

**MONEY**  
ADVICE TRUST

**BUSINESS  
DEBTLINE**



# Building Up Business

Closing the small  
business skills gap

March 2025

Supported by



The Building Up Business programme, a partnership between the Money Advice Trust and Aviva, aims to provide vital insight and inform recommendations on how to help close the business finance skills and confidence gap, as well as improve support for small business owners.

### **About Business Debtline and the Money Advice Trust**

At the Money Advice Trust, our mission is to help prevent financial difficulty and remove problem debt from people's lives.

We run Business Debtline, the only dedicated free debt advice service for self-employed individuals and small business owners in Great Britain.

In 2024, we helped almost 38,000 small business owners and self-employed people over the phone and via our digital advice tool, and 15,400 people via webchat.

At Business Debtline, we typically support sole traders, or micro-businesses. We work with people to understand their financial situation, and the debts they owe. We help people to find their next steps and empower them to take action.

In addition to Business Debtline, we run National Debtline, which helped more than 118,000 people over the phone and via our digital advice tool in 2024. We also helped more than 32,000 people via webchat.

And through our Wiseradviser programme, we equipped over 2,400 advisers from 747 advice agencies with essential skills in 2024 alone. Our training and consultancy service has trained more than 64,000 staff across 400 creditor organisations, supporting them to improve outcomes for customers in vulnerable circumstances.

### **About Building Up Business**

Small businesses play a critical role in the UK economy. However, a lack of access to support with business finance skills and knowledge holds businesses back, creating a higher risk of financial difficulty and puts the business at risk of failing.

Drawing on our expertise from Business Debtline, and our experience as a training provider, we want to build the financial resilience of small business owners across the UK, and help support more businesses to thrive.

The Building Up Business programme aims to do just that. Through our research and recommendations, presented here, we are sharing new insight to inform approaches to business finance skills support.

However, this isn't just about what others can do. We have developed, and are piloting, a new virtual learning offer for small business owners, specifically targeted at those who feel under-served by existing support.

To view the virtual learning, visit [www.building-up-business.org](http://www.building-up-business.org).

## With thanks to Aviva

The Building Up Business programme is supported by Aviva. Their support has been instrumental in enabling us to conduct the in-depth research presented in this report, and in developing and piloting the virtual learning offer.

While Aviva have provided support to the project, all views and opinions expressed throughout are solely those of Business Debtline and the Money Advice Trust.

## Acknowledgements

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We are grateful to the organisations and members of our Steering Group which met at several points throughout the programme – with representation from: Aviva, IPSE, Low Incomes Tax Reform Group, the Office of the Small Business Commissioner and UK Finance. They have been an invaluable source of input and expertise; however all views here are solely those of the Money Advice Trust and Business Debtline.

We are particularly thankful to Simone Wyatt from Aviva for her support throughout the programme.

## Report author:

Jasmin Dhaliwal, Money Advice Trust

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# Summary

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Operating a small business can be a hugely rewarding experience, and small business owners play a pivotal role in the UK economy. The challenge is that many people are extremely passionate about their trade, but do not start their business with a high level of existing knowledge and skills to confidently manage their business finances. Whilst there are some resources out there to try and counter this problem, these are often disjointed, inconsistent or inaccessible to those who need them most.

Our research found that there is a clear business finance skills and confidence gap present – with two in five (39%) Business Debtline clients reporting that they do not feel confident navigating their business finances. We also found that certain groups are more likely to be lacking in confidence - namely female clients and those with long-term health conditions or disabilities where nearly half (49% and 47%, respectively) reported feeling either ‘not that confident’ or ‘not confident at all’. To further support this, our polling demonstrated that over one in every ten micro-traders<sup>1</sup> in the UK lacks confidence managing their business finances.



**2 in 5**

**Business Debtline clients do not feel confident navigating their business finances**

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For those who did feel confident in dealing with their business finances, we understand this is linked to factors such as operating small, straightforward businesses, learning financial management through experience, applying skills from prior professional roles, or benefiting from advice, coaching, or trusted accountants.

In this report, we explore exactly which areas small business owners have high levels of confidence in, and the areas in which they feel less confident. In general, our research and analysis tells us that self-employed people and small business owners felt confident in the day-to-day running of the business – carrying out activities such as invoicing and chasing late payments with minimal issues. However, other aspects such as knowing what questions to ask and how to find sources of help with business finances scored much lower on the confidence scale, as did elements of understanding the tax system. This point is further supported by our polling which found that only half (51%) of micro-traders would know exactly where to go if they needed support with their business finances.

Crucially, our research with micro-traders across the UK demonstrated how a lack of skills and confidence can hold small businesses back. Among those who were not confident managing their business finances, one in five (18%) said they had delayed business growth or investment opportunities as a result of this. One in ten (11%) micro-traders looking to grow their business identified their lack of skills or confidence managing business finances as a key barrier to growth.

1. The term micro-trader refers to someone who conducts their business operations on a small scale - either a self-employed individual, sole trader or micro-business owner.

A clear theme that emerges is that when people do get support, they tend to find it helpful. However, many people are not aware of where to go for support in the first instance, due to the fragmented nature of the business support landscape.



## Only half

### **of micro-traders would know exactly where to go if they needed support with their business finances**

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Within this report, we look at the influence of external factors as well as levels of confidence. There have been unprecedented challenges in the small business environment – including the Covid-19 pandemic, interest rates, high inflation and rising energy bills.

All have put significant pressure on small businesses' finances. Even before the impact of these, many of the business owners we help did not have spare money in their business or personal finances to afford to pay for access to professional support with business finances.

