



# The COVID-19 Pandemic's Financial Impact on UK Consumers: Consumer Pulse

*Formerly Financial Hardship Report*

One year after the World Health Organization declared COVID-19 a global pandemic on March 11, 2020, its economic impact continues. TransUnion is surveying consumers regarding their behaviour and attitude changes based on how the crisis affected them financially. We're providing results to help inform understanding and decision-making during this time of uncertainty.

**13**

**WAVE 13 REPORT**

Data collected **5 March-9 March 2021**

## KEY TAKEAWAYS

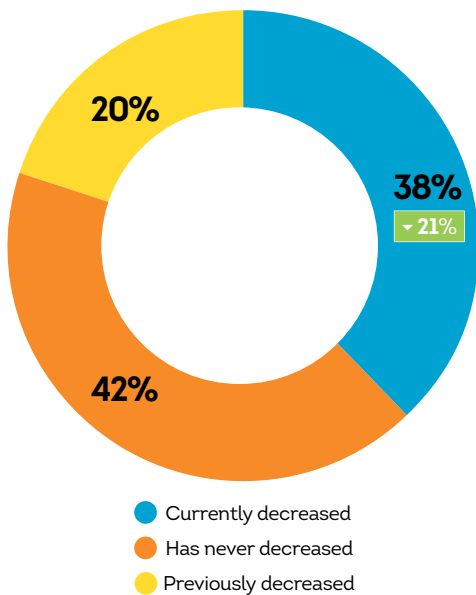
- Consumers are more optimistic in March regarding a timeline for the reopening of the economy than they were in December when we were just re-entering lockdown; 54% are somewhat, very, or extremely optimistic versus 42% in December. The successful rollout of vaccines is likely a key driver; in the same period, we've gone from zero to over 20 million doses delivered.
- Despite the economic upheaval, household finances are relatively stable with 40% reporting finances are as planned, and 29% stating they're better than planned.
- Despite this, COVID-19 is likely to cast a long shadow with a significant portion of consumers self-censoring their credit demand. While 32% of households are planning to apply for new credit or refinance existing credit in the next 12 months, 28% have considered it but ultimately decided not to apply. Consumers who have opted out of the market tend to do so due to a lack of confidence in their chances of being approved; 27% cite concerns about their credit history and 23% cite concerns about their income or affordability.

# FINANCIAL IMPACT

## WHAT IS THE SCALE AND TYPE OF IMPACT?

- The youngest consumers are most likely to be in a better than expected financial position; 46% of Gen Zers say their finances are better than expected, as did 36% of Millennials. This is compared to just 19% of Gen X and 22% of Baby Boomers.
- This is perhaps surprising given younger consumers are also the most likely to have been negatively financially impacted by the crisis; 50% of Gen Zers say their income is currently being impacted, and 32% say it was in the past compared to 40% and 18%, and 24% and 12% for Gen X and Baby Boomer, respectively.
- This situation is likely due in part to the higher levels of optimism and confidence among younger consumers; 1 in 4 Gen Zers and Millennials are at least very optimistic about the future versus just 1 in 9 Gen Xers and 1 in 8 Baby Boomers. Plus, 62% of Gen Zers and 54% of Millennials expect their incomes to recover within the next 12 months compared to 39% of Gen Zers and 34% of Baby Boomers.

Figure 1. Household income decreases due to pandemic



Percent changes from March 2020

Figure 2. Expect household income to decrease in the future (among total population)

