TRANSUNION CREDIT INDUSTRY INSIGHTS REPORT

Overview of Consumer Credit Trends Released by TransUnion UK

Second Quarter 2026

Table of Contents

Executive Summary

The UK consumer credit market benefited from modest improvement in economic conditions during Q2 2026, although that progress has since partly reversed. CPIH inflation fell from 3.4% in March to 2.8% in June[1] before rising to 3.3% in August. Real regular-pay growth improved, reaching 0.6% over May to July,[2] but renewed inflationary pressure means the recovery in household purchasing power remains fragile and uneven.

Within this changing environment, the credit market continued to expand strongly, supported by sustained consumer demand, lender competition and a greater willingness to extend credit. Yet record outstanding balances have not been matched by a comparable deterioration in consumer capacity: Debt per borrower grew more slowly than income, unsecured debt-to-income fell to its lowest level in two decades and serious delinquency rates remained comfortably below pre-pandemic levels.

The overall picture is one of managed growth, with scope for further expansion, although the movement toward more accounts per borrower and a higher risk mix in recent originations, if not managed sustainably, may emerge as drivers of greater consumer financial stress on the near horizon.

UK households owe more than ever, but unsecured debt burdens relative to income remain at historic lows

Overall, the growth in consumer indebtedness appears to have been manageable. However, signs of pressure are emerging in parts of the credit market, with rising delinquency rates observed across credit cards and unsecured loans.

These are among the findings of TransUnion's Q2 2026 UK Credit Industry Insights Report, which also showed both credit cards and unsecured loans saw significant growth in outstanding balances, with credit card debt up 9.1% year over year (YoY) and unsecured loan balances up 7.9% YoY, both significantly outpacing the Q2 2026 annual price inflation rate of 2.8%.[3]

This expansion was likely driven by a combination of strong consumer income growth and increased lender willingness to advance credit. While the headline growth for credit cards and loans appears significant, it's crucial to note debt per borrower increased at a marginally slower rate than median income. Median income rose 4.91% YoY over this period while credit card debt per borrower grew by 4.58% YoY and unsecured loan debt per borrower grew by 4.13% YoY.

Headline debt growth can raise concerns about over-leveraging, but it doesn't necessarily mean household finances are weakening. Whether higher borrowing is sustainable depends not only on how much debt consumers hold but also on how their incomes are growing to support capacity to borrow and repay. In fact, thanks to strong growth in incomes, the debt-to-income ratio dropped to 3.79 in Q2 2026, down from 3.85 in Q2 2025.[4]

The longer-term view is even more striking: The debt-to-income ratio is now lower than the 5.78 recorded in Q2 2019 (before the pandemic) and 4.26 reported in Q1 2022 (before the inflation shock was first felt). This shows UK consumers are carrying more unsecured debt in absolute terms, but debt is a much smaller share of their incomes than it was before either of the recent economic shocks. It's equally worth noting the secured debt-to-income ratio is down 15% from the start of the 2022 rate hikes due to both high income growth and the higher cost of secured credit.

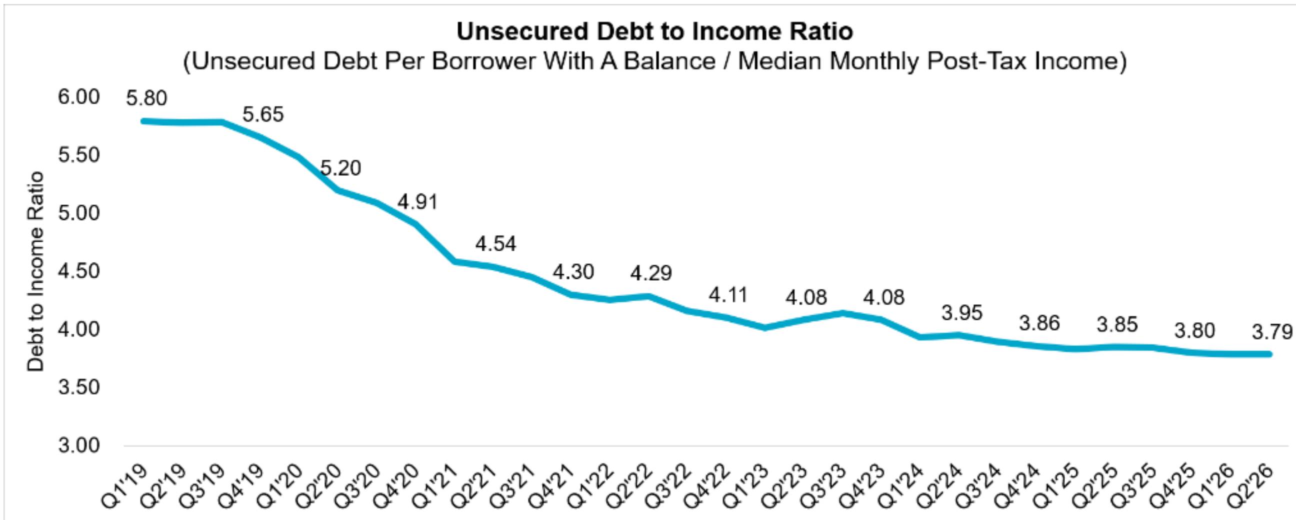
[1] CPIH ANNUAL RATE - June YoY - Office for National Statistics

[2] Average weekly earnings in Great Britain - Office for National Statistics

[3] CPI ANNUAL RATE - Office for National Statistics

[4] The debt-to-income ratio is calculated as average unsecured debt held by consumers with a balance, divided by median monthly take-home pay after tax

Chart 1: Unsecured Debt-to-Income Ratio[5]



Some increase in serious delinquency in Q2 2026 has nevertheless accompanied the expansion of unsecured credit. The proportion of credit-active consumers with at least one account 90 or more days past due rose by 30 basis points (bps) YoY to 3.50%. That movement warrants monitoring but remains well below the 4.30%–4.60% range recorded in 2019 and appears contained even as credit card and unsecured loan balances have grown over the last few years. The market is no longer experiencing the exceptionally low delinquency conditions that followed the pandemic, but neither has it returned to pre-pandemic levels of serious arrears.

