

AFFORDABILITY, REDEFINED

Enabling smarter, fairer lending through
deeper insight and clearer decisions



What is affordability?

Affordability **sits at the heart of responsible lending** — and today, it carries more weight than ever. As household budgets tighten and financial resilience weakens, lenders face increasing pressure to understand whether consumers can sustainably manage new credit commitments. Only a quarter of UK households are now considered financially secure, while nearly half are either struggling or in serious difficulty.¹ Cost of living pressures continue to hit families hardest — especially those with children — and over half of consumers have less than £400 in monthly disposable income.² With total household debt climbing and limited financial buffers in place, **lenders need more thorough and timely insights to assess true affordability and prevent financial strain before it occurs.**

Yet alongside these challenges, **a more optimistic story is emerging** — one that highlights significant opportunity for lenders that can balance protection with growth. Consumers have entered 2026 with rising confidence: Nearly half feel positive about their financial outlooks, and expectations for higher earnings are strengthening. Access to credit is improving; 59% of consumers are now confident they can obtain the credit they need.³ Younger, digitally engaged borrowers are especially open to new products — from credit cards to BNPL and refinancing solutions.³

For lenders, this creates **a powerful dual mandate: Safeguard vulnerable consumers through accurate, proportionate affordability assessments — while also supporting confident borrowers ready to re-engage with credit responsibly.** Affordability, therefore, isn't just a compliance requirement — it's a strategic lever for unlocking sustainable growth.



1 [W12 Financial Fairness Tracker June 2025](#)

2 https://www.askattest.com/wp-content/uploads/2025/04/UK-Spending-Trends-Report-2025_digital.pdf

3 [transunion-consumer-pulse-q4-25.pdf](#)

How TransUnion Affordability Report strengthens your affordability decisioning

At TransUnion, our mission is simple: to give lenders a clearer, deeper and more current understanding of a customer's true affordability — helping prevent unaffordable lending and enabling fair, confident decisions every time.

Built with lenders in mind, the **Affordability Report brings together powerful, bureau-based data, advanced analytics and innovative income insight capabilities** to deliver a more accurate picture of a consumer's financial position. And now, with the addition of our **new Modelled Income solution**, you gain confident income estimates — even when Current Account Turnover (CATO), turnover or salary data isn't available. This helps you assess proportional affordability, streamline onboarding and strengthen ongoing account management with greater certainty.

