



London Mutual
Credit Union

2025

Impact report

An engine for economic resilience:
London Mutual Credit Union's
social impact 2024-25



Introduction

This report is the most comprehensive analysis of London Mutual Credit Union's impact to date, drawing on over 6,000 loan records, 48,000 member accounts, and more than 400 survey responses.

As you would expect of a credit union, our lending reaches London's most disadvantaged communities. Over the past year, 83% of loans went to people living in the most deprived half of communities in England. More than a third went to members whose main income is benefits, a third to lone parents, and nearly one in ten to people with previous credit difficulties.

We are proud of that reach, but it doesn't tell the whole story. In London, financial stress is not limited to the poorest households. Included in these figures are NHS staff drowning in credit card debt, graduates who've been living in their overdrafts since university, service personnel trying to get on the housing ladder, and families on decent salaries with nothing saved for an emergency. When the cost of living outpaces wage growth, the need cuts across incomes.

We saved our members over £2.1 million in interest last year: £41,000 every week. We were an alternative to payday lenders and doorstep collectors for some, a way out of credit cards charging 39% or

inescapable overdrafts for others. But what held true across income levels was that borrowers saved money compared to alternatives. This saving was largest where it matters most: among women, lone parents, and those in the most deprived postcodes.

What distinguishes the credit union model, though, is that such borrowing is just the start of a longer-term journey. Every LMCU loan includes a savings element, so borrowers build a financial buffer alongside their repayments, and reach the end of their loan term in a better position than when they found us. For many of our members, past borrowing has been a trapdoor into a cycle of debt. The 'save as you repay' model makes it a ladder. Savings for a rainy day, yes—but also the confidence to seize opportunities when they come along, to take risks, and to plan for the future.

Our social and economic impact is not philanthropy, nor a side effect of what we do. It is what happens when you build a financial institution around members rather than shareholders. The difference is solidarity: people choosing to help each other, not being helped.

In Ireland, nearly 70% of the population belongs to a credit union. In the US and Canada, credit unions serve hundreds of millions as mainstream financial institutions, not as a niche alternative, but as the natural choice. There is no reason London should be any different. Our members are ambitious for their families. We are equally ambitious for them.

£41,000

per week returned to our members' pockets

96.8%

of current borrowers retain a savings balance

Average member better off by

£997

(Savings + Interest savings compared to comparable lender)

Why we exist

The cost of living in London leaves even working households with less to fall back on than almost anywhere else in the country.

Nearly half of all Londoners are financially vulnerable. Housing costs consume more than half the income of the poorest households, a third of adults have less than £1,000 in savings, and one in five borrow just to cover everyday expenses.

But this isn't only a story about poverty. Financial pressure in London cuts across incomes, professions, and employment status, driven by a cost base that stretches even middle and higher earners beyond their means. For some, that means being one unexpected bill away from acute financial difficulty. But for just as many, it means a cycle of 'just about getting by', with no margin to take risks, seize opportunities or plan.

Our purpose

"To promote financial well-being and inclusion by empowering our membership community with the tools, information and support they need to manage their money confidently and effectively."

In London, financial insecurity is the norm:

57%

of income spent on housing by London's poorest households.

46%

of all Londoners are financially vulnerable, the joint highest of any UK region.

1 in 3

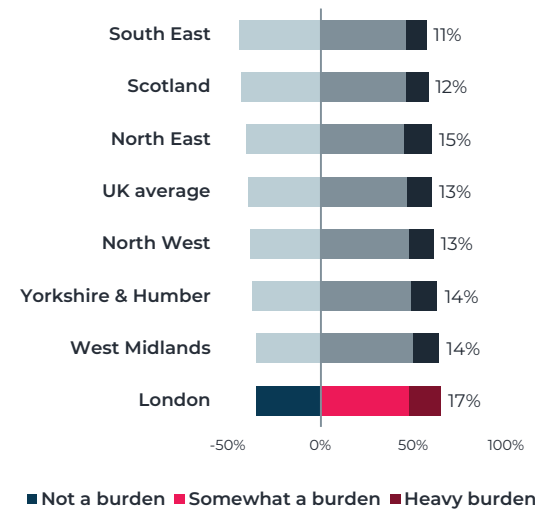
Adults in London have less than £1k in savings

18%

Even among those with savings, 18% still report borrowing to cover daily living costs¹.