Our findings have shown that self-employed people and small business owners want support that is tailored and relevant to their business. On one hand, there's an immediate need for bitesize support that is clear, accessible and builds on skills for business finance. On the other hand, there is also a need for tailored, expert advice that involves having a conversation with someone that understands their business and what they are going through.

Targeted intervention is required in order to help small business owners from the start of their business journey, and support must then be accessible throughout. Increased skills and knowledge on business finance would improve the situation in the long-term, whilst other actions such as bringing the information together in an accessible format can effectively transform existing support in the short-term.

Small business owners who participated in the research emphasised the importance of receiving support tailored to the life stage attributed to their business. When Business Debtline clients were asked about the specific moments they would have benefited most from advice or support with business finance issues, responses varied based on their circumstances. Half (50%) indicated they would have valued support at the onset of their financial difficulties, while two in five (39%) felt that guidance during the initial set up of their business would have been particularly helpful.

However, no single solution will work for everyone, given the ranging needs of self-employed people and small business owners. Many already have a clear idea of what good support looks like and value the crucial role accountants can play in managing their finances.

To be effective, new support systems must go beyond what they're currently doing. They should aim to actively engage small business owners by sparking their interest, encouraging early action, and ensuring resources are accessible and easy to use.

Finally, we set out our recommendations, for the Government and others, on what could help to close the business finance skills and confidence gap.

## Our recommendations



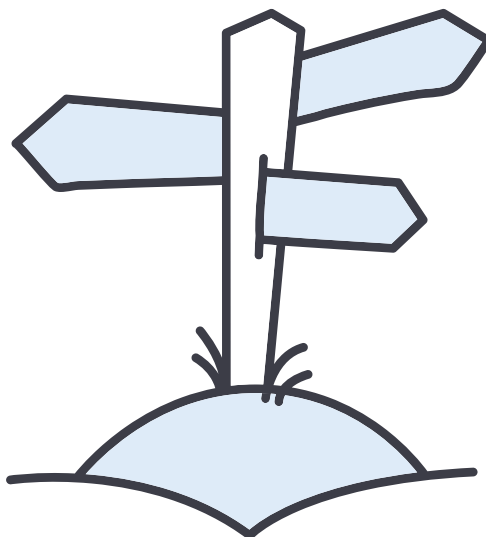
The Department for Business and Trade should use the Small Business Strategy to work with the small business sector to develop innovative approaches to delivering tailored, one-to-one finance skills support to micro-business owners.



HMRC should continue to invest in tools to help small business owners understand and manage their tax obligations, evaluating and sharing the impact of changes to business guidance.



Financial services firms, business energy providers and other creditors should review customer journeys and maximise opportunities to signpost to Business Debtline and the Building Up Business free virtual learning.



# Key findings

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**2 in 5**

Business Debtline clients do not feel confident navigating their business finances



**Half**

of female Business Debtline clients do not feel confident navigating their business finances



**47%**

of Business Debtline clients with a long-term health condition or disability do not feel confident navigating their business finances



**A quarter**

of Business Debtline clients agreed they know where to go if they want business support



**Only 1 in 10**

Business Debtline clients said they had used any of the government-funded business support helplines



**40%**

of Business Debtline clients surveyed agreed that “most business support is aimed at start-ups”



**61%**

of Business Debtline clients surveyed had used GOV.UK webpages for business



**12%**

of micro-traders do not feel confident managing their business finances



**Just 2 in 5**

micro-traders agree that there is good business support available for small business owners





**Only  
31%**

of micro-traders think government has done a good job of providing support when it comes to navigating business finances



**Only  
half**

of micro-traders would know exactly where to go if they needed support with their business finances



**A third**

of micro-traders have had to use personal finances to prop up their business in the last two years

**We asked micro-traders who were not confident managing their business finances, what impact this had on them and their business:**



**2 in 5**

had delayed business growth or investment opportunities



**14%**

had missed a tax deadline



**1 in 10**

had fallen into business debt



**18%**

had fallen into personal debt



**45%**

had experienced stress or anxiety about financial decisions



**10%**

had struggled to pay suppliers or staff on time

# Methodology

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To explore how confident small businesses feel about managing their finances, the challenges they face, and the types of support they need, we commissioned the University of Bristol to undertake interviews and surveys with former Business Debtline clients.

Business Debtline operates in Great Britain (England, Wales and Scotland). The research findings from the survey and interviews are therefore based on the views and experiences of small business owners in Great Britain. The full research report, sharing the detailed findings from the survey and interviews, is available at [www.moneyadvicetrust.org/building-up-business](http://www.moneyadvicetrust.org/building-up-business).

To understand the needs of the wider population of self-employed people and small business owners, we commissioned Opinium to conduct research with these groups across the UK.

Throughout this report, we have used the term 'micro' and 'small business owner' interchangeably – though it should be noted that we are focused on targeting support to those business owners with between 1-10 employees.