The deterioration was led by unsecured loans, where the consumer delinquency rate increased by 68 bps to 4.39%. Credit cards recorded a smaller 19 bps increase to 2.18%, while mortgage and motor finance delinquency rates declined. This indicates financial stress isn't rising universally but rather is becoming visible in unsecured products where lending has expanded most strongly.

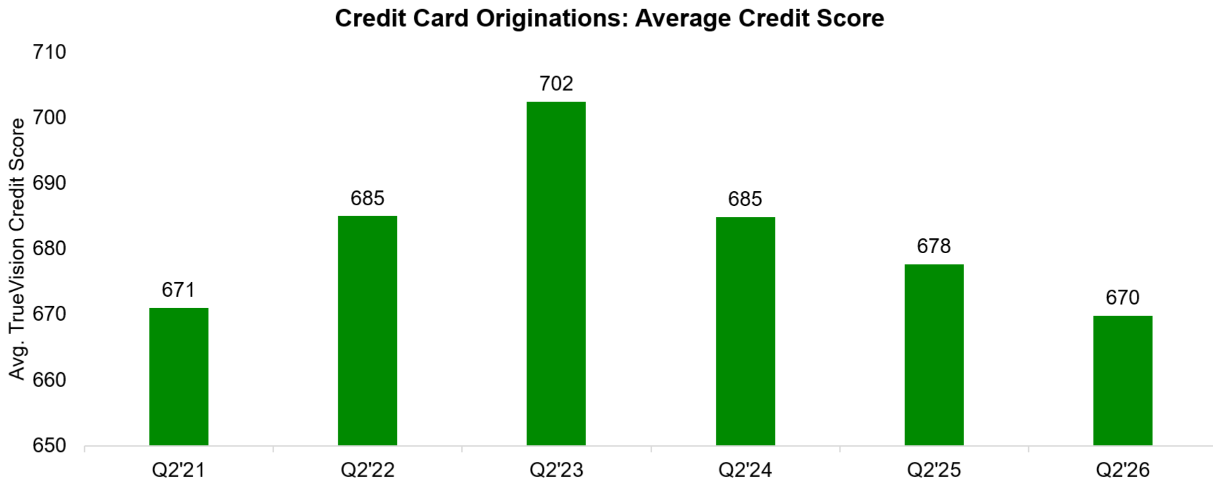
This should be considered in the context of lenders actively broadening the range of borrower risk they're willing to accept in newly opened accounts. Average credit scores of borrowers for newly opened accounts dropped 32 points for credit cards and 28 points for unsecured loans from the peak level of conservative lending seen in Q2 2023 to the latest view of Q2 2026. Lower origination scores demonstrate lenders are increasingly willing to extend credit to consumers with higher expected credit risk. The emerging rise in delinquency doesn't necessarily mean that consumers as a whole are experiencing greater financial stress as much as it reflects a shift in the industry's credit portfolio toward borrowers with higher default risk, a trend that warrants closer monitoring.

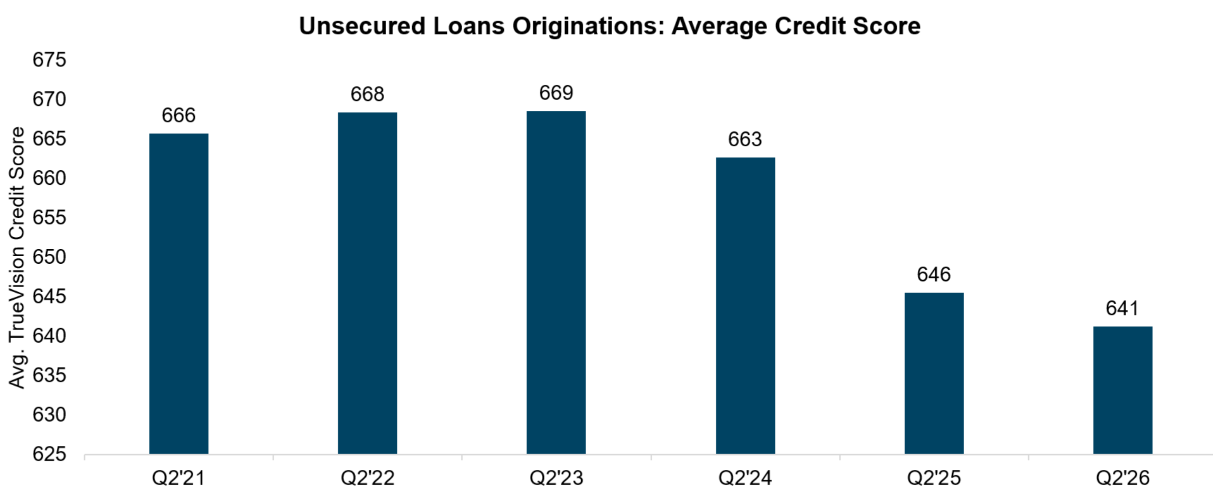
[5] TransUnion U.K. consumer credit database

Rising lender risk appetite is driving growth

New unsecured lending continued to expand at an exceptional pace entering Q2 2026. Q1 credit card originations rose 18.09% YoY to 3.45M, while unsecured loan originations increased 19.81% to 1.60M — coming after similarly strong growth in Q4 2025. In fact, this double-digit annual growth trajectory has sustained itself since Q3 2024.