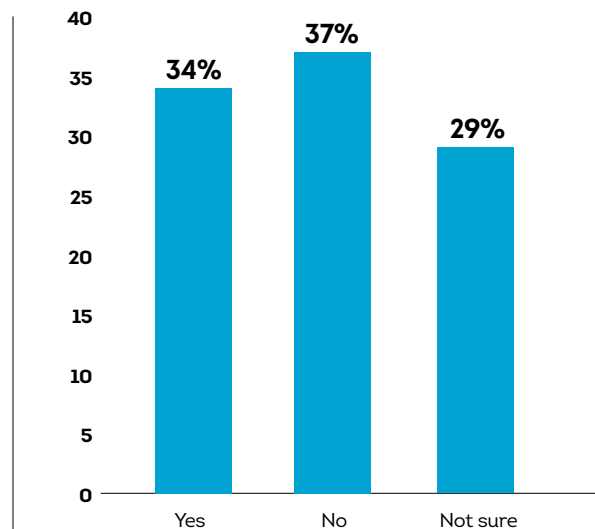
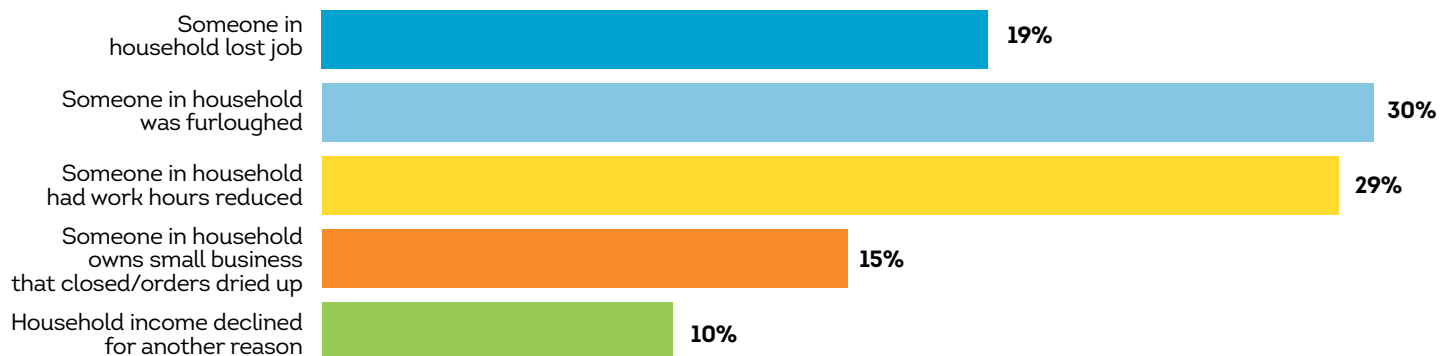


Figure 3. How income currently decreased

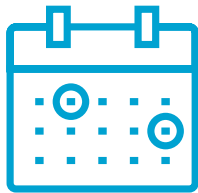


## MANAGING THE HOUSEHOLD BUDGET

### HOW ARE CONSUMERS CHANGING THEIR HOUSEHOLD BUDGET IN RESPONSE TO THE PANDEMIC?

- Over 90% of all generations think saving for unexpected events or financial setbacks is important.
- The COVID-19 crisis reinforced the importance of savings for UK households; 58% of households said they now view savings as more important since before the COVID-19 pandemic, peaking at 74% among Millennial households.
- But before they can save more, households will need to find ways to pay their current obligations and that may be problematic for some – especially younger households; 43% of Gen Zers expect to be unable to pay some of their current bills and loans in full, falling to 36%, 24% and finally, 14% when we consider Millennials, Gen Xers and Baby Boomers, respectively.
  - But younger consumers have also reached out for help; 1 in 3 Gen Z households and 1 in 5 Millennial households have received a financial accommodation, such as deferral, forbearance, payment holiday or eviction prevention in the past year – compared to 1 in 11 Gen X households and 1 in 33 Baby Boomer households.
- To try to manage on reduced incomes amidst increased uncertainty, nearly half of all households have cut back on discretionary spend – a figure that barely changes when we consider income bands; 45% of lower-earning households report doing so compared to 47% of medium-earning households and 45% of higher-earning households.

**Figure 4. Average time until unable to pay bills or loans**  
(among income currently decreased/unable to pay)



**5.9 weeks**

**78%** feel it's extremely or very important to have savings for unexpected events or financial setbacks  
(among income currently decreased)

**70%** said having savings has become more important since the onset of the COVID-19 pandemic  
(among income currently decreased)

**Figure 5. Concerned paying bills** (among income currently decreased)

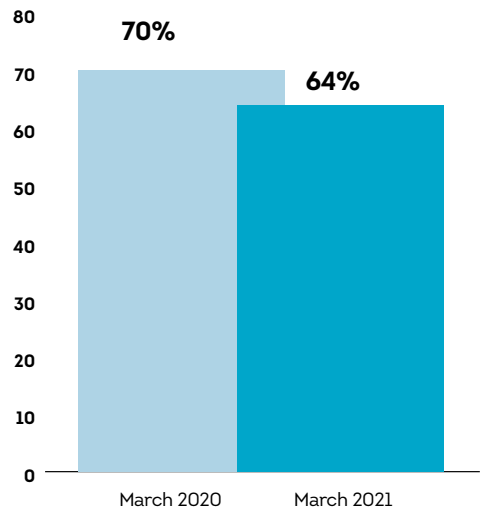


Figure 6. Which bills and loans will you not be able to pay? (among income currently decreased with these bills/loans)

