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Licensed Insolvency Trustees

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90% of Spergel clients surveyed say debt harmed their mental health as cost-of-living pressures deepen

The Third annual *The Emotional Toll of Debt* study finds 93% of respondents cite rising living costs as a factor in growing debt, while 41% delayed seeking professional help

TORONTO, ON - September 15, 2026 - Rising living costs are not only pushing people deeper into debt, they are taking a significant psychological toll, according to the third annual *Emotional Toll of Debt* study from Licensed Insolvency Trustee firm msi Spergel.

The 2026 study surveyed 546 Spergel clients with firsthand experience dealing with serious debt and insolvency. **93% of respondents cited increased cost of living as a reason they went deeper into debt, while 90% said being in debt had affected their mental health.**

The findings show financial distress often manifests emotionally before more obvious financial warning signs appear. **84% of respondents said overwhelming stress was the first sign their debt was becoming a problem.**

Other findings include:

- **69%** experienced moderate to extreme stress related to their debt or financial situation, including **46%** who described the stress as extreme.
- **82%** said worrying about debt had a longer-term impact on their mental health.
- **90%** reported constant worry about money or debt.
- **41%** delayed seeking professional help. Among those who waited, **83%** said they believed they could manage the situation on their own.
- **78%** said financial literacy programs would have helped them better manage debt-related stress.

“Life reopened after the pandemic, but for many Canadians, their finances never fully recovered,” said **Gillian Goldblatt, Licensed Insolvency Trustee at msi Spergel and Past-President of the Ontario Association of Insolvency and Restructuring Professionals.** “What we are seeing now is not a failure of character. It is the cumulative effect of years of inflation, higher borrowing costs, housing pressure and household debt catching up all at once.”

Financial stress often comes before the breaking point

The study found that the first indication of serious debt trouble was not necessarily a missed payment or collection call. Instead, psychological stress dominated, with overwhelming stress cited far more frequently than other early warning signs.

The report also illustrates how people often exhaust multiple strategies before pursuing a formal insolvency solution. Respondents reported attempting to obtain additional credit, refinancing or consolidation, borrowing from family and friends, reducing essential spending, taking on additional work, using savings and selling personal belongings.

“The fact that stress is showing up so early is important,” said Goldblatt. “People often believe they need to wait until they have missed payments or exhausted every other option before asking for help. They don’t. Speaking with a Licensed Insolvency Trustee earlier can help someone understand all of the options available to them before the financial and emotional pressure becomes overwhelming.”

Cost of living is reshaping household debt

Increased cost of living was overwhelmingly the most common reason respondents gave for accumulating more debt. Grocery and housing costs were among the leading specific pressures identified in the study.

These pressures are also showing up in Canada’s insolvency numbers. In the second quarter of 2026, **37,523 Canadians filed a consumer insolvency, the highest quarterly volume since 2009**. Filings increased 6.9% compared with the same quarter a year earlier and were up 1.1% from Q1 2026. (Source: The Canadian Association of Insolvency and Restructuring Professionals (CAIRP): Q2 2026 Canadian Insolvency Statistics, based on data from the Office of the Superintendent of Bankruptcy.)

The study also points to prevention. When respondents were asked what could have helped them better manage their debt and debt-related stress, financial literacy programs ranked first at 78%. Respondents also identified grocery affordability support, budgeting tools, improved income and access to one-on-one debt advice.

“For people who are deeply indebted, a consumer proposal or bankruptcy should not be viewed as defeat,” Goldblatt added. “These are legal, rehabilitative tools designed to help people regain stability, dignity and a path forward.”

About the study

The third annual *Emotional Toll of Debt* study was conducted by msi Spergel between May and June 2026. A 30-question online survey was sent to 3,547 Spergel clients, generating **546 completed surveys**, a 15% completion rate.

The study examined the mental health impact of debt, reasons for accumulating debt, warning signs of financial distress, barriers to seeking professional help, coping strategies and resources that could help prevent future financial crises.

About msi Spergel

Founded in 1989, msi Spergel is a Canadian Licensed Insolvency Trustee firm providing consumer and corporate insolvency services. For more than 35 years, Spergel has helped Canadians explore solutions to financial challenges, including consumer proposals and bankruptcy.

[The full 2026 *Emotional Toll of Debt: 3rd Annual Report* is available from msi Spergel.](#)

Media Contact

Catherine Hutt

Director of Marketing

Spergel

1.877.501.4321 | www.spergel.ca