The evidence suggests lender competition and rising risk appetite are central to this growth. The underlying risk profile of UK consumers as a whole has remained notably stable, with the proportion of UK adults recorded as subprime or near prime rising just one percentage point over the last two years, whereas the average scores of consumers receiving new credit have fallen significantly. This points to a deliberate change in lender strategy, with lenders competing for growth and market share by lowering their risk thresholds and approving a broader range of applicants.





Average TrueVision origination scores fell between Q2 2023 and Q2 2026 from 702 to 670 for credit cards and from 669 to 641 for unsecured loans. These movements provide direct evidence lenders across both markets have lowered their average risk thresholds, with the change most pronounced in personal loans.

The significant increase in origination volumes, alongside the fall in average risk scores, suggests we're observing a supply-led expansion of the credit market, with lenders meeting existing demand that was previously unserved. The sustainability of that growth will depend increasingly on the subsequent performance of higher-risk borrowers now being approved.

Market outlook

The UK credit market entered the second half of 2026 with continued demand, strong lender appetite and meaningful capacity for further responsible growth. Record balances have not translated into widespread overextension, with debt per borrower growing more slowly than income, unsecured debt-to-income remaining at a historic low and serious delinquency still below pre-pandemic levels.

However, renewed inflationary pressure and divergent performance across products make the quality of future growth increasingly important. Recent expansion has been driven more by existing credit users holding additional accounts and lenders approving a broader risk mix than by a substantial widening of participation. The opportunity remains to serve resilient consumers whose demand was previously unmet, but sustainable growth will depend on understanding total borrower exposure, income resilience and the subsequent performance of the newer, higher-risk cohorts.

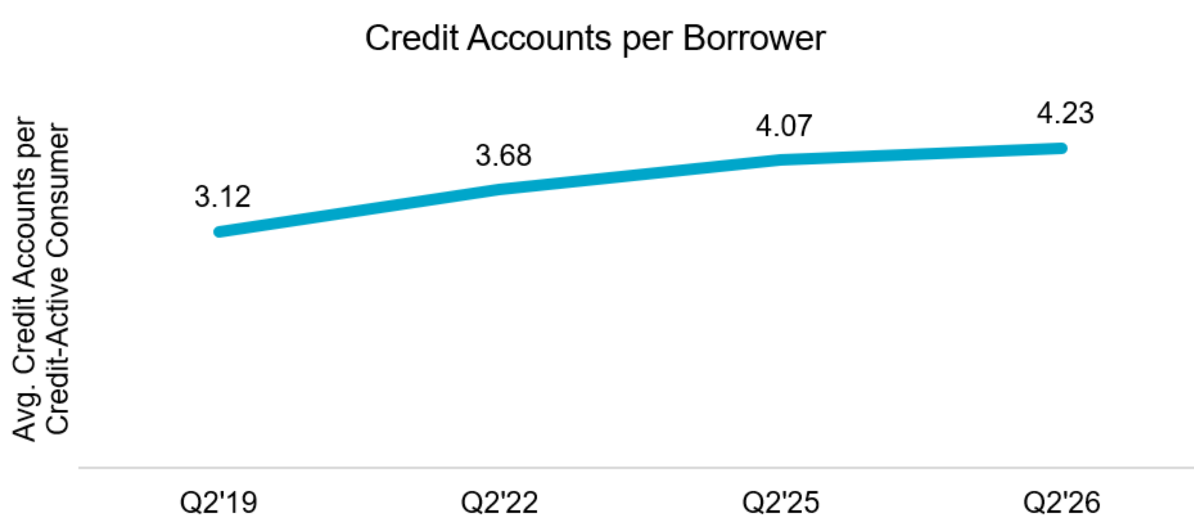
All Financial Services Credit Summary

ALL FINANCIAL SERVICES CREDIT METRICS	Q2 2026	Q-O-Q Change	Y-O-Y Change
Number of Consumers With an Open Credit Account	40.69M	0.49%	2.12%
UK Adult Population	58.15M	0.62%	1.55%
Proportion of Adult Population With an Open Credit Account	69.97%	-9 bps	38 bps
Number of Consumers in Delinquency (90+ DPD)	1.42M	5.39%	11.87%
Consumer-Level Delinquency Rate (90+ DPD)	3.50%	16 bps	30 bps

Credit participation expanded slightly in the year to Q2 2026, but most of the growth in balance and originations was driven by existing credit users holding a greater number of accounts. The number of consumers with an open credit account increased 2.12% year over year to 40.69M, slightly ahead of the 1.55% growth in the UK adult population to 58.15M. However, the proportion of adults holding credit remained broadly stable at 69.97%, rising by only 38 bps over the year and declining 9 bps during the quarter. This indicates the market continued to add borrowers but not at a rate sufficient to produce a significant structural increase in national credit participation.

For further context, the proportion of adults holding credit was approximately 73.47% in Q2 2019 compared with 70.81% in Q1 2022 and 69.97% in Q2 2026. Participation is therefore lower than before the pandemic.

Instead, credit growth increasingly reflected consumers holding a greater number of accounts. Total financial services account volumes increased faster than the number of credit-active consumers, raising the average from approximately 4.07 accounts per consumer in Q2 2025 and 4.17 in Q1 2026 to 4.23 in Q2 2026. This is part of a longer-term change in consumer credit behaviour: The equivalent measure was approximately 3.12 accounts per credit-active consumer in Q2 2019. The average borrower therefore holds materially more credit relationships than before the COVID-19 disruption, even though the proportion of UK adults participating in credit remains below the 73.47% recorded in Q2 2019. The market has become deeper among existing credit users but less broad across the adult population than the pre-pandemic benchmark.