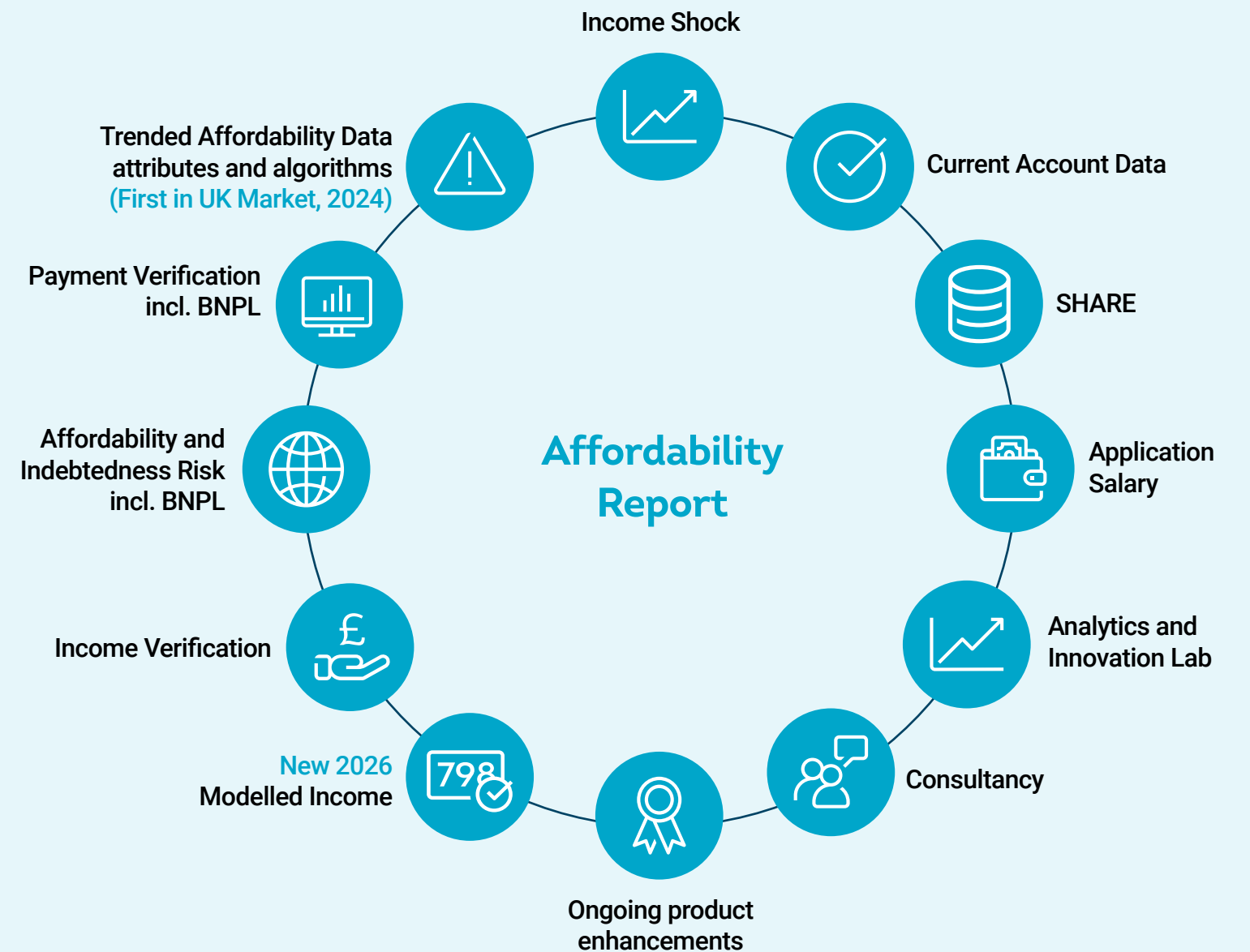
As a long-standing pioneer and leader in affordability solutions, we continue to innovate to meet the evolving needs of the UK credit market. Working closely with major UK banks, we helped establish new datasets to identify consumers experiencing affordability or indebtedness pressure, enabling early intervention and reducing further distress. These partnerships have shaped some of the UK's most trusted affordability tools.

Together, these tools enable a holistic, market-leading affordability view that reflects a consumer's real financial situation — supporting responsible growth, regulatory alignment and fair outcomes at every step of the credit lifecycle.

- ✓ Turnover and application salary data from leading current account providers and lenders
- ✓ Robust bureau credit data from SHARE
- ✓ Only bureau offering trended affordability insights showing 12 month behavioural patterns
- ✓ Optional buy now, pay later (BNPL) data⁴ for an even more well-rounded assessment
- ✓ Our new Modelled Income capability, offering a reliable income proxy where traditional data is incomplete

⁴ Income verification and payment verification capabilities only

Our market leading Affordability Report combines a wealth of features



Smarter decisions. Stronger portfolios. Better customer outcomes.

Designed for use in both new lending applications and in-life account management, the Affordability Report integrates seamlessly with TrueVision® and our Open Banking platform (powered by Bud*) to give you a truly inclusive view of creditworthiness — or it can operate as a powerful standalone affordability tool.

The Affordability Report comprises four key components that help you solve your biggest affordability challenges.



1 Seamless income verification
Verify consumer income quickly and reliably without adding friction or requiring payslips/manual uploads. Now further strengthened through our Modelled Income solution which delivers dependable income estimates when salary data limited.