## Research method

## Overview

- |          |   |   |
|----------|---|---|
| <b>1</b> | Interviews with 22 small business owners<br><br>(April-May 2024)                        | 22 in-depth online interviews with Business Debtline clients who collectively had experience of running a diverse range of small businesses.  |
| <b>2</b> | Online survey of 391 small business owners<br><br>(July-August 2024)                    | Online survey of Business Debtline clients, covering business finance skills confidence, challenges and support needs.  |
| <b>3</b> | Polling of 500 self-employed people and 500 micro-business owners<br><br>(January 2025) | Commissioned Opinium to conduct a poll of 500 freelance/self-employed people and 500 micro-business owners (10 or less employees) from the UK - to gather a wider perspective on support on business finances. Fieldwork took place online between 16 December 2024 - 6 January 2025. |

# 1. Areas of high and low confidence

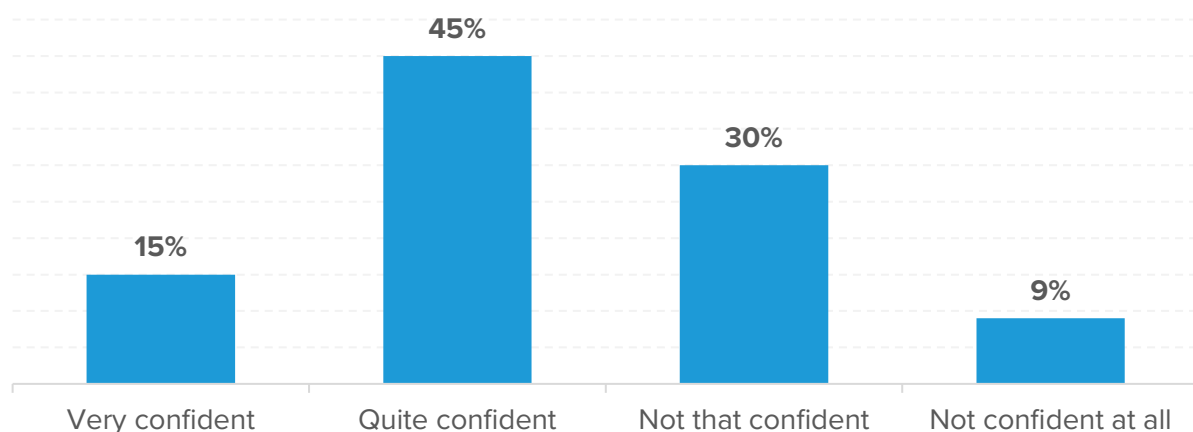
Understanding confidence levels in different areas of business finances, and among different groups, is key to understanding the types of support small business owners want and need. Through the Building Up Business programme, and this research report, we are particularly focused on very small businesses – typically sole traders, or with only one or two employees. Many are living on lower incomes, and their profits may be the main source of income to their household. These types of businesses are over-represented among those we help at Business Debtline, and may be particularly likely to struggle to access the right support to build their business finance skills.

When surveyed about their confidence in managing business finances, three in five (61%) Business Debtline clients stated they felt either ‘very’ or ‘quite’ confident (Figure 1 below). However, two in five (39%) were less confident, with almost one in ten (9%) indicating they were ‘not confident at all’. Confidence was notably lower among specific groups, such as

women and people with long-term health conditions or disabilities, where nearly half (49% and 47%, respectively) reported feeling either ‘not that confident’ or ‘not confident at all’.

These findings are consistent with our qualitative research, where many interviewees expressed initial confidence in handling core financial tasks, including tax compliance, legal business structures, and financial products like loans. With regards to the wider polling we carried out, nearly nine in ten (87%) micro-business owners and sole traders in the UK feel confident managing their business finances. Overall, one in every ten (12%) UK micro-traders lacks confidence managing their business finances. This demonstrates that those who had not contacted Business Debtline previously seemed to be more confident with managing their business finances, which is to be expected – the sample may contain a large proportion of people who have never experienced difficulties in this area.

**Figure 1 - Overall confidence managing business finances among Business Debtline clients**



Among Business Debtline clients, their confidence often stemmed from factors such as operating small, straightforward businesses, learning financial management through experience, applying skills from prior professional roles, or benefiting from advice, coaching, or trusted accountants. Additionally, user-friendly tools like accounting software and a proactive mindset contributed to their self-assurance.

However, as highlighted above, confidence gaps remain significant with two in five Business Debtline clients lacking confidence, with the interviews shedding light on common barriers they experienced. Many small business owners viewed financial management as an unwelcome distraction from their passion, preferring to delegate these tasks.

As one Business Debtline client said:

***“I was extremely good at DOING the job, but very poor at running a business. This included marketing and selling my services, including on social media channels; managing my finances and separating my personal and business finances; and business planning.”*** (Maya\*, survey response)

\*Name changed to protect identity

When we delve into specific business finance tasks, we can see there are a number of areas where a high proportion of Business Debtline clients reported a lack of confidence, reflecting areas where greater support is likely to be needed – shown by Table 1 below.

**Table 1 – Levels of confidence dealing with business finance-related issues**

	% confident	% not confident
Invoicing	86%	14%
Chasing late payments	75%	25%
Whether you need/needed to register with HMRC for Value Added Tax (VAT)	68%	32%
Keeping your business and personal finances separate	64%	36%
Managing cashflow	63%	37%
Drawing up and using a business plan	57%	43%
Submitting a self-assessment tax return to HMRC to find out how much income tax and National Insurance you owe/owed	52%	48%
Working out whether business loans/finance are/were affordable	50%	50%
Understanding the terms and conditions of business loans/finance	49%	51%
Knowing when you might need external help with your business finances	49%	51%
What other business taxes you are/were liable for e.g. Corporation Tax, business rates, Capital Gains Tax	48%	52%
How to calculate the amount of tax you owe/owed	47%	53%
Putting money aside for taxes	43%	57%
Finding out about sources of business loans/finance	40%	60%
How to find sources of help with your business finances	40%	60%
Knowing what questions to ask when considering business loans/finance	39%	61%
Knowing what questions to ask about your business finances	39%	61%

From our research, we can see that Business Debtline clients were most confident with aspects that related to the day-to-day running of the business, with 86% reporting they felt confident with invoicing and three-quarters (75%) noting they felt confident when chasing late payments.