(Chart Source: TransUnion Consumer Credit Database)

The number of consumers with at least one account 90 or more days past due increased 11.87% year over year to 1.42M, more than five times the rate of growth in the overall credit-active population. Consequently, the consumer-level serious-delinquency rate rose 30 bps year over year and 16 bps quarter over quarter to 3.50%. This remained below the 4.30% recorded in Q2 2019, but the gap narrowed during the quarter as delinquency increased most clearly across credit cards and unsecured personal loans. The market is therefore no longer experiencing the unusually low delinquency conditions seen immediately following the pandemic, although overall serious delinquency hasn’t returned to its pre-pandemic level.

For lenders, growth in account volumes should not be interpreted as equivalent growth in new customer relationships. As consumers hold more accounts across multiple providers, changes in total borrower exposure, income resilience and repayment behaviour become increasingly important to portfolio risk. The overall market remains healthier than the rise in total debt or delinquent consumer volumes might imply in isolation, but signs of stress are emerging and average measures are often unrepresentative of the growing minority experiencing financial difficulty.

Credit Card Summary

CREDIT CARD METRICS	Q2 2026	Q-O-Q Change	Y-O-Y Change
Number of Accounts	74.87M	1.99%	9.30%
Outstanding Balance	£87.61B	1.95%	9.10%
Total Credit Limit	£365.92B	2.18%	8.91%
Average Balance Per Consumer	£2.50K	1.18%	4.58%
Average Balance Per Consumer With a Balance	£3.11K	0.62%	4.27%
Average Aggregate Credit Limit Per Consumer	£10.59K	1.30%	4.29%
Number of Consumers With an Open Card Account	28.87M	0.97%	4.53%
Number of Consumers Carrying a Balance	23.19M	1.54%	4.84%
Origination Volumes (Q1 2026)	3.45M	7.54%	18.09%
Average New Account Credit Limit (Q1 2026)	£3.66K	8.10%	-4.55%
Account-Level Delinquency Rate (90+ DPD)	1.67%	13 bps	15 bps
Consumer-Level Delinquency Rate (90+ DPD)	2.18%	12 bps	19 bps
Balance-Level Delinquency Rate (90+ DPD)	2.43%	22 bps	20 bps

Credit card activity continued to expand significantly in Q2 2026. The number of open accounts rose 9.30% year over year to 74.87M, while outstanding balances increased 9.10% to £87.61 billion. However, the number of cardholders increased at a slower rate of 4.53% to 28.87M. Average balances therefore rose at a more measured pace, reaching £2500 per consumer, up 4.58% year over year, and £3.11K among consumers carrying a balance, up 4.27%. This suggests market growth continued to reflect both increased card issuance and broader consumer participation rather than a comparable increase in debt held by each cardholder.

Strong growth in card accounts is occurring against a backdrop of heightened competition among lenders — particularly following the entry and expansion of digital-first providers offering increasingly sophisticated app-based borrowing experiences. The public launch of Chase's UK credit card offering in 2025 represented one of the most notable recent examples of this trend. Established issuers, challenger banks and digital-first providers continue to compete aggressively for customer acquisition and everyday spending volumes, with many seeking to become consumers' preferred or top-of-wallet payment method. As a result, recent market growth reflects both strong consumer demand and increasing competition among lenders for consumer market share.

Credit availability also increased broadly in line with balances. Total credit limits rose 8.91% year over year to £365.92 billion, while the average aggregate limit per consumer increased 4.29% to £10.59K. As a result, aggregate utilisation remained broadly stable at approximately 23.9%, with balances and limits growing at similar rates.

The number of consumers carrying a balance increased 4.84% to 23.19M, similar to growth across all cardholders, but average balances among those carrying debt remained relatively contained. Together, these measures indicate greater card engagement without a material increase in the proportion of available credit being used.

New-account activity remained a major source of growth, although the pace moderated from the particularly strong increase recorded in the previous quarter. Credit card originations rose 18.09% year over year to 3.45M in Q1 2026 compared with growth of 26.23% in Q4 2025. The average new-account credit limit increased 8.10% quarter over quarter to £3.66K but remained 4.55% below its level a year earlier. This combination is consistent with issuers opening substantially more accounts while maintaining a measured approach to initial line assignment.

Credit performance weakened moderately as the market expanded. The consumer-level serious-delinquency rate increased 19 bps year over year to 2.18%, while account-level delinquency rose 15 basis points to 1.67%. These delinquency rates are closing in on levels seen pre-pandemic when consumer-level delinquency rate sat slightly higher at 2.29% in Q2 2019.

Motor Finance Summary

MOTOR FINANCE METRICS	Q2 2026	Q-O-Q Change	Y-O-Y Change
Number of Accounts	5.85M	0.40%	0.11%
Outstanding Balance	£92.99B	1.96%	3.02%
Average Balance Per Consumer	£16.95K	1.61%	2.64%
Number of Consumers With an Open Motor Account	4.64M	0.48%	0.46%
Origination Volumes (Q1 2026)	558.63K	27.96%	4.13%
Average New Account Balance (Q1 2026)	£22.94K	1.03%	1.11%
Account-Level Delinquency Rate (90+ DPD)	1.71%	-7 bps	-8 bps
Consumer-Level Delinquency Rate (90+ DPD)	1.63%	-6 bps	-8 bps
Balance-Level Delinquency Rate (90+ DPD)	0.98%	-9 bps	-13 bps

Motor finance activity remained comparatively subdued in Q2 2026 against a market backdrop shaped by sustained legal and regulatory uncertainty around historical commission arrangements. Outstanding balances increased 3.02% year over year to £92.99 billion despite the number of accounts remaining broadly unchanged at 5.85M, up just 0.11%. The number of consumers holding motor finance also rose by only 0.46% to 4.64M. Growth was therefore driven primarily by higher borrowing among the existing customer base rather than a material expansion in participation, with the average balance per consumer increasing 2.64% to £16.95K.