3 Accurate affordable payment calculations
Understand what a consumer can sustainably repay each month, helping you offer products and repayment plans that are fair, responsible and achievable.

2 Early identification of affordability stress
Detect existing and emerging affordability or indebtedness issues before they escalate, supporting timely intervention and improved customer outcomes.

4 Income trend and trajectory analysis
Spot income changes that may impact affordability and predict future affordability trajectories using behavioural patterns, enabling proactive, personalised customer management.

“Proactively identifying and supporting customers showing signs of financial stress as early as possible has never been more important. In particular, dialogue between businesses and their customers during periods of uncertainty needs to happen at the right time using the right channel.”

Kelli Fielding, Chief Product Officer, TransUnion in the UK

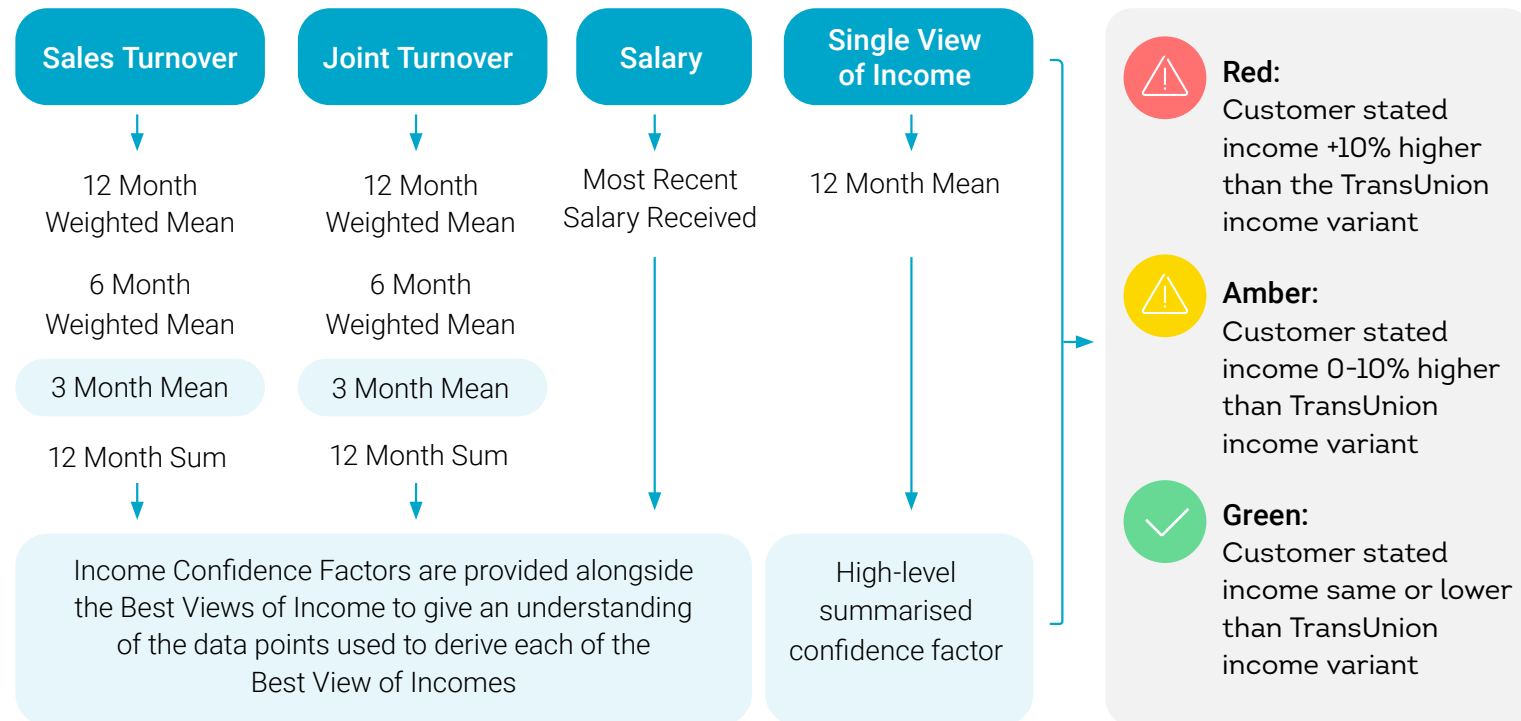
*TransUnion is an agent of Bud. Bud is a trading name of Bud Financial Limited who is authorised and regulated by the Financial Conduct Authority under registration number 793327 as a regulated Payment Services and Open Banking provider.