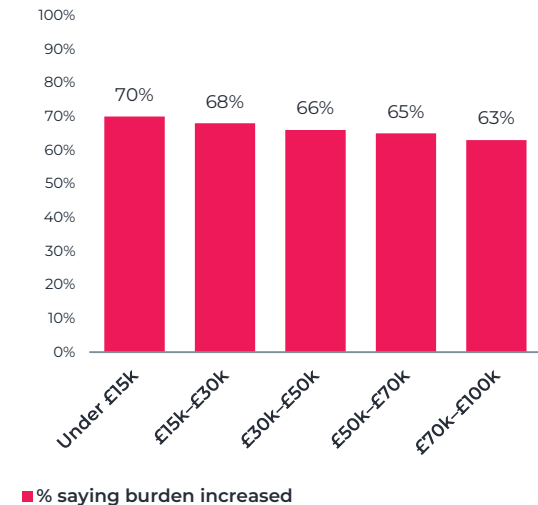
Londoners feel the burden

When asked whether keeping up with domestic bills and credit commitments is a burden, 65% of Londoners said yes.²



All income levels are affected

Among those who find bills and credit commitments a burden, the FCA asked whether that burden had changed in the last 12 months. The answer was remarkably consistent across incomes.



1. Resolution Foundation, Precautionary Tales, February 2024 (based on YouGov survey data, October 2023)

2. Source: FCA Financial Lives Survey 2024, Table K1a (rebased excl. DK). Base: those who say bills are a burden.

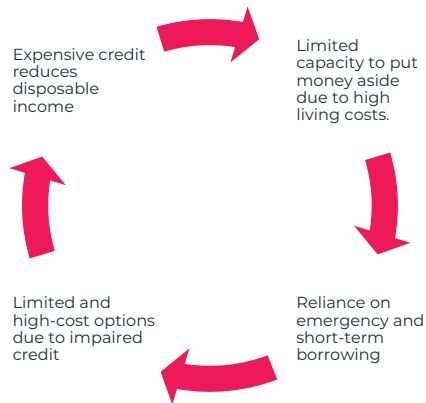
Building community wealth

We're here when our members need to borrow, but also to leave them better off long-term. Every loan includes a 'save as you repay' element, so by the end of repayment, nearly all our borrowers are in a stronger position than when they found us.

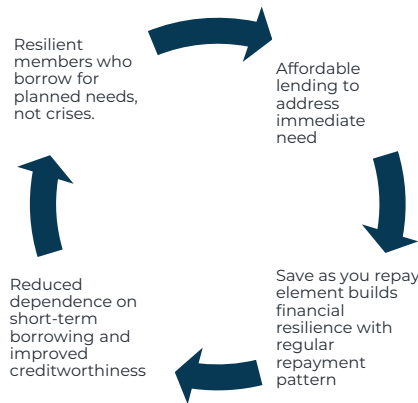
Borrowing as a ladder, not a trap

Londoners depend on borrowing more than the rest of the UK, yet borrowing costs can trap them into an expensive cycle which is hard to escape. Our 'save as you repay', model does the opposite.

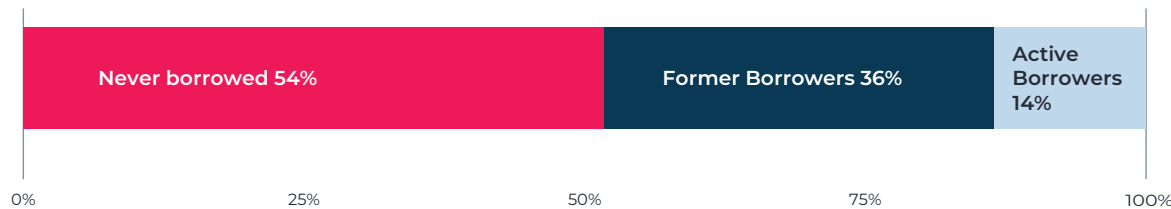
High-cost borrowing trap



'Save as you repay' model



Our 48,492 members



96.8%

of borrowers maintain a savings balance

Borrowers are more likely to save with us

Our data shows that those who have borrowed with us - including those who have borrowed with us more than once - are more likely to have also built savings with us.