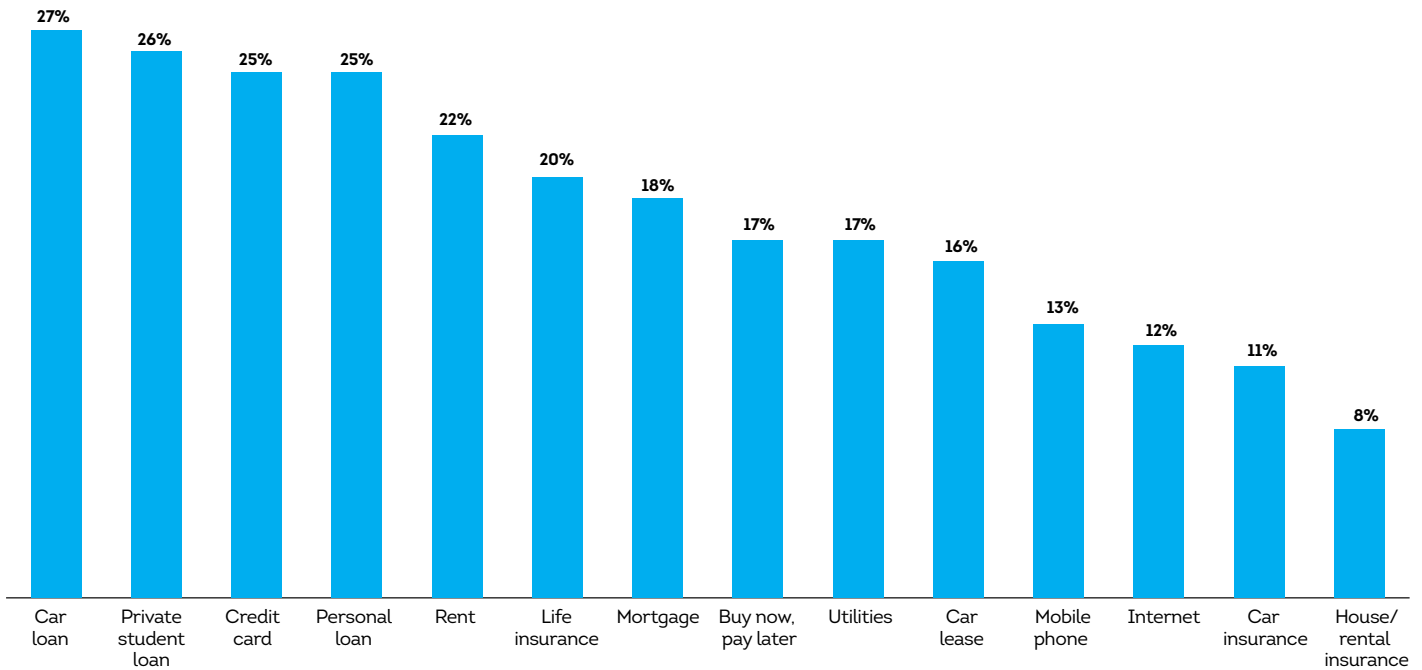