1 Seamless income verification: Build a clearer view of each customer's financial reality

Affordability assessments break down quickly when income data is incomplete, outdated or inconsistent. This is a growing issue as income volatility has increased and employment status can shift rapidly. Yet many lenders still capture income only at the initial application stage – leaving them exposed to missed income shocks, incorrect assessments and poor outcomes.

Our automated income validation capability enables **fast, friction right lending journeys**, striking the perfect balance between a smooth customer experience and the robust, actionable insight lenders need. With UK households facing rising financial pressures, including growing unsecured credit use and increasing affordability stress⁵, **the ability to verify income accurately and efficiently is as critical as ever.**

Affordability report enables income verification against multiple derivations



Enhanced lending confidence with automated, friction-right income validation

We enable you to automatically verify income without the need for payslips or bank statement uploads. This delivers smoother customer journeys while providing an up to date view of financial capacity.

Our Income Verification capabilities use a wide range of variables alongside our confidence factors to help you quickly **determine which customer declared incomes you're comfortable verifying** – treating every case on its own merit. The solution also offers the option to **include BNPL data**, an increasingly important element as forthcoming regulatory changes bring these products under tighter affordability and reporting requirements.

In account management environments, this capability becomes a powerful tool for **reverifying modelled or previously supplied incomes**, giving you a timely, reliable view before conducting affordability reviews. This ensures lending decisions reflect a customer's *current* financial reality, not outdated assumptions.

We validate both **single and joint incomes**, providing an additional layer of confidence before assessments are made. These validations work seamlessly alongside our **Open Banking solutions**, enhancing assurance when using the Affordability Report – whether as a pre check, parallel check or an added safeguard where additional certainty is required.

And our **NEW Modelled Income is a unique solution** that delivers confident income estimates – without CATO or salary data – *enabling proportional affordability checks. It covers the indebted population and provides modelled income values at configurable confidence thresholds (e.g., 70%, 80%, 90%), allowing lenders to tailor based on their risk appetites* – streamlining onboarding and account management while giving lenders a reliable proxy to assess affordability risk.

TransUnion verifies your consumer's income to help ensure any credit offered is genuinely affordable – protecting you from financial risk and supporting responsible lending decisions.

Early identification of income shocks

With UK data showing rising volatility⁵ – including frequent income drops, redundancy spikes and widening inequality – lenders need proactive alerting. Our income capabilities can help identify:

- ✓ Sudden reductions in income
- ✓ Changes in current account behaviour
- ✓ Emerging vulnerability indicators

This enables you to intervene early, supporting consumers before they fall behind.

Our Income Shock capability is built on our robust Current Account Turnover (CATO) based insight, designed to help you proactively identify customers whose incomes are reducing, fluctuating or beginning to recover. Combining powerful income change indicators with confidence variables and flexible segmentation, it facilitates faster deployment and more precise targeting.

This capability is already available to strengthen customer management strategies by flagging consumers whose affordability positions may have shifted – supporting timely, proactive engagement and better outcomes.

With this robust suite of variables, you can confidently surface early signs of income stress or recovery, enabling improved customer support, more resilient portfolios and smarter ongoing account management.



⁵ [The National Red Index 2025: Negative budget households face a debt crisis like quicksand - Citizens Advice](#)

2 Early identification of affordability stress: A smart way to verify essential spend and disposable income



Spot financial stress earlier. Protect consumers and your portfolio

In a market where millions of households are under growing financial pressure⁶, lenders need sharper tools to identify consumers at risk of financial distress before it becomes visible in traditional credit data. **TransUnion Over Indebtedness** Score is designed precisely for this challenge.