Our reach

Our membership spans every income level, profession, and circumstance. But our lending is particularly impactful among groups often most overlooked by other lenders.

83.1%

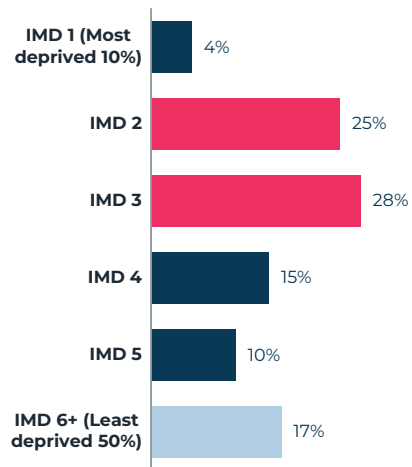
of our lending goes to people living in the 50% most deprived postcodes in England

38%

of our borrowers rely on Universal Credit or other benefits as their main income

Most of our members live in the 50% most deprived in England

% of total membership living in most deprived postcodes in England (ONS)



54.5%

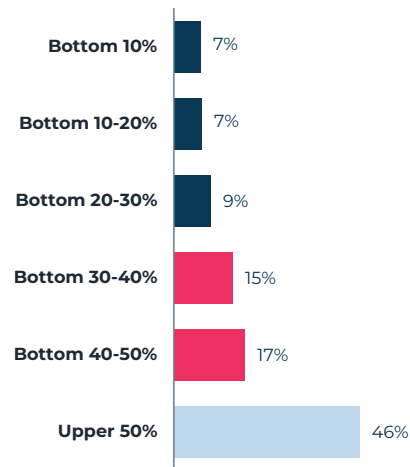
of our lending goes to people on the lowest 50% of incomes

33%

of borrowers are lone parents. 96.5% are female.

The majority of borrowers are on low-moderate incomes

% of borrowers by income decile, based on declared monthly net income.



“I am in desperate need of an electric cooker and a washing machine. I am on PIP and suffer from arthritis and mental health conditions which affect me being able to go to my local laundry.”

— Unemployed applicant for £600 loan

“I am a single mum currently struggling with the cost of living. I have recently had to apply for a second job. My son is now in secondary school and I have struggled to get his school uniform. I have rent arrears and two parking tickets that I was unable to pay... My mental health has been affected. This money would help me clear these things to give me some peace.”

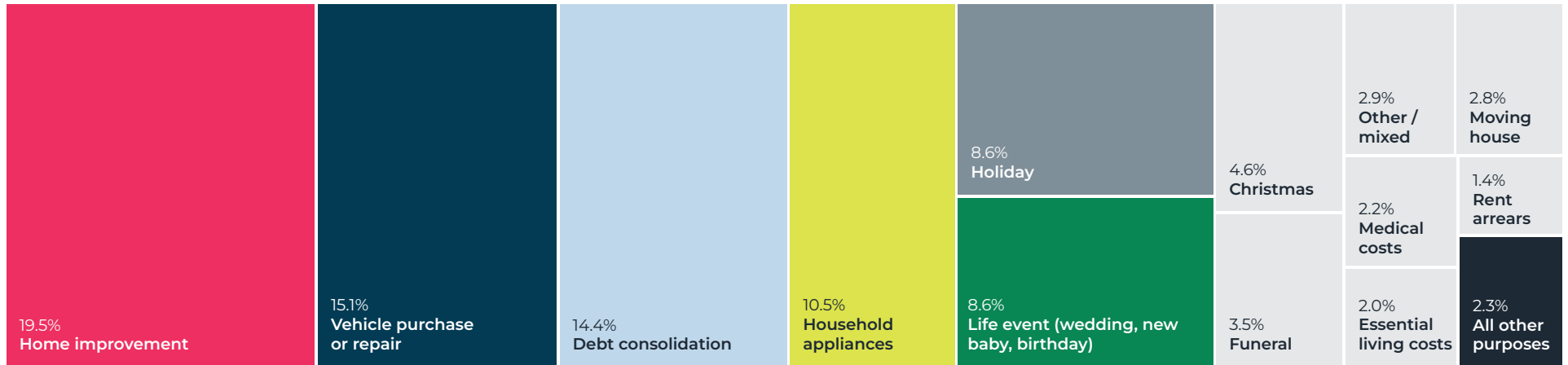
— Unemployed lone parent applying for £1,500 loan