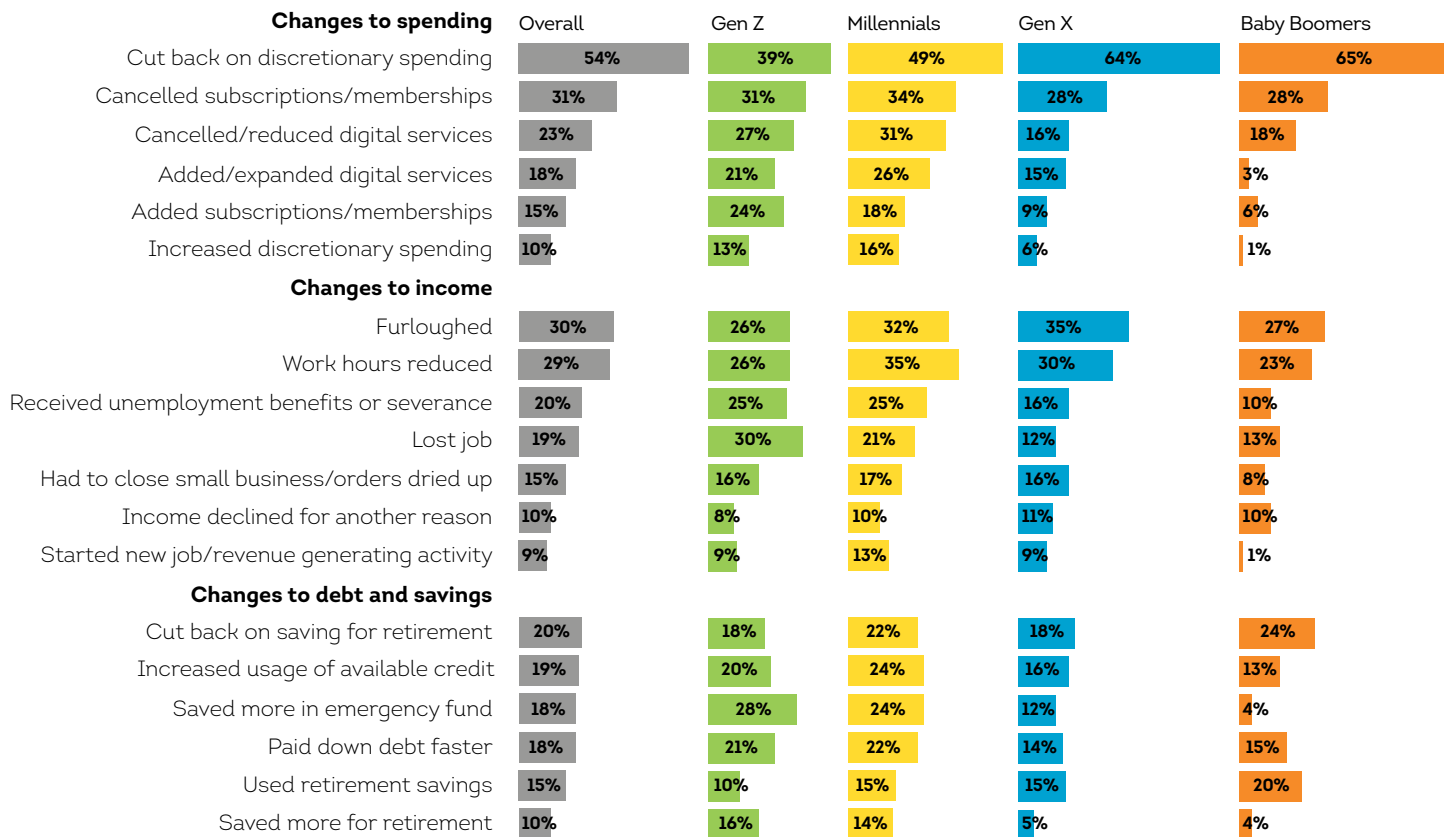