Our score blends affordability indicators and debt to income ratios with the power of our bureau credit data to pinpoint highly indebted consumers – and crucially, those on the verge of an affordability issue. This is increasingly vital in the UK, where 4 million people were in a negative budget in 2024–25, meaning their incomes couldn't cover essential costs.⁵

Protect Your Portfolio With Indicators Designed to Predict Emerging Stress

Unsecured Affordability Indicator (UAI) Unsecured debt to income ratio of 20:1 or higher	Total Debt : Income Ratio of Total Debt (including secured) to Income
Secured Affordability Indicator (SAI) Repayments on secured lending taking up 80% or more of income	Total Unsecured Debt : Income Ratio of Total Unsecured Debt to Income
Affordability Score Predicts the probability of an individual becoming over-indebted then defaulting	Total Payments : Income Ratio of Total Monthly Payments to Income



Supporting smarter account management

Used within customer management strategies, the score highlights consumers whose circumstances have shifted during their agreements – enabling you to adjust terms, offer tailored support and prevent further financial strain.



Strengthening responsible new lending decisions

In a new lending environment, these insights help assess whether additional credit could push a customer into difficulty, safeguarding both the consumer and your business. With individual insolvencies rising 14.7% year on year by Q3 2025, early detection of vulnerability has become essential.⁶



Predictive intelligence beyond credit risk

Our predictive variables reveal signs of financial distress traditional risk metrics may miss. This capability complements our TrueVision™ credit risk variables, helping you identify customers who appear low risk on paper yet show emerging affordability concerns – a growing segment as household budgets tighten.

At a time when interest payments alone cost the average UK household £2,613 annually and total personal debt stands at £1.89 trillion,⁷ early, data driven insight helps you protect your customers and portfolio.

Our indicators provide forward-looking signals that may help you identify when customers are drifting into unsustainable debt – essential for preventing foreseeable harm under Consumer Duty.

⁵ The National Red Index 2025: Negative budget households face a debt crisis like quicksand - Citizens Advice

⁶ <https://commonslibrary.parliament.uk/research-briefings/sn02885/>

⁷ UK Personal Debt in 2025: Record Highs, Rising Insolvencies & the Growing Need for Help | UK Insolvency Services

3 Accurate affordable payment calculations



Confident, responsible lending – even when income data is missing

With many UK households facing mounting financial strain – including 4 in 10 households now **struggling or in serious difficulty** (over 11 million households) – lenders need clear, data driven insight to determine what consumers can realistically afford. TransUnion **Payment Verification** delivers exactly that through a transparent, configurable affordability calculation designed to support responsible lending at scale.⁸

By analysing verified expenditure data, existing credit commitments and available income indicators, Payment Verification evaluates the affordability of multiple monthly payment scenarios. It provides lenders with a clear indicator of which payment amounts are sustainable, even in cases where declared income isn't available – a growing concern as millions of UK consumers experience income volatility and fluctuating financial stability.⁷

This capability empowers lenders to:

- ✓ **Turn 20 scenarios into one confident decision** by identifying the most suitable and affordable option
- ✓ **Make confident credit decisions** supported by transparent, explainable calculations
- ✓ **Ensure responsible outcomes**, especially for consumers with missing or inconsistent income data

And because affordability pressure continues to rise – with 72% of households reporting increases in essential bills, such as food, energy, water and council tax – Payment Verification provides an essential safeguard for consumers and portfolios alike.⁸

When applied in **ongoing customer management**, it helps you proactively identify customers whose affordability position has deteriorated, enabling timely reengagement on terms that better reflect their current circumstances.

With Payment Verification, lenders gain a clearer, more accurate understanding of what truly affordable looks like – supporting fairer decisions, stronger risk management and improved consumer outcomes across the credit lifecycle.