Lending by vulnerability characteristic

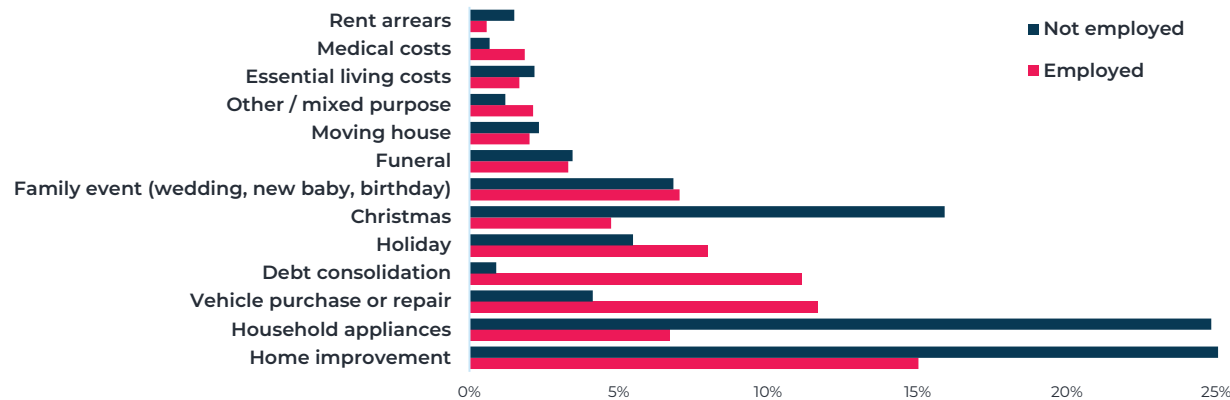
	% Loans	£
Benefits main source of income	38%	£3.4m
Lone parent	33%	£3.1m
Not in employment	21%	£0.83m
Multiple disadvantage (Unemployed, receiving benefits, lone Parent)	25%	£0.54m

What members borrow for

We're not only here for emergencies. Affordable credit enables people to spread costs, seize opportunities, and plan ahead. We believe the opportunity to borrow responsibly and affordably should be available to everyone — whether to consolidate debt in a moment of pressure, improve a home, invest in family, or take a well-earned holiday.

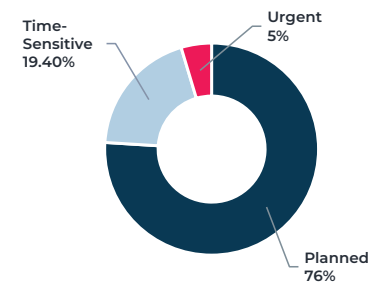


Employed vs. unemployed members



Planned vs. time-sensitive

Loan applications classified by time sensitivity, based on keywords in members' own descriptions of why they needed to borrow.



Deep dives

The loan purpose category our members select doesn't always tell the whole story.

To understand what's really behind the numbers, we analysed the free-text comments members write when applying, providing additional insights into the stories behind why our members borrow.



Christmas

745 loans

70% of borrowers on benefits, 58% lone parents. 76% reported an improvement in their financial situation since becoming a member of the credit union.



Funerals

198 loans

55% of borrowers in work. Average loan size: £2,344



Domestic violence

19 loans

All female. Loans £400–£2,000. Reasons included rental deposit, costs associated with moving into temporary accommodation.



School & childcare deposits

58 loans

45% of borrowers reliant on benefits, 55% in work. Average loan £2,344. Reasons included school uniforms and upfront payments for childcare.

The real meaning of 'home improvement'

Our largest lending category is home improvement, but the label covers a wide range of need.

For some members, this means a new kitchen or a loft conversion, but for those on lower incomes, it more often means replacing a damp-damaged mattress, carpeting a child's bedroom, or making a home safe to live in.

“ My home got destroyed by mould and everything had to get thrown. Every room was affected by this, also my bed is completely broken and so is my sofa and my kids need clothes.

— £1,200 loan, lone parent

Breaking the debt spiral

Debt consolidation is our third largest lending category by value: 485 loans totalling £2.76 million. Behind each one is a member juggling multiple creditors, high interest rates, or simply the stress of keeping track of it all.