Business Debtline clients expressed the least confidence in knowing what questions to ask about their business finances in general (39% confident) with two in five understanding business loans and finances (40% confident). Additionally, confidence in putting money aside for taxes was also low (43% confident). Our finding that three in five (60%) Business Debtline clients didn't feel confident in finding sources of help with their business finances links to the wider overall narrative – small business owners simply do not know where to go.

This point is further supported by our polling which found that only half (51%) of micro-traders would know exactly where

to go if they needed support with their business finances.

Apart from knowing whether to register for VAT, confidence levels around tax-related matters were relatively low. Only around half or fewer respondents reported being confident in submitting a self-assessment tax return (52% confident), understanding the other business taxes they were liable for (48% confident), calculating the amount of tax they owed (47% confident), and setting aside money for taxes (43% confident).

A key driver for increasing business finance skills and confidence is to help ensure small businesses can thrive, and to prevent them experiencing financial difficulty. While there are lots of reasons why small businesses fall into difficulty (as we explore in section three), it is notable that two in five small businesses (43%) felt a lack of confidence with business finances had contributed to their financial difficulties – as demonstrated in Ryan's case.

### Ryan's\* story

Ryan worked as a content creator in the creative sector. He set up his first limited company in his early 30s. While the business primarily got into difficulties due to tax debts, Ryan saw his inexperience in running a business and challenges understanding business finances as a contributory factor. The business got off to a good start, landing several large contracts. Ryan focused primarily on bringing in new business as well as delivering on the contracts they already had. In contrast, running a business was completely new to him, and he found it somewhat intimidating. As a result, he relied heavily on his accountant, as he explained:

***“There were a lot of things where I was trying to find the work and putting different hats on at different times. And the business side of things, I was definitely inexperienced, and I would defer certain things to accountants, without really understanding what they were...a lot of your energy, mental energy, is taken up by doing ‘the thing’.”***

Ryan felt he had been on a steep learning curve in terms of running a business, which had required a significant investment of his time. As a result, he now felt more confident running a new business he had set up; and felt that getting to grips with accounting software had also been a confidence boost.

***“I definitely became more and more confident and using accounting software helped with that... the more you do it and the longer you're in business and doing these things, you become more confident with it... it's a long-term learning thing.”***

\*Name changed to protect identity

## 2. Experiences with existing support

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Understanding small business owners' experiences of existing support is important in evaluating what works well and where the barriers are to them accessing the business finance skills support they need. Our research suggests that the existing offer of business finance support doesn't always work well for the types of small business owners we support at Business Debtline. These are typically sole traders or very small businesses, with only one or two employees, and many are on lower household incomes (as mentioned in section one). They are often incredibly stretched, with limited time to spare. Figures from GOV.UK show that the average small business owner spends over 33 hours each month on internal business administration<sup>2</sup> – this is incredibly valuable time that could be spent elsewhere (for example, on marketing).

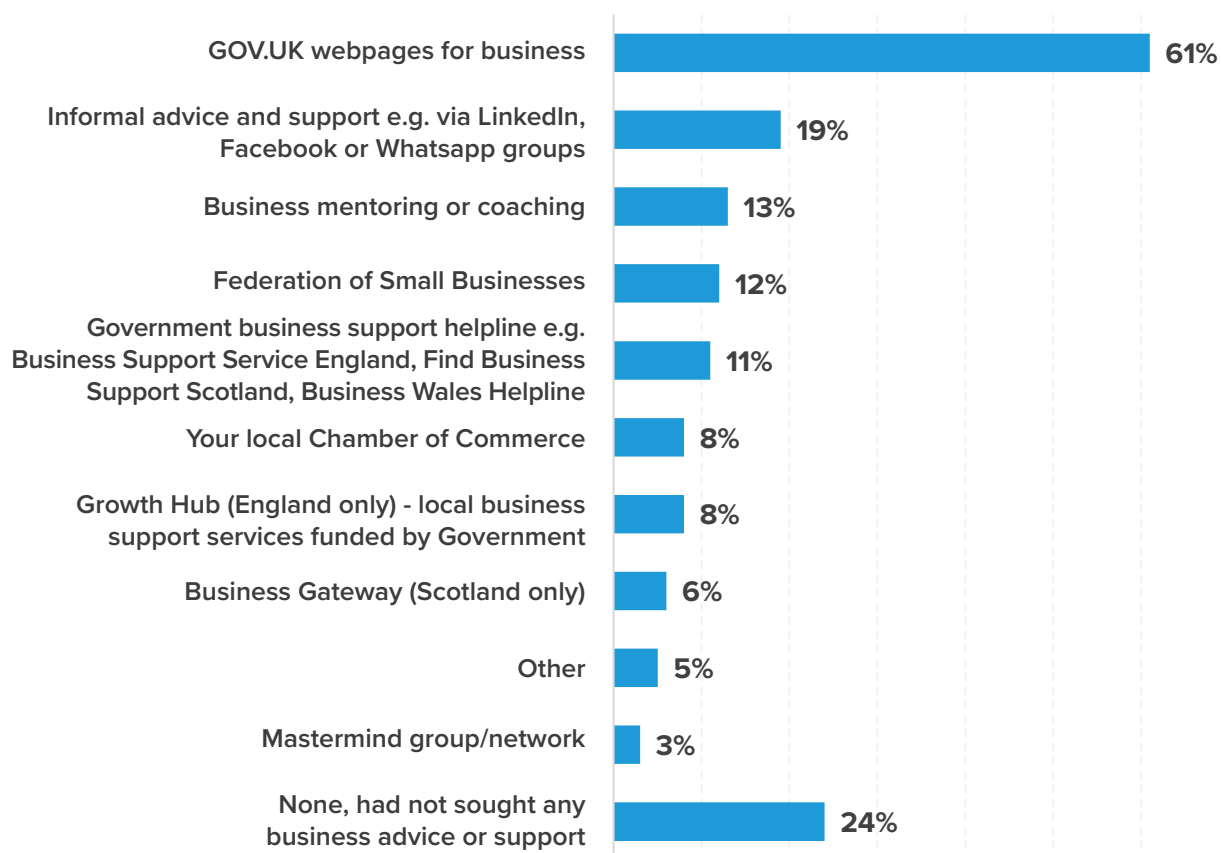
2. Department for Business and Trade (2024), **Government growth service to save small business time and money**