Figure 7. What has changed in your household budget? (among income currently decreased)

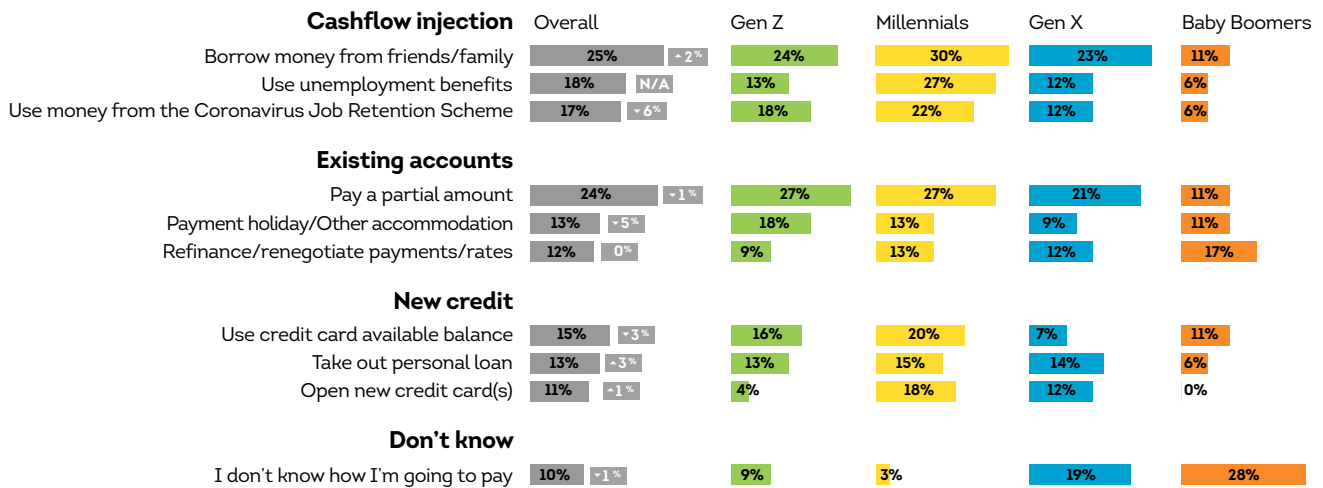


# RECOVERY PLANS

## WHAT DO CONSUMERS HAVE PLANNED FOR THEIR PATH FORWARD?

- While the negative impacts of the COVID-19 crisis have been widely felt, the lasting impacts may serve to reinforce existing inequalities. When split along income lines, we see that while 25% of high-earning households were able to save more for retirement, and 42% were able to add to an emergency fund to see them through similar future events, only 9% and 17% of lower-earning households could say the same respectively. Although this isn't entirely clear cut, higher-earning households were also more likely to have had to reduce their retirement savings than lower-earning households (16% versus 10%).
- Younger consumers' higher levels of optimism is reflected in their expectations for discretionary spend in the next three months; 34% of Gen Zers expect discretionary spend to increase at least a little compared to 26% of Millennials, and just 16% of Gen Xers and 17% of Baby Boomers.

Figure 8. What is your plan to help pay your current bill(s) or loans? (among income currently decreased)



### Percent changes from April 2020

Figure 9. Loans/bills enrolled in financial accommodation (among those with that bill/loan)

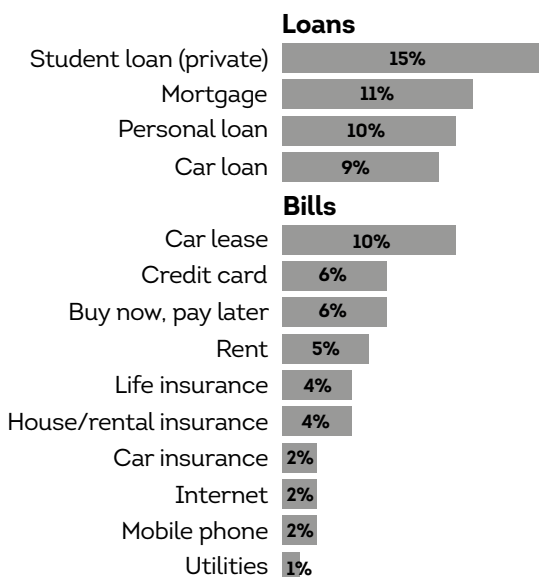


Figure 10. How prepared are you financially for when your accommodation ends? (among those with accommodation)