“ I would like to pay off my credit card. The interest is increasing, and at this rate, it'll take me years to pay it off. I've been able to pay the minimum payments but not overpay. With this loan I'll be able to pay it off with no issue.”

— £4,000 consolidation loan, lone parent
Estimated £435 interest saving

Mentioned in application for loan for home improvements

	%
Furniture and sofas	30%
Beds and mattresses	29%
Children's bedrooms	26%
Flooring and carpets	26%
Repairs (damp, mould, broken items)	16%

Mentioned in application for debt consolidation loan

	%
Credit cards	45%
Want one manageable repayment	14%
High interest rates	14%
Overdraft	13%
Stress and overwhelm	10%

What members would have paid elsewhere

For each loan, we compared what our members actually paid in interest against the most realistic alternative available to them. The result: an estimated £2.1m stayed in our members' pockets this year, with savings at every income level.

£2.15m

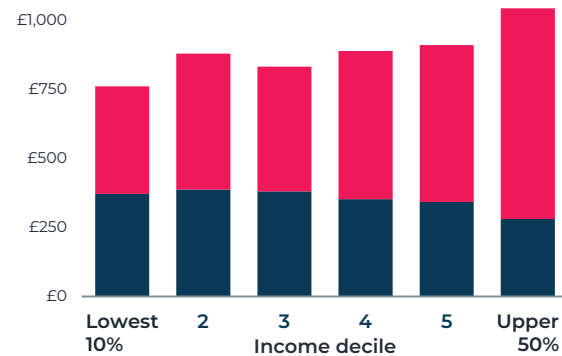
Interest saved by members over past year.

18%

of all interest savings were concentrated among 3% of our most vulnerable borrowers.

Total better off

Hundreds saved on interest plus regular savings accumulated while repaying meant that our average borrower was £997 better off than when they started.



■ Avg. savings accumulated ■ Avg. loan interest saved

£339

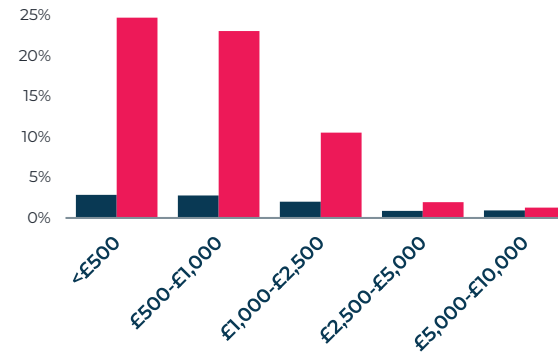
Saved on interest per borrower

▼ £30

Average reduction in monthly loan repayment for unemployed members

Average monthly interest

Our members on average paid a lower monthly rate than we estimated they would have been charged by a comparable lender.



■ LMCU ■ Comparable Lender

Member stories

“ [My loan is] to consolidate a debt on my high interest Aqua card. The credit union offers substantially better rates which will allow me to pay less interest and clear the principal faster.

— £4,400 loan, housing association employee
Estimated £747 interest saving

“ I am paying £298 per month on a debt consolidation loan with high interest to Everyday Loans. I need to pay off the loan early. Having a loan with the credit union will enable me to repay more affordably. I took out the loan in 2022 and am only paying interest so far. The overall cost will be £12,000 plus if I continue paying.”

— £1,200 loan, lone parent, on benefits
Monthly repayment reduced by £221

Rate comparison

Interest savings have been calculated by comparing the rate charged by LMCU against the most realistic alternative available to each borrower.

Credit type	Competitor APR	Equivalent LMCU loan
Median credit card (£2k)	36.2%	19.5%
High Street overdraft	39.5%	19.5%
Near-prime £5k loan	25.8%	13.7%
Doorstep loan	79.5%	42.6%
Balance transfer card	34.9%	16.49%
Guarantor loan	49.9%	34.4%
HCST cap (legal limit)*	1,832%	42.58%

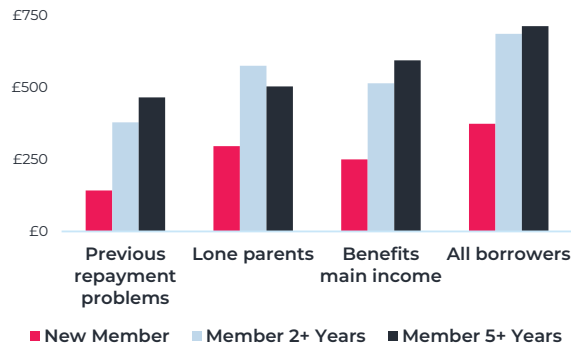
*The FCA's high-cost short-term credit (HCST) cap sets a maximum of 0.8% interest per day, subject to a ceiling of 100% of the principal borrowed. Where an appropriate comparison, the cap and/or ceiling have been used in our calculation.

