

Labor, Income, Finances, and Expectations (LIFE) Survey

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# Missing Payments and Lack of Funds

People don't pay when they can't pay – and many worry it will happen again.

To explore the topic of how frequently consumers miss a monthly payment and how worried they are about missing more in the future, the Consumer Finance Institute (CFI) at the Federal Reserve Bank of Philadelphia added a question to the quarterly Labor, Income, Finances, and Expectations (LIFE) Survey. Beginning in July 2024, we asked respondents who reported missing a monthly payment to explain why they missed the payment and if they were worried that it might happen again. The results provide insights into the precarious state of finances among some consumers and the coping strategies used when expenses exceeded income.

The data in this report were collected as part of the CFI LIFE Survey fielded in July 2024, October 2024, and January 2025. The LIFE Survey collects information from approximately 5,000 nationally representative adults each quarter. A detailed description of the survey background, structure, and data can be found in the survey's [Methodology document](#) [PDF].

## Reasons for Missed Payments

Our primary goal in this line of inquiry is two-fold. First, we want to identify how frequently payment issues arise because of a lack of funds; second, we hope to learn whether respondents are concerned that those payment issues will continue. We asked respondents whether they have missed, paid late, or partially paid a monthly debt or bill payment during the three months before the survey. Respondents who indicated that they missed a payment received the following question:

*You mentioned that you paid late, paid less than was owed, or missed at least one debt payment or bill in the last three months. Which of the following best describes the situation?*

*Select one response.*

- 1. I didn't have enough money to pay on time, and I'm concerned it will happen again.*
- 2. I didn't have enough money to pay on time, but the problem was temporary.*
- 3. I had enough money, the late payment(s) were due to some other factor.*

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Over the three surveys used to collect these data, the results were similar; therefore, we present the data as combined results across the three surveys. It is important to remember that all the statistics reported below are specific to the time period of the three surveys mentioned above.

A large majority of respondents (71.4 percent) reported no payment problems in the prior three months, while 28.6 percent reported a missing, late, or partial payment on at least one debt or bill in the prior three months (**Table 1**). Respondents who were younger (under 56 years old), low earning (<\$40,000), female, Black, or Hispanic were relatively more likely to report a missed payment.

Table 1 – Share of Respondents with a Missed, Late, or Partial Payment in the Previous Three Months

	<b>% Missing a Payment</b>	<i>Of those missing a payment ---&gt;</i>	<b>% Missing Payments Due to Lack of Funds</b>	<i>Of those who missed due to a lack of funds ---&gt;</i>	<b>% Worried It Will Happen Again</b>
Total Respondents	28.6%		82.1%		55.9%
18–35	37.5%		80.5%		44.1%
36–55	33.0%		84.5%		62.9%
56–65	23.2%		84.1%		65.4%
66+	11.7%		76.3%		66.6%
<\$40,000	34.8%		86.3%		60.6%
\$40,000–\$69,999	27.4%		81.1%		55.3%
\$70,000–\$99,999	21.1%		77.2%		48.4%
\$100,000–\$149,999	17.0%		68.3%		40.7%
\$150,000+	18.6%		67.9%		34.8%
Male	27.0%		81.1%		52.4%
Female	30.2%		83.0%		58.9%
White Non-Hispanic	24.6%		81.6%		59.5%
Black	40.3%		81.7%		44.7%
Hispanic	35.5%		84.7%		53.8%
Other	29.0%		80.5%		61.2%

Next, we will focus on the subset of respondents who reported missed payments. Among that group, a large majority (82.1 percent) reported that the payment problem was due to a *lack of funds* (this reflects responses (1) and (2) combined); 18 percent indicated that the problem was due to some other factor (response (3)). More than

80 percent of missed payments across all demographic groups were due to *lack of funds*, with the only exceptions being respondents earning more than \$70,000 or older than 66.

Then, we further divided the respondents who reported a lack of funds as the reason for a recently missed payment (the 82.1 percent) into two groups: those who were *worried* that a lack of funds could happen to them again and those who were *not worried*. A little over half (55.9 percent) of the *lack of funds* population (just over 13 percent of all survey respondents) were worried it will happen again. This concern was more frequently reported by respondents who were 36 or older or earn less than \$40,000.<sup>1</sup>