We found that three-quarters (76%) of Business Debtline clients surveyed had accessed at least one form of support with their business finances. The most commonly used resource was the GOV.UK business webpages, which three in five (61%) business owners had reported using. In the qualitative interviews stage of the research, we found that opinions on these webpages were mixed. While some appreciated the thorough information available, others found the site difficult to navigate and struggled to locate the information they needed.

Despite the widespread use of the GOV.UK webpages, only one in ten (11%) Business Debtline clients said they had used any of the government-funded business support helplines available across England, Scotland, and Wales. Our insights revealed that many were unaware of these helplines as a core source of business finance support.



**Figure 2 - Proportion of Business Debtline clients who had used each source of business advice or support**



In our research with the wider self-employed and micro-business population, we found that just over one in ten (13%) Welsh traders have contacted the Business Wales Helpline, and even fewer English traders have contacted the Business Support Service (7%). Only 1% of Scottish traders have used Find Business Support Scotland, with nearly half (47%) stating they had never heard of it.

A third (33%) of Business Debtline clients surveyed reported using accountancy software such as QuickBooks, Sage or Xero. Individuals who made use of this software tended to display significantly

higher confidence across a range of business skills. While this may suggest that the software helps boost confidence, it could also reflect the characteristics of those who choose to use it – typically digitally savvy, male, and more likely to run a limited company.

Furthermore, three in five (60%) small business owners relied on an accountant. Interestingly, those who employed an accountant were less likely than average to feel confident about submitting tax returns (45%, compared to 52% of all Business Debtline clients) or calculating taxes owed (41%, compared to 47%).

Overall, we found that there were two prominent views on accountant use:

1. On one hand, there were self-employed people and small business owners that fully relied on their accountant for their business finances, trusting them to handle everything with the information provided. This allowed them to focus on the aspects of their business they were passionate about.
2. The second group included small business owners who took a more active role in managing their finances, often engaging more with their accountant by asking questions or using them as a regular source of advice. This proactive approach was either driven by a natural interest in the financial side of the business or by previous, negative experiences with accountants.

**Table 2 – Use and helpfulness of sources of support, Business Debtline clients**

	Percentage of Business Debtline clients who used source	Percentage of Business Debtline clients who found it helpful
Your accountant	49%	68%
Friends or family members	40%	68%
GOV.UK webpages for business	36%	68%
HMRC	30%	66%
Business acquaintances	29%	60%
Your bank, lender or insurance company	35%	54%



As Table 2 demonstrates, those who received assistance with navigating business finance challenges generally had positive experiences, although there is still room for improvement. As we explore throughout this report, there are still many small business owners who did not feel such support was ‘for them’ or helped them deal with their specific challenges. The low levels of use of these sources of support also reflects the challenges people can have in finding the support they need.

Support for small business finances is often fragmented – leaving many small business owners and self-employed people uncertain about where to turn for guidance. According to government research, only 26% of UK SME employers reported seeking external advice or information in 2023-24.<sup>3</sup>

Our research found that only a quarter (26%) of Business Debtline clients felt they knew where to go for business support, while 37% disagreed with this statement. Similarly, half (51%) of micro-traders in the UK said they would know exactly where to go if they needed support with their business finances. In terms of suitability, only one in five (21%) Business Debtline clients agreed that good business support is available for small business owners like them. Even in our wider research with micro-traders across the UK, just two in five (41%) agreed with this.

Among Business Debtline clients, two in five (40%) agreed that most business support is targeted at start-ups, with this figure rising to nearly half (47%) among businesses who had been trading for one to six years. However, interestingly, those in business for less than 12 months were less likely to agree (19%) and more likely to respond with ‘don’t know’ at 36%. This begins to echo what we saw in our wider research, with nearly half (45%) of micro-business owners feeling that most business support is aimed at start-ups.

While there are some resources out there, these are often disjointed, inconsistent or inaccessible to those who need them most. Small business owners, especially sole traders and those on lower incomes, can struggle to navigate a complex landscape of financial advice, funding options and support services, and often don’t feel like the support is designed or targeted towards them. A more cohesive approach is needed when it comes to business finances support.

3. Department for Business and Trade (2024), **Government growth service to save small business time and money**

### 3. Barriers to financial resilience

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Challenges accessing business finance support can make it harder for businesses to deal with financial challenges when they hit.

Among Business Debtline clients, the most common business finance challenge experienced was managing cashflow, reported by 44% of respondents and rising to 55% among limited companies. Other significant difficulties included paying taxes owed (55%), dealing with late payments (33%) and repaying government loans such as Bounce Back Loans and Recovery Loan Scheme loans (33%, increasing to 52% for limited companies). Notably, 58% of small business owners had encountered two or more of these challenges, and over a third (36%) had faced three or more.

As mentioned previously, while two in five (43%) Business Debtline clients felt a lack of confidence with business finances had contributed to their financial difficulties, it is worth noting that the reasons small business owners fall into debt or face financial challenges are often complex and multi-faceted. Among small business owners we interviewed, who had faced challenges with their business finances, this was often due to external factors, beyond their control. Many pointed to the impact of the Coronavirus pandemic and the 2020-21 lockdowns, which significantly reduced demand for their services or products. Some also highlighted their inability to access government support during this time.