New business nonetheless showed some resilience. Motor finance originations increased 4.13% year over year to 558.63K in Q1 2026, while the average new-account balance rose by a more modest 1.11% to £22.94K. The stronger increase in account volumes than in average new balances indicates origination growth came mainly from a greater number of financed vehicles rather than materially larger amounts advanced on each agreement. However, this improvement remained moderate compared with the expansion recorded in credit cards and unsecured loans, consistent with a motor finance market still operating under significant legal, regulatory and affordability constraints

The regulatory position remained unsettled during the quarter. The Financial Conduct Authority motor finance redress scheme sought to addressed customer harm related to historical commission disclosure. However, the scheme was subsequently challenged, and the Upper Tribunal suspended parts of it in July 2026 — while firms remained required to comply with the rules that were not affected. This doesn't directly explain the Q2 credit trends, but it provides important context for a sector in which lenders have had to manage uncertainty over historical liabilities, complaint handling and future operating requirements alongside normal credit and affordability considerations.[6]

Despite those pressures and the moderate increase in balances, credit performance improved across every measure. The consumer-level serious-delinquency rate fell eight basis points year over year to 1.63%, while account-level delinquency declined eight basis points to 1.71%. Balance-level delinquency recorded the largest improvement, falling 13 basis points to 0.98%.

Overall, the combination of modest origination growth, limited expansion in the borrower base and improving delinquency indicates a market that continued to extend credit selectively rather than one experiencing either contraction or rapid lender risk-led or consumer demand-led expansion.

[6] FCA confirms motor finance redress scheme | FCA; PS26/3: Motor finance consumer redress scheme | FCA

Mortgage Summary

MORTGAGE METRICS	Q2 2026	Q-O-Q Change	Y-O-Y Change
Number of Accounts	10.92M	-0.14%	-0.41%
Outstanding Balance	£1.63T	0.56%	3.35%
Average Balance Per Consumer	£193.45K	0.69%	3.17%
Number of Consumers With an Open Mortgage Account[7]	12.04M	0.32%	0.47%
Origination Volumes (Q1 2026)	292.76K	-9.54%	-10.62%
Average New Account Balance (Q1 2026)	£210.75K	-2.23%	-1.36%
Account-Level Delinquency Rate (90+ DPD)	0.75%	-2 bps	-9 bps
Consumer-Level Delinquency Rate (90+ DPD)	0.61%	-1 bps	-6 bps
Balance-Level Delinquency Rate (90+ DPD)	0.73%	-2 bps	-9 bps

The mortgage market remains caught between uncertain economic conditions, higher stamp duty and borrowing costs that continue to constrain affordability. Mortgage rates rose again during the first half of 2026, interrupting the gradual recovery seen through 2025 and reducing the purchasing power of prospective borrowers.

Representative of this market was the drop in the total number of open mortgage accounts, falling 0.41% YoY to 10.92M in Q2 2026. This is down 726K from Q2 2022 prior to the rate hikes. At the same time, the number of mortgage-holding consumers remained broadly steady at 12.04M, up just 0.47% year over year but remained 4.44% below Q2 2019 pre-pandemic levels and 2.12% below Q2 2022, representative of levels observed prior to the interest rate hikes.

Overall, the mortgage market experienced a contraction in new activity, putting a dent in the slow recovery trajectory previously observed over the course of 2025. This contraction can be partially linked to the rising fixed and variable mortgage rates on offer in the first half of the year. There were 292.76K new mortgages originated in Q1 2026, down 10.62% YoY. However, this annual decline from Q1 2025 to Q1 2026 partly reflects the anomalous and elevated transactions volumes observed in Q1 2025 as borrowers sought to complete purchases ahead of the April 2025 Stamp Duty Land Tax changes. Comparing to a seasonally related period not affected by this stamp duty driven anomaly, originations were 27.52% higher than those seen two years prior in Q1 2024 but remain 14.41% below Q1 2022 before higher interest rates materially reduced housing activity.

The average balance of new mortgages fell -1.36% YoY, while average UK house prices edged up 1.45% over the year to the end of Q2 2026. Increased APRs likely contributed to this observed drop, driving a contraction in both demand and eligibility for higher value mortgages.

Mortgage credit performance remains notably resilient despite most mortgage holders having transitioned to higher APRs from the exceptionally low rates available before 2022. The consumer-level 90+ day delinquency rate declined to 0.61%, down six basis points YoY and below the 0.78% recorded in Q2 2019. Account-level rates also fell by nine basis points to 0.75%. Overall, growing balances and low delinquency indicate the existing mortgage book remains healthy, but fewer accounts, lower participation and weaker originations show a broader recovery in housing finance remains incomplete.

Beyond the pandemic and higher interest rates, a less visible structural shift has also reduced recorded consumer mortgage activity. From April 2020, individual landlords could no longer deduct mortgage interest from rental income, receiving only basic-rate tax relief instead, while limited companies remained outside this restriction. This encouraged more landlords to buy through companies rather than in their own names. The underlying buy-to-let activity has not necessarily disappeared, but mortgages that would previously have been recorded against individual investors increasingly appear as corporate lending, making current consumer mortgage volumes less directly comparable with pre-pandemic periods.