The road to financial resilience

The credit union model works because of what happens over time. The deeper a member's relationship with us, the stronger their financial position becomes.

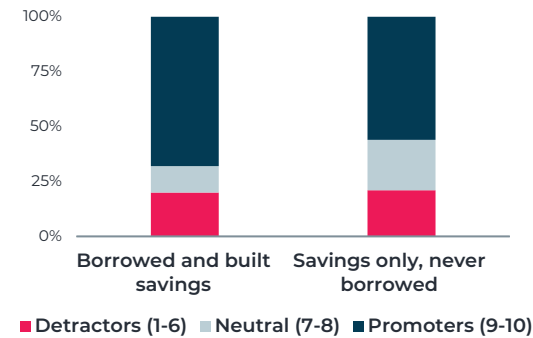
The longer someone stays with us, the more savings they build

Average savings by demographic group and years of membership.



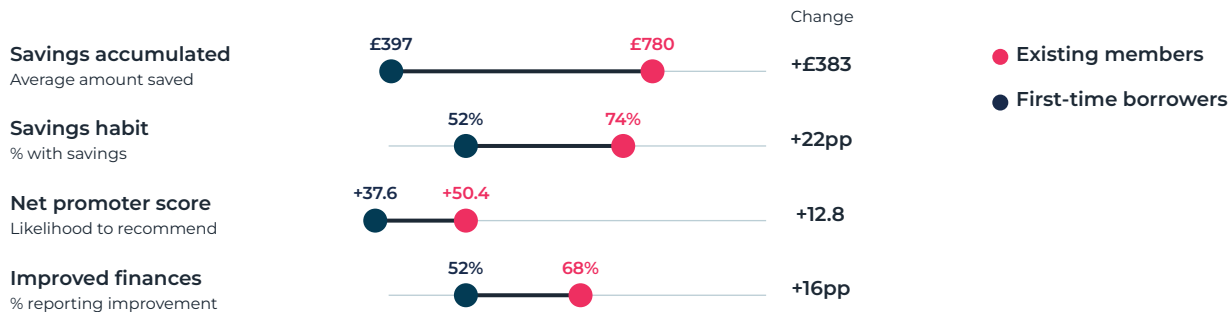
Those who have borrowed and saved are more likely to recommend us.

On a scale of 1-10, how likely are you to recommend us to a friend?



How members progress over time

Members who return to borrow again save more, report greater financial improvement, and are significantly more likely to recommend us to others.



“ Been with you for 28 years. I never had a problem. I think you're amazing.

— Member for 19 years, lone parent, on benefits, £302 savings”

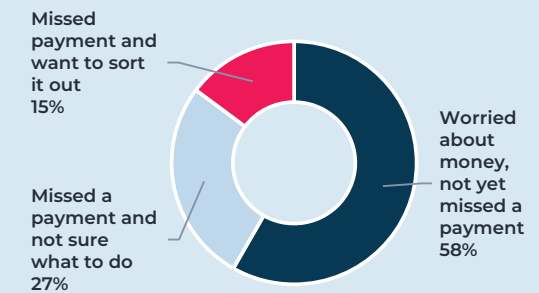
“ I was able to take two loans during a difficult time between 2021 and 2022. I have been paying the loans side by side, in addition to my savings. The loan payments would gradually be coming to an end in 2025 and I am very appreciative of the support.

— Member for 23 years, on benefits, £901 savings

When things get tough

In 2024–25, we supported 110 members experiencing financial difficulty. More than half contacted us before missing a payment, trusting us enough to ask for help early.