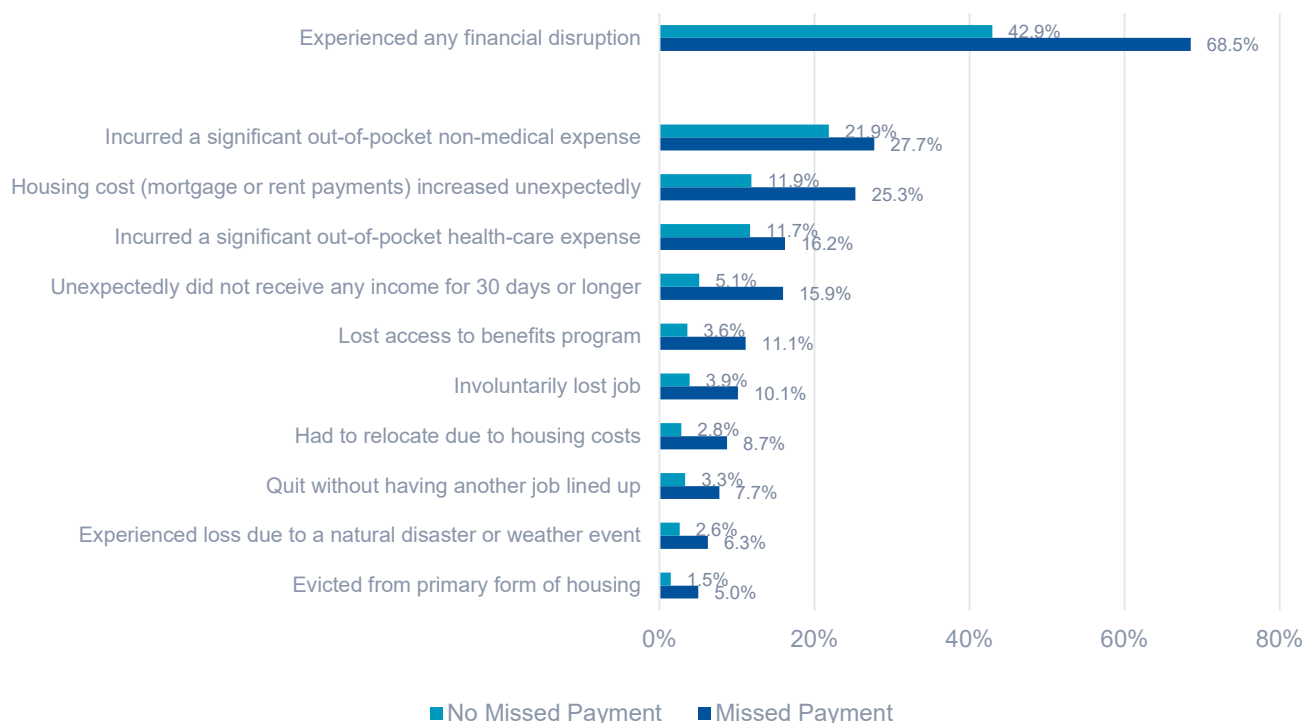
### Financial Disruptions and Coping Strategies for Respondents Who Missed Payments

Financial disruptions can happen unexpectedly and put significant stress on a household's budget, increasing the likelihood of missed bill payments. In our survey, respondents who reported missing a payment were substantially more likely to experience *any* financial disruption; 68.5 percent of respondents who missed payments reported experiencing some kind of financial disruption in the prior 12 months compared with 42.9 percent of those who did not miss any payments (**Figure 1**). That is a difference of just over 25 percentage points — a rate of disruption almost 60 percent higher than reported by respondents who did not miss payments.

The missed-payment group experienced any given type of disruption more frequently. In percentage terms, the smallest difference in disruption experience was reported for a *significant out-of-pocket non-medical expense* between those who missed and those who did not miss a payment (27.7 percent versus 21.9 percent, respectively). Some of the largest differences in disruption experience — in percentage terms — between the two groups can be seen in *unexpectedly lost income* (15.9 percent versus 5.1 percent, respectively), *lost access to benefits* (11.1 percent versus 3.6 percent, respectively), and *experienced eviction* (5.0 percent versus 1.5 percent, respectively).