[7] Note: The number of consumers with an open mortgage account exceeds the number of accounts due to the nature of jointly held mortgages

Unsecured Loan Summary

UNSECURED LOAN METRICS	Q2 2026	Q-O-Q Change	Y-O-Y Change
Number of Accounts	10.98M	2.57%	6.46%
Outstanding Balance	£65.81B	2.42%	7.93%
Average Balance Per Consumer	£8.70K	0.88%	4.13%
Number of Consumers With an Open Loan Account	6.45M	1.52%	3.01%
Origination Volumes (Q1 2026)	1.60M	8.06%	19.81%
Average New Account Balance (Q1 2026)	£6.98K	9.14%	0.12%
Account-Level Delinquency Rate (90+ DPD)	4.39%	23 bps	69 bps
Consumer-Level Delinquency Rate (90+ DPD)	4.39%	22 bps	68 bps
Balance-Level Delinquency Rate (90+ DPD)	2.54%	7 bps	13 bps

Unsecured personal loans remained one of the strongest contributors to UK consumer-credit growth in Q2 2026, continuing the expansion identified in the previous quarter. Outstanding balances increased 7.93% year over year to £65.81B, while accounts rose 6.46% to 10.98M and the number of consumers holding an unsecured loan increased 3.01% to 6.45M. The faster growth in accounts than consumers indicates expansion was being driven partly by existing borrowers holding additional loan accounts. At the same time, the average balance per consumer rose 4.13% to £8.70K, exceeding the 2.8% rate of price inflation (CPI) over the same period.[8]

New lending remained elevated in Q2 2026. Unsecured loan originations increased 19.81% year over year to 1.60M in Q1 2026, extending the 18.68% annual growth recorded in Q4 2025.

Growth extended across the risk spectrum, but non-prime lending made a disproportionate contribution. Near-prime originations increased approximately 25.1% year over year in Q1 2026 while subprime originations rose approximately 14.8%. Together, these segments accounted for approximately 294,000 new loans, up from approximately 239,000 a year earlier.

The changing origination profile provides clearer evidence of increased lender risk appetite. The average TrueVision score for unsecured loan originations fell from 669 in Q2 2023 to 646 in Q2 2025 and 641 in Q2 2026. As lower scores represent higher expected credit risk, the decline indicates lenders have become willing to originate to a higher-risk borrower mix than during the tighter credit conditions seen in 2022 and 2023. The shift has been shaped both by greater competition and risk appetite among traditionally prime lenders and strong origination volumes from specialist non-prime providers.

Credit performance, however, deteriorated further as the market expanded. The consumer-level serious-delinquency rates reached 4.39% in Q2 2026, increasing by 68 bps year over year. However, in comparison to historic levels, these delinquency rates remain relatively low. Consumer-level serious delinquency rates sat at 7.03% in Q2 2019, materially above the current 4.39%. Current delinquency has therefore not returned to pre-pandemic levels, even after the recent increase. However, the consumer-level rate is now above the 3.51% recorded in Q1 2022 and above the 4.17% reported in Q1 2026, confirming unsecured-loan performance has moved away from the unusually benign conditions seen after the pandemic and will warrant greater attention if this rising trend continues in future quarters.

Overall, the unsecured loan market is experiencing strong, competition-led growth, supported by substantial consumer demand and a wider lender risk appetite. The majority of new business remains within the lower-risk tiers, but faster growth in near-prime lending, lower average origination scores and rising delinquency show part of the market's expansion is being generated by increased engagement with higher-risk consumers. Naturally, as a symptom of this increased risk exposure driven by increased lender risk appetite, a growing number of borrowers are falling into delinquency. These delinquency rates remain well below 2019 levels for the industry, but the rising trend warrants attention.

[8] CPI ANNUAL RATE - Office for National Statistics

Retail Finance Summary

RETAIL FINANCE METRICS	Q2 2026	Q-O-Q Change	Y-O-Y Change
Number of Accounts	6.81M	0.21%	1.96%
Outstanding Balance	£8.64B	-0.48%	0.82%
Average Balance Per Consumer	£1.59K	-0.41%	-0.37%
Number of Consumers With an Open Retail Finance Account	4.64M	-0.04%	1.17%
Origination Volumes (Q1 2026)	885.40K	-2.51%	14.73%
Average New Account Balance (Q1 2026)	£1.71K	-10.60%	-6.08%
Account-Level Delinquency Rate (90+ DPD)	1.23%	6 bps	0 bps
Consumer-Level Delinquency Rate (90+ DPD)	1.22%	4 bps	-3 bps
Balance-Level Delinquency Rate (90+ DPD)	1.16%	11 bps	6 bps

Consumers are entering more traditional retail-finance agreements but for smaller amounts while the stock of borrowing remains almost unchanged. The market is generating activity without meaningful balance expansion.

Retail finance ticked up in terms of new lending activity in Q2 2026, although growth in outstanding balances remained limited. Balances increased by just 0.82% year over year to £8.64 billion, while the number of accounts rose 1.96% to 6.81M and the number of consumers increased 1.17% to 4.64M. Average balances per consumer declined 0.37% to £1.59K, indicating the market expanded through a modest increase in participation rather than consumers carrying more retail finance debt.

The stronger change was in new lending: Originations increased 14.73% year over year to 885.40K in Q1 2026, but the average amount financed on each new agreement fell 6.08% to £1.71K. This indicates the recovery in new business was driven by a greater number of smaller finance agreements, which also explains why total outstanding balance grew so little despite nearly 15% growth in originations.

The prevailing economic pressures and market conditions are likely influencing these trends, including cautious consumer sentiment, continued pressure of rising essential household costs, more selective spending behaviour and a tendency among households to defer larger discretionary purchases.

