their physical health suffered. Constant concerns about debt were reported by more than 4 in 5, and more than three out of four people polled reported anxiety. Worryingly, around 1 in 6 of the respondents said that the stress of debt caused them to become suicidal.

Participants also noted how they know that debt is a problem. Overwhelming stress is the main indicator of debt problems for more than two-thirds (68%) of respondents. Almost 60% said that just making a minimum payment was an important warning sign, and 50% said that their debt levels were about the same despite making monthly payments.

Martin said he hopes that through these surveys, he can "... help people get the resources and solutions they need to regain their lives and move forward without the overwhelming burden of a debt problem."

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