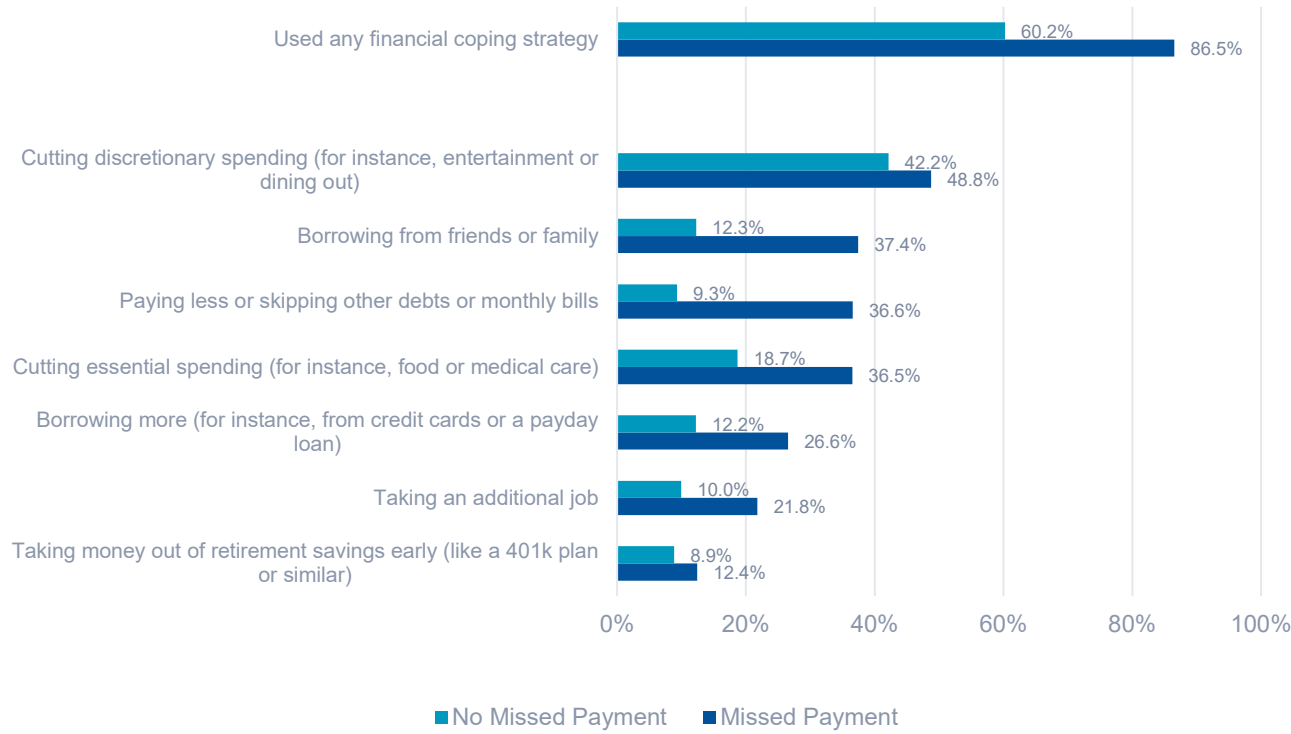
<sup>1</sup> The percent of the total response population concerned about funds for paying bills is the product of (% Missing a Payment \* % Missing Payments Due to Lack of Funds \* % Worried It Will Happen Again (.286\*.821\*.559=.132).

Figure 1 – Financial Disruption Experiences in the Prior 12 Months



People who are experiencing financial disruptions that affect their ability to pay their bills often use a variety of financial coping strategies to help them make ends meet. In our data, we see that respondents who missed a payment used financial coping strategies more frequently than their peers (86.5 percent versus 60.2 percent, respectively, (**Figure 2**). That is a difference of more than 25 percentage points. Although both groups reported cutting their discretionary spending at relatively similar levels, the *missed-payment group* reported using most other strategies at two to three times the rate of the *no-missed-payments* group. As we would expect, *skipping a debt payment* exhibits the largest gap, at 36.6 percent versus 9.3 percent (note that disruptions are reported over a 12-month period, whereas the missed payment data covers a three-month period). Additionally, respondents who missed payments were significantly more likely to engage in *informal borrowing* from family or friends (37.4 percent versus 12.3 percent) and *taking an additional job* (21.8 percent versus 10.0 percent).

Figure 2 – Financial Coping Strategies Used in the Prior 12 Months



Conclusion

In this report, we share data relating to the frequency that our survey respondents are struggling to make debt payments and the level of concern they have about missing payments in the future. Although most respondents were able to pay their bills, almost 30 percent recently missed a payment or made a partial or late payment on at least one bill or debt during the periods studied. A significant majority of respondents who missed a payment said the cause was a *lack of funds*, and a little more than half of those were worried it would happen again. Among the overall survey population, 13.2 percent have missed payments recently and are concerned it will happen again. This represents the portion of the population from July 2024 to January 2025 that may find themselves struggling to make on-time debt payments in the future.

Those in the missed-payment group have tried a variety of coping strategies to make ends meet, reporting that they have used any of the listed strategies more frequently than their counterparts who have not missed payments, but they are still struggling to get their bills paid in full and on time. The missed-payment group also experienced financial disruptions much more frequently than the no-missed-payment group, experiencing any given disruption as much as two to three times more frequently as the no-missed-payment group.