Despite these pressures, credit performance remained stable. Account-level serious delinquency was unchanged year over year at 1.23%, while consumer-level delinquency declined three basis points to 1.22%. Overall, the figures indicate a slow, measured expansion in traditional retail finance, with more consumers using it, but use is trending toward slightly lower prices items.

Overdraft (Planned) Summary

OVERDRAFT (PLANNED) METRICS	Q2 2026	Q-O-Q Change	Y-O-Y Change
Number of Accounts	32.01M	0.36%	4.72%
Outstanding Balance	£4.20B	5.15%	2.30%
Total Credit Limit	£29.53B	-0.35%	1.67%
Average Balance Per Consumer	£151.22	5.37%	-1.33%
Average Balance Per Consumer With a Balance	£864.18	-0.44%	-1.63%
Average Aggregate Credit Limit Per Consumer	£1.23K	-0.51%	-1.70%
Number of Consumers With an Open Planned Overdraft Account	24.37M	0.12%	3.02%
Number of Consumers Carrying a Balance	4.26M	5.97%	3.34%
Origination Volumes (Q1 2026)	214.57K	14.60%	-15.14%
Average New Account Credit Limit (Q1 2026)	£475.08	-2.83%	10.13%
Account-Level Delinquency Rate (90+ DPD)	0.30%	5 bps	10 bps
Consumer-Level Delinquency Rate (90+ DPD)	0.31%	5 bps	11 bps
Balance-Level Delinquency Rate (90+ DPD)	2.27%	29 bps	77 bps

OVERDRAFT (UNPLANNED) METRICS	Q2 2026	Q-O-Q Change	Y-O-Y Change
Number of Accounts	1.47M	3.38%	-12.54%
Outstanding Balance	£1.28B	-2.01%	-14.77%
Average Balance Per Consumer	£1.15K	-5.71%	-4.02%
Number of Consumers With an Open Unplanned Overdraft Account	1.10M	3.65%	-11.37%
Number of Consumers Carrying a Balance	1.10M	3.65%	-11.37%
Origination Volumes (Q1 2026)	4.08K	11.07%	6.69%
Account-Level Delinquency Rate (90+ DPD)	9.48%	-25 bps	-55 bps
Consumer-Level Delinquency Rate (90+ DPD)	9.75%	-22 bps	-74 bps
Balance-Level Delinquency Rate (90+ DPD)	11.34%	-35 bps	-9 bps

Planned overdrafts (aka. arranged bank overdraft facilities) saw rising availability alongside a renewed increase in utilisation in Q2 2026, although they continued primarily to provide a safety net most customers did not use. The number of consumers carrying a planned overdraft balance rose to 4.26M, equivalent to around one in six consumers with an open facility. This reversed the post-holiday reduction seen in Q1 but still left the large majority of arranged overdraft holders with no balance drawn. In line with this trend, the number of planned overdraft accounts rose 4.7% YoY to 32.01M, and total balances drawn on these accounts reached £4.20 billion, up 2.3% YoY; though this growth was lower than the 2.8% rate of annual inflation observed in Q2.[9]

Banks remained active in issuing new overdraft facilities: 214,570 new arranged overdraft facilities were reported for Q1 2026, up 14.6% from the previous quarter but down 15.1% YoY. The annual decline may partly reflect the scaling back of some bank-led campaigns to capture new market share, while the quarterly rebound indicates issuance activity has not weakened uniformly.

The consumer-level 90+ day delinquency rate among consumers holding a planned overdraft account rose to 0.31% in Q2, up 11 bps YoY. Due to the high uptake of overdraft facilities alongside the proportionally low usage of said facilities, it’s often better to track performance by balance as opposed to volume. In this case, 2.27% of planned overdraft debt was seriously delinquent, up 77 bps YoY. Although absolute delinquency remained low, the faster increase in seriously delinquent balances warrants monitoring.

[9] CPI ANNUAL RATE - Office for National Statistics

Unplanned overdrafts (unauthorised overdrawing), on the other hand, continued to experience the effects of a long-term and largely industry-intended structural decline as consumers increasingly gain access to arranged overdrafts and banks encourage other alternatives. Total unplanned overdraft balances fell to £1.28 billion (down 14.8% YoY) and represent just a fraction of the levels commonly observed pre-2020. The number of unplanned overdraft accounts declined to 1.47M, down 12.5% YoY, while the number of consumers with an unplanned overdraft fell to 1.10M, down 11.4%. Both account and consumer volumes increased modestly from Q1, but this did not interrupt the longer-term contraction. This structural decline has been driven by a combination of factors, including regulatory interventions that changed overdraft charging, banks proactively converting customers to arranged overdrafts, and potentially greater consumer awareness encouraging more active management of personal finances and avoidance of penalties.

The shrinking unplanned overdraft segment remained high risk given its nature as a last-resort credit line for distressed borrowers. However, the 90+ day consumer delinquency rate eased to 9.75%, down 74 bps YoY, while 11.34% of unplanned overdraft balances were seriously delinquent, down 9 bps YoY. This still means that more than 1 in 10 pounds in this category was overdue by three months or more, indicating the relatively few consumers who continue to use unarranged overdrafts are often under significant financial strain. On the positive side, both the diminishing scale of unplanned overdrafts and recent improvement in delinquency align with the long-intended direction of regulatory and industry changes. As planned overdrafts continue to replace unplanned usage, the incidence of unplanned overdraft stress should keep receding, contributing to a healthier overall credit landscape.

Report Overview and Definitions

TransUnion Industry Insights Report is a quarterly overview summarising data and trends and providing insights on the UK consumer lending industry.

Insights in this report are based on a full population analysis of TransUnion’s UK consumer credit database, covering all known UK credit-active consumers. The analysis reflects currently open credit accounts and those active within the past nine quarters, providing a robust view of recent credit behaviour and trends across both account-level and consumer-level views.