⁷ UK Personal Debt in 2025: Record Highs, Rising Insolvencies & the Growing Need for Help | UK Insolvency Services

⁸ Household debt: Statistics and impact on economy - House of Commons Library

4 Income trend and trajectory analysis: See affordability clearly – not just today, but over time

Upgrade your affordability strategy from reactive to predictive from the only UK bureau offering trended affordability insight

Our suite of **trended affordability** attributes, algorithms and scores gives clients a clearer, more dynamic understanding of each customer's financial position over time. By capturing how affordability patterns evolve – rather than providing a single static view – organisations can make fairer, more personalised and appropriate affordability decisions.

To support confident and flexible deployment, these insights are delivered alongside confidence variables and segmentation options, enabling faster and more tailored integration into existing strategies.

As the only bureau in the UK to offer these insights, which have been designed for customer management environments, these trended measures help identify consumers whose affordability position may be shifting, empowering proactive engagement and more effective ongoing account management, also extending into new lending, this capability ensures income assessments more accurately reflect a consumers real and current circumstances.

Altogether, this robust set of variables enables earlier identification of customers who may need support, helping organisations take timely action and strengthen responsible lending outcomes.

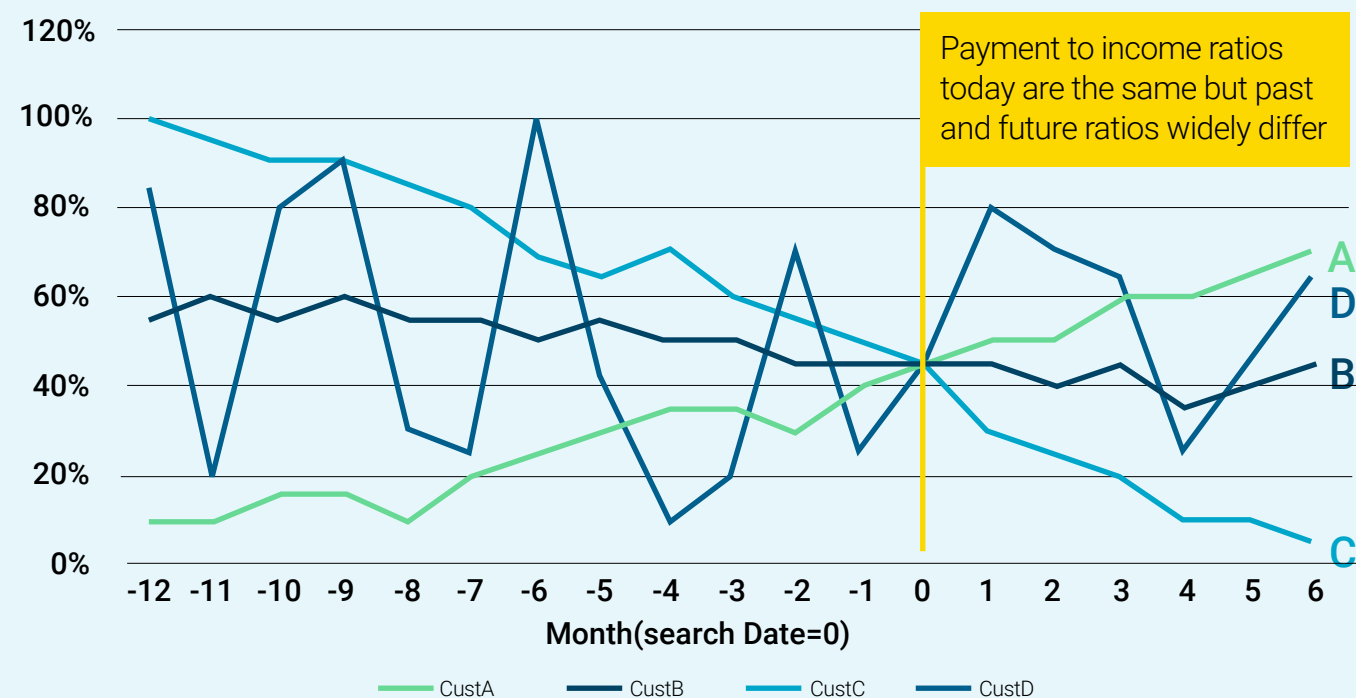
12 months of past affordability data is transformed into meaningful, actionable trended data attributes and algorithms helping you to:

- ✓ Identify a customer's true affordability position, what is possible and affordable ensuring appropriate products are offered
- ✓ Gain a robust view of a customer's income and total credit commitments over time
- ✓ Predict a customer's future affordability trajectory based on past behaviour
- ✓ Execute timely and informed decisions across the customer's lifecycle to enhance customer experience and improve loyalty
- ✓ Make responsible lending decisions for your business and customers to ensure fair outcomes for all, and help support your FCA consumer duty obligations

Knowing a customer's affordability position at a single point in time tells only part of their credit story

How It Works

These algorithms help you to get a sense of if an individual's affordability behaviour is improving or deteriorating over a period of time to help make more informed decisions on their likely affordability position in the future.



Our affordability trended data variables take the 12-month history of key attribute fields such as Priority and Non-Priority Commitments, ratio of payments and debt both by product type and income to produce valuable insight into an individual's affordability behaviour that will be included into our new score.

Why TransUnion?



Delivering clarity, confidence and speed across the customer lifecycle

TransUnion affordability solutions give you the clarity and confidence to make faster, fairer and more effective credit decisions – driving efficiency, growth and responsible customer outcomes. By combining rich data, advanced analytics and configurable technology, we help lenders balance customer experience with robust, actionable insight at every stage of the journey.

How your business benefits:



A smarter, stronger approach to creditworthiness

As a pioneer in affordability innovation, TransUnion delivers trusted, best in class solutions that evolve with market needs. Our Affordability Report enables you to build robust, personalised assessments that protect consumers while supporting commercial goals – all through configurable, easy to implement capabilities.



More accurate decisions, deeper customer trust

By providing a clearer picture of each customer's true financial position, you can offer appropriate, affordable products and foster long term relationships. With new trended affordability insights, you can even anticipate a customer's future affordability trajectory based on past behaviour – enhancing both decision accuracy and customer protection.



Stronger portfolios with fewer affordability related losses

Make confident onboarding decisions with a detailed understanding of whether applicants meet your affordability criteria. By reducing bad rates associated with unaffordable credit, you can strengthen portfolio quality and improve long term performance.



Stay ahead in a volatile market

With consumer circumstances changing faster than ever, our data helps you quickly identify shifts in income, spending or debt that may affect affordability. This allows you to proactively adjust strategies and avoid downstream risk.



Clear, defensible affordability decisions

Our transparent, rules based approach provides clear evidence of how decisions are made – making regulatory and internal compliance simpler, especially in support of FCA Consumer Duty requirements.



Exceptional digital experiences that enhance your brand

Through automated income verification and streamlined affordability assessments, you can deliver fast, friction right journeys that leave a positive first impression, increase conversion and boost customer loyalty.



Confidence in consumer supplied data

Our income solutions enable you to rapidly determine which declared incomes can be trusted – treating each case on its own merits and helping ensure fair, responsible lending decisions.



Design the solution that works for your business and empower consumers with confidence throughout their **financial journeys**



Every organisation is unique – and so are your data needs. That's why we work in partnership with you to shape affordability solutions that truly align with your strategies, workflows and customers.

Whether you're looking to strengthen creditworthiness decisions, enhance customer experiences or manage affordability risk more effectively, our experts are here to help you realise better outcomes.

Let's build a smarter, more responsible affordability approach together. Speak with our team to explore how TransUnion's affordability capabilities and analytics expertise can help you drive clarity, confidence and fair customer outcomes across the entire lifecycle.

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