***“COVID hit exactly at our peak season. So, COVID started in March and lockdown eased in October, so that was our entire trading year totally stuffed... we made horrible losses.”***

(Luca\*, owner of a limited company, interviewee)

\*Name changed to protect identity

Participants also pointed to factors such as Brexit, the energy crisis, new IR35 rules for freelancers and contractors, rising interest rates and the cost of living crisis. Furthermore, changes in small business owners' personal circumstances were a significant factor in their business finance challenges. Health issues were particularly impactful, with both mental health and physical problems often affecting their ability to run the business, while financial difficulties in turn exacerbated their health and wellbeing. In some cases, relationship breakdowns also led to business-related problems.

***“The business was trading extremely well, the only issue that the business faced was the fact that my partner abandoned the business and family overnight, leaving myself and the family struggling to tread water, which in turn was a very distressing time for myself mentally, emotionally and physically. Unfortunately, I ceased trading and wound the business up.”***

(Zahra\*, survey response)

\*Name changed to protect identity

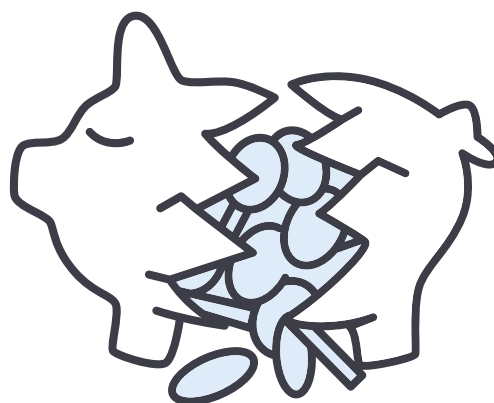
Even those who expressed confidence in managing their finances reported encountering these challenges. These findings highlight the emotional, psychological and financial toll of running a small business, particularly during periods of financial difficulty. Many business owners emphasised the need for support services that are empathetic and non-judgemental about their situations.

However, only half (50%) of Business Debtline clients sought help or information (apart from that sought through Business Debtline). Among those who did, the most common sources were accountants, GOV.UK, financial services providers, and HMRC. Informal support from friends, family, and business networks also played a significant role in navigating these challenges.

The three most common reasons small businesses did not seek help with difficulties relating to their business finances were:

- Uncertainty about where to find support – cited by nearly half (47%) of those who faced difficulties but did not seek assistance.
- A belief that no support was available for the specific issues they were experiencing – mentioned by two in five (40%).
- A desire to resolve the problems on their own – reported by a third (30%).

This emphasises again the fragmented nature of the business finance support landscape, with people not knowing where to go in order to improve their situation. Efforts must be made to ensure that small business owners are aware of what is out there in terms of support, and how it can be accessed.



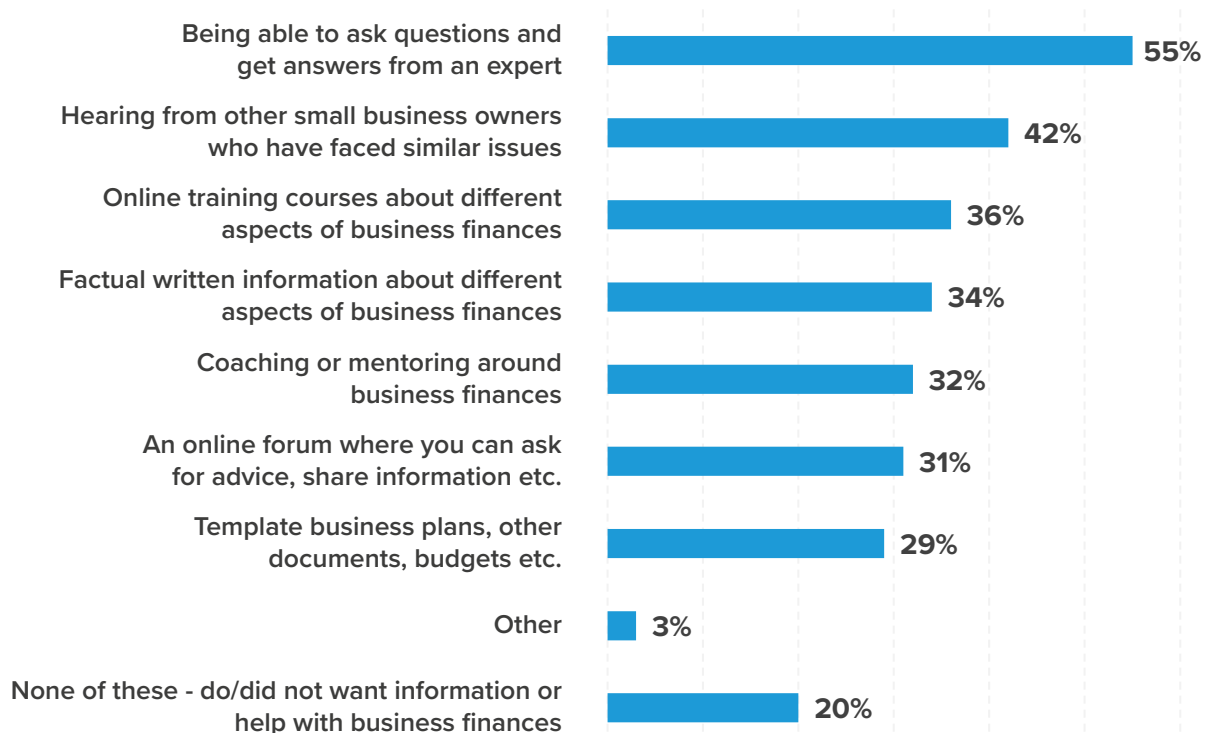
## 4. What good support looks like

Business finance support needs are highly varied – meaning there is no ‘silver bullet’ that can adequately assist all small businesses across the UK. Challenges differ depending on factors such as their size, industry, stage of growth, and financial literacy. Some businesses may require basic guidance on cashflow management, budgeting, or understanding tax obligations, while others may need more tailored assistance – such as advice on securing funding or external investment.