Why members contacted our financial wellbeing service



Working with employers

Our employer partnerships work for everyone: staff get affordable lending that builds savings alongside repayment, employers get a popular wellbeing benefit at no cost, and the credit union builds the broad, stable membership base that keeps us strong for all our communities.

1 in 4

Employees say that money worries impact their ability to do their job

54%

Of employees say that financial stress has reduced their productivity at work.

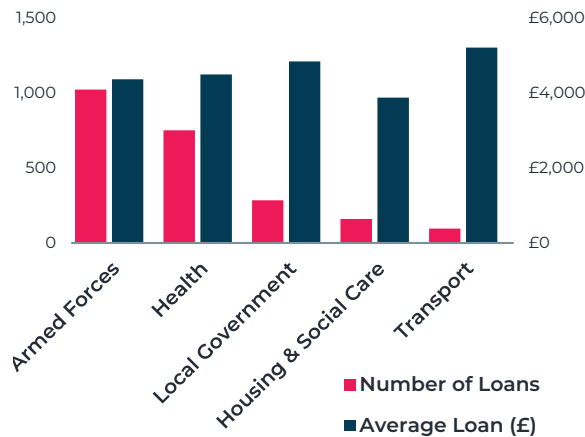
2,390

Salary-deducted loans via our employer partners over the past year.

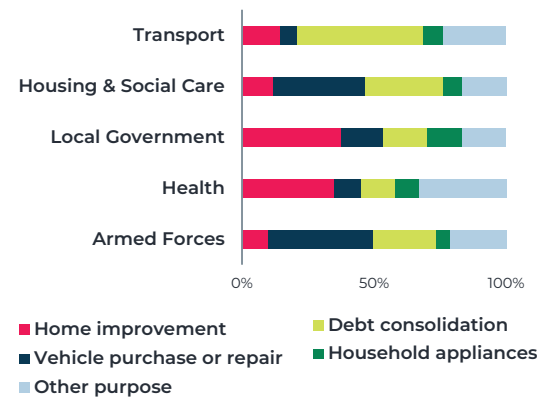
£4,435

Average payroll deduction loan

Salary deducted loans by sector



What each sector borrows for



Why salary deduction?

Deductions directly from payroll mean that repayment and savings are automatic. This reduces default risk and enables longer-term loans at lower rates.

Payroll borrowers have a higher average level of savings, and report higher satisfaction.

“ I joined the salary deduction scheme which I find absolutely amazing as the loan and savings come straight out my wage and I never have to include it in my budgeting. Using this service has improved my credit score massively. I had an awful credit score due to poor choices. The team are fair and quick and response to emails is quick.”

— Armed Forces member, £10k loan, member since 2018.

Net promoter score

On a scale of 1-10, how likely are you to recommend us to a friend? (promoters - detractors)



Work with us

The impact in this report is thanks to partnerships, referrals, and shared commitment to London's communities. Whether you're an employer, a community organisation, or a policymaker, we'd love to talk.

Employers

We partner with employers to offer salary-deducted loans and savings as a workplace benefit — at no cost to you. Repayments come straight from payroll; we handle everything else.

employers@creditunion.co.uk

Community organisations

If you work with people facing financial pressure we can work alongside you. We offer simple warm referral routes into LMCU membership, joint casework for urgent needs, and co-designed signposting materials for your staff.

community@creditunion.co.uk

Financial guidance workshops

We deliver free financial education sessions for schools, community groups, and voluntary organisations — on budgeting, credit, saving, and what we can offer. Sessions are free, flexible, and tailored to your group. We come to you.

community@creditunion.co.uk

Supporting the sector

We welcome conversations with policymakers, researchers, fellow credit unions, and anyone who wants to discuss what's in this report and is interested in supporting the growth of the credit union sector here in the UK.

hello@creditunion.co.uk



Important

The information in this report has been prepared with care and we have taken reasonable steps to ensure the accuracy of all figures, statistics, and analysis presented. However, London Mutual Credit Union Limited accepts no liability for any errors, omissions, or inaccuracies that may remain. Some figures are based on member self-declaration and sampled survey data, and should be interpreted accordingly.

This report is intended for general information purposes and does not constitute financial advice. Readers should not rely solely on the contents of this report when making financial or investment decisions.



London Mutual
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**London Mutual Credit Union is a not-for-profit financial
co-operative owned by our members.**

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