Understanding account-level vs. consumer level views

Account-level views focus on values, volumes, rates and averages aggregated across each individual credit account. Whereas consumer-level views focus on values, volumes, rates and averages aggregated across each individual consumer.

As an example, consumer X may possess three credit cards: one with a balance of £500, another with a balance of £50 and one in a dormant state with £0 outstanding. Consumer Y possesses just one credit card with an outstanding balance of £1,200. Consumer Z possesses one credit card they use for everyday spending to gather rewards but pay off in full each month, consistently holding no outstanding balance at the end of each month. All the above adds up to an aggregate outstanding balance of £1,750 across three consumers (two of which hold a balance) and across five credit cards.

In such a scenario, the consumer-level average balance among those who hold a balance would be £875, representing the total £1,750 divided by two consumers who hold a balance. Alternatively, the account-level average balance across cards with an outstanding balance would be £583, representing the total £1,750 divided by three credit cards holding a balance. The account-level average balance across all cards would be £350, representing the total £1,750 divided by the total count of five open credit cards.

Report generation timing

All statistics shown reflect market positions up to the end of the current quarter, except for originations (product openings) statistics which are derived from data covering previous quarter due to standard reporting lag.

Each quarter’s data and calculations are generated from the data available on the last day of the quarter. There’s a time lag between the date when a new account is opened and when lenders report new accounts to credit reporting companies. As a result, a significant number of new accounts opened during a quarter may not yet be reported as of the quarter end date. To enable more accurate and robust reporting of new accounts, we measure all originations (new account counts and balances) in this report one quarter in arrears. With this approach, the quarter prior to the current report date reflects the most recent data.

Risk tier definitions

In this report, we use the global standard risk tier terminology, with the tiering representing the calculated and scored credit risk of the associated consumer or account at the end of each quarter.

Risk Tier	TrueVision AM Risk Score
Super prime	900+
Prime plus	780–899
Prime	660–779
Near prime	540–659
Subprime	1–539

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Product Definitions

PRODUCT CATEGORY	DEFINITION
All financial services credit	All secured and unsecured consumer credit products regulated by the FCA, excluding student loans and non-financial-services credit accounts, such as energy, water and insurance credit accounts.
Credit card	All card-based consumer credit accounts, whether physical or digital, that provide ongoing access to a credit limit (aka revolving credit), including credit cards, store cards, retail store cards, charge cards and related card-based credit products.
Mortgage	All mortgage loan accounts held by consumers, including residential mortgages, buy-to-let mortgages and second-charge mortgages. Note: This does not include mortgage accounts held by commercial entities.
Unsecured loan	All unsecured personal loan accounts repaid in instalments. This segment does not include retail finance or non-financial-services credit, such as insurance, utilities or telco credit accounts.
Motor finance	All instalment-based motor finance accounts with account types hire purchase (HP) and balloon HP.
Retail finance	TransUnion classifies retail point-of-sale credit products into three types: Type A: BNPL (deferred payment credit) typically used for short-term, lower-value purchases reported as individual credit transactions. Type B: Retail finance arranged under a single account that can support multiple purchases, sometimes with a credit limit, and usually repaid through a single monthly payment. Type C: Traditional point-of-sale finance used for a single purchase and repaid in instalments over time, usually for medium- to higher-value purchases. Note: In this report, the section labelled "retail finance (Type C)" represents the aggregate volumes, values and arrears rates of Type C accounts only.
Overdrafts (planned)	All current accounts with a pre-arranged overdraft facility and set credit limit (greater than zero).
Overdrafts (unplanned)	All current accounts that have no approved credit limit (credit limit = 0) but hold an overdrawn balance greater than zero.

Data definitions

DATA CATEGORY	DEFINITION
Total account volumes	Total number of accounts at quarter end
Total account balances	Total pound amount of accounts that are open with a balance at quarter end
Total credit limits	Total pound amount of the credit limits of open revolving-type accounts at quarter end
Average account balance	Total account balances divided by the total number of open accounts with balance greater than zero at quarter end
Average credit limit	Total credit limits divided by the total number of open revolving-type accounts with a credit limit greater than zero at quarter end
Total new account volumes	Total number of new accounts reported opened during the quarter
Total new account balances	Total pound balances of new accounts reported opened during the calendar quarter, including open with a balance accounts, at quarter end
Total new account credit limits	Total pound amount of the credit limits of new, open revolving-type accounts reported opened during the calendar quarter
Average new account balance	Total new account balances divided by the number of new accounts open with a balance reported opened during the calendar quarter
Average new account credit limit	Total new account credit limits divided by the total number of new, open revolving-type accounts reported opened during the calendar quarter
Number of consumers with an open account	Total number of consumers holding a credit product at quarter end
Proportion of adult population with an open credit account	Total number of consumers with an active credit product divided by the UK adult population at quarter end
Number of consumers with a balance	Total number of consumers with an open account with a balance greater than zero at quarter end
Consumer-level delinquency rate	Total number of consumers with at least one delinquent open account (90+ days past due) divided by the number of consumers with at least one open account at quarter end
Average number of accounts per consumer	Total number of open accounts divided by the total number of consumers with at least one open account at quarter end
Average total balance per consumer	Total pound balances of all open accounts divided by the number of consumers with at least one open account at quarter end
Average total balance per consumer of those with a balance	Total pound balances of all open accounts divided by the number of consumers with at least one open account with a balance at quarter end
Average credit limit per consumer of those with a credit limit	Total pound credit limits of all open revolving-type accounts divided by the number of consumers with at least one open account with a credit limit greater than zero at quarter end