Additionally, businesses in different sectors or locations may face unique financial pressures, further diversifying the support environment needed. As a result, effective support must look to take this into account.

We asked Business Debtline clients about the types of business finance information and support, they would like, or have liked, to receive. The importance of tailored advice, that is relatable to their business, comes across clearly here.

**Figure 3 - Ways in which Business Debtline clients would like/have liked to receive information and support about business finances**



Whilst tailored advice and being able to get answers from an expert is crucial, with over half (55%) mentioning this, the importance of online training cannot be understated. The survey of Business Debtline clients found that over a third (36%) would like, or have liked, online training courses about different aspects of business finances. Our pilot of the Building Up Business virtual learning aims to fill this gap, and test the effectiveness of such an intervention in supporting the development of business finance skills. The virtual learning consists of a series of informative videos covering a wide range of topics, including taxes and trading statuses.

There are two clear themes that emerge here – there’s a need for bitesize support that’s clear, accessible and builds on skills for business finance. There’s also a need for tailored, expert advice that involves having a conversation with someone that understands their business and what they are experiencing.

Small business owners who participated in the research emphasised the importance of receiving support tailored to the life stage of their business. When Business Debtline clients were asked about the specific moments they would have benefited most from advice or support with business finance issues, responses varied based on their circumstances. Half (50%) indicated they would have valued support at the onset of their financial difficulties, while two in five (39%) felt that guidance during the initial set up of their business would have been particularly helpful. Among those businesses who had ceased trading, nearly two in five (37%) stated they would have appreciated more support during the process of winding down their business.

This tells us that support with business finances needs to be accessible at all stages of the business lifecycle, depending on the preference or circumstance of the small business owner. It therefore should not be prescribed at a defined stage of the business journey.

### Andrew’s\* story

Andrew had run a successful limited company for 25 years, providing consultancy on marketing and business development in a global industry. His experience of business support services was limited to being a member of his local business association. He didn’t find this especially helpful because the association’s members tended to be local traders whereas his business was global consultancy for a specific industry, so there were no opportunities to network with people in his own field.

Although he now felt very confident about navigating his business finances, Andrew felt that some business mentoring in the early years of his business might have been useful – with the caveat that a mentor would have to know something about his industry and how it worked. This might have prompted him to invest time in getting a good financial adviser and a good accountant, which he thought would have helped him make better financial decisions and grow the business, as he described:

***“Someone that would explain, ‘You don’t have to worry about X, Y and Z but you do need a good accountant and you do need a good financial advisor and you do need to keep on top of your financial affairs, you know, and know at least the basics of it and I’ll keep you up-to-date with the basics’... they could walk me through the whole thing, ‘Have you thought about this as a possibility?’”***

\*Name changed to protect identity

**Our research shows that small businesses have different needs when it comes to financial support, but five key factors stand out as most crucial:**



#### **Relevant to the business**

Support must align with the specific characteristics of the business, such as size, stage of development and industry sector. Many small businesses expressed frustration with generic, basic advice that failed to address their unique challenges.

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#### **Forward thinking in nature**

Business owners want advice that solves their specific problems and offers new solution they have not yet tried. It should not be overly complex.

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#### **Clear and simple language**

For many small business owners, managing finances is not intuitive. Effective support must avoid jargon, use plain language, and provide clear explanations to help demystify financial concepts and processes.

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#### **Easy to access**

Help should be available without long wait times, with options for call backs and out-of-hours support. Those on the other end of the phone should be knowledgeable, empathetic and non-judgemental. Online tools should be easy to use and accessible to everyone.

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#### **Cost effective**

Most small business owners cannot afford to pay for advice or support beyond what they receive from accountants. Free advice and resources are therefore essential.

# Conclusion and recommendations

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Our research has demonstrated that there is a clear need to address the business finance skills and confidence gap, as better support can strengthen the small business sector and help more small businesses to thrive. We've found that two in five (39%) Business Debtline clients were not confident navigating their business finances. Additionally, even among the number that are confident generally, there are still difficulties in critical business finance areas.

Our research has revealed that there is a significant group of small business owners, running smaller businesses often on their own or with just one or two employees (micro-businesses), who feel under-served by the current business finance skills offering. Many don't know where to turn, and struggle to find the support they need.

There is an urgent need to deliver business finance skills that are relevant to the size and types of businesses people are running, that aligns with their aims and ambitions, and that is rooted in the experiences of other small business owners like them.

Skills-building offers, like bitesize virtual learning, have a key role to play here – being able to reach a large number of small business owners, covering the critical elements of business finances where skills and confidence levels are lower. Our Building Up Business virtual learning aims to deliver exactly this, rooted in our experience of running Business Debtline and speaking to tens of thousands of small business owners every year.

Alongside this, greater investment in tailored, direct support could help many more small business owners to build their business finance capability. Many want the option to speak to someone directly, and be able to talk through the exact dynamics of their business. Business Debtline provides this to small business owners facing financial difficulty, but many could benefit from having access to broader finance skills support earlier in their business journey, before they experience financial difficulty. This is challenging: delivering such tailored support can be expensive and requires significant resource – but it could deliver significant benefits, both to small businesses and the wider economy.

To help close the business finance skills gap and improve support across the UK, we therefore recommend that:

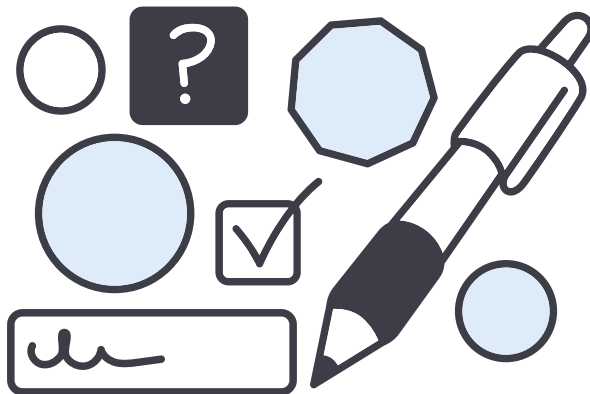
**1. The Department for Business and Trade should use the Small Business Strategy to work with the small business sector to develop innovative approaches to delivering tailored, one-to-one finance skills support to micro-business owners.**

This strategy should:

- Review the feasibility of using Artificial Intelligence (AI) to enable small business owners to get tailored support with specific business finance questions.

- Consider options for facilitating business finance skills peer support; specifically targeted at self-employed people and those running very small businesses.
- Set-out dedicated, funded plans to raise awareness of government-funded small business support helplines.

Crucially, the review should involve and co-design support with small business owners directly, who already have a clear idea of what good support would look like to them. To be effective, new support systems must go beyond what is currently in place. They should aim to actively engage small business owners by sparking their interest, encouraging early action, and ensuring resources are accessible and easy to use.





**2. HMRC should continue to invest in tools to help small business owners understand and manage their tax obligations, evaluating and sharing the impact of changes to business guidance.**

HMRC plays a critical role in small businesses' level of knowledge, skills and understanding of the tax system, and are one of the organisations that small businesses have most interaction with. With our research showing that many have low confidence on key aspects of the tax system - such as knowing how to calculate the amount of tax you owe/ are owed (53% not confident) and putting money aside for taxes (57% not confident) - there is a need for continued investment and action in this area.

As first announced in the Spring Budget 2023, efforts are underway to simplify support and introduce step-by-step interactive guidance. Additionally, HMRC has committed to investing more into its Digital Assistant and developing video content to enhance engagement. More tailored support could be derived from HMRC's intention to amplify their (direct) webchat functionality. This will enable people to ask questions specific to their situation, rather than assessing generic information and then attempting to apply it to their own situation.

We welcome the work HMRC is doing to improve support for self-employed people and small business owners, and we look forward to continuing to work with them to ensure this is as effective as possible. We therefore recommend:

- HMRC evaluate and publish the impact of these changes, and any learnings from them, to support wider efforts to improve business finance support. Our wider research tells us that just three in five (59%) micro-traders find it easy to get information about the taxes they owe – significantly increasing this figure should be a priority.
- The Treasury ensures that, as part of HMRC's Spending Review settlement, there is guaranteed, sufficient resourcing to enable HMRC to deliver effective support to small businesses both to understand the tax system and their obligations, as well as to help them resolve any specific issues when these arise.

**3. Financial services firms, business energy providers and other creditors should review customer journeys and maximise opportunities to signpost to Business Debtline and the Building Up Business free virtual learning.**

Organisations such as banks, insurance firms and business energy providers are notable, regular contact points for self-employed people and small business owners. Concerningly, we know that a third (33%) of people in our wider research regularly lose sleep worrying about their business finances. Ensuring small business owners can access free, impartial debt advice can not only help their business to survive but have a hugely positive impact on the individual too.

We recommend that:

- Financial services firms (such as banks, lenders and insurance providers) review their current signposting options for small business and self-employed customers (for example in onboarding, ongoing customer support and debt management processes) to maximise opportunities to refer small businesses or self-employed customers to support, including through Business Debtline.
- Non-domestic energy suppliers should have a clear referral pathway for customers in financial difficulty, and regularly promote the availability of support, including through Business Debtline.
- Trade bodies – such as UK Finance and Energy UK – should consider how they can support their members to understand and embed best practice in supporting small business customers, including opportunities to signpost to the Building Up Business virtual learning.

Our Building Up Business virtual learning provides a free resource, targeted specifically at micro-businesses to help them build their business finance skills. Rooted in our experience from Business Debtline, it makes matters straightforward when it comes to business finances. We recommend that:

- As part of reviewing support for micro-business customers, banks, lenders and insurance providers ought to consider where they could signpost or raise awareness of the Building Up Business virtual learning.
- The Department for Business and Trade should consider how small businesses can be signposted to the Building Up Business virtual learning from government organisations, such as HMRC and Jobcentre Plus, as well as from government-funded business support services, such as the Business Support Service in England.

We are keen to work with organisations throughout the pilot to support them to signpost customers to the virtual learning, and to discuss how this can help their small business customers. We would also encourage relevant trade bodies to consider how they can support increased awareness of this new resource for small business owners, and look forward to working with them on this.



# MONEY ADVICE TRUST

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## Money Advice Trust

The Money Advice Trust is a charity formed in 1991 to help people across the UK tackle their debts and manage their money with confidence.

For more information about this report:

Email: [policy@moneyadvicetrust.org](mailto:policy@moneyadvicetrust.org)

Website: [www.moneyadvicetrust.org](http://www.moneyadvicetrust.org)

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