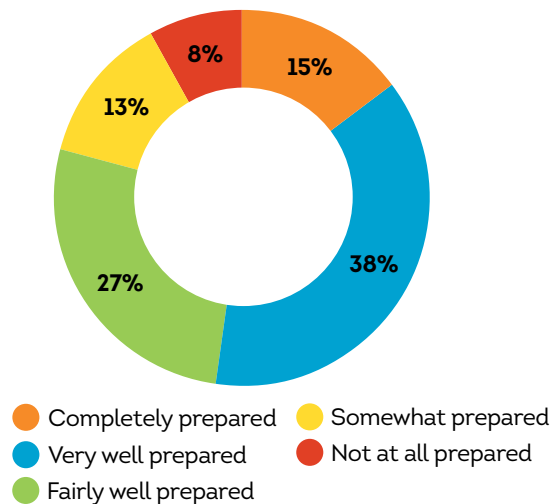
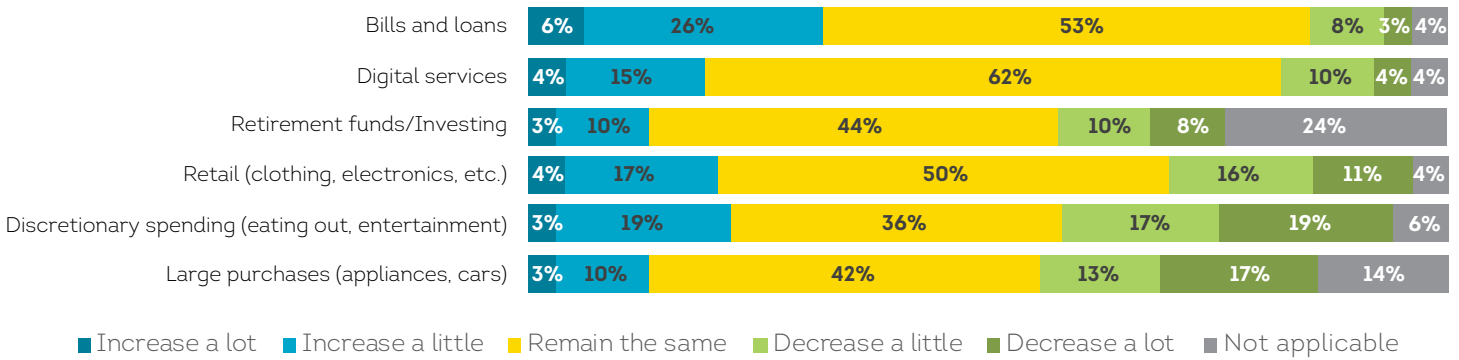


Figure 11. Expected change in household spending over next three months (among total population)

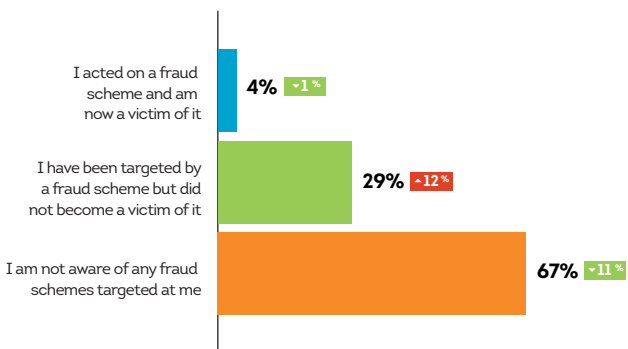


## TAKING CARE OF YOURSELF

### DIGITAL FRAUD AND CREDIT MONITORING

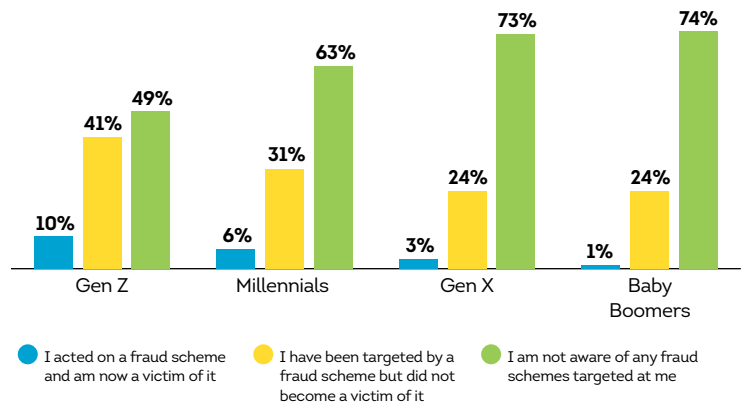
- Younger consumers have seen their lives change in greater ways than older consumers, with 12% of Gen Zers moving to a new area due to the pandemic, and 8% of Millennials following suit – this compared to just 1% of Gen Xers or Baby Boomers.
- One in three UK households is aware of a fraud attempt targeted at them; as many as one in two Gen Z households. Not only were these younger households more likely to be aware of attempted frauds, they appear to be more likely to have fallen victim. Of the fraud attempts Gen Zers were aware of, 19% were reportedly successful. This falls to 16% of the fraud attempts Millennials were aware of; 10% of the fraud attempts Gen Xers were aware of; and just 4% of the fraud attempts Baby Boomers were aware of – though it’s possible to have been an unknowing victim.
- 72% of UK households now feel it’s at least moderately important to monitor their credit report; up from 37% early in the COVID-19 (May 2020).

Figure 12. Which statement best describes your personal experience with digital fraud attempts related to COVID-19 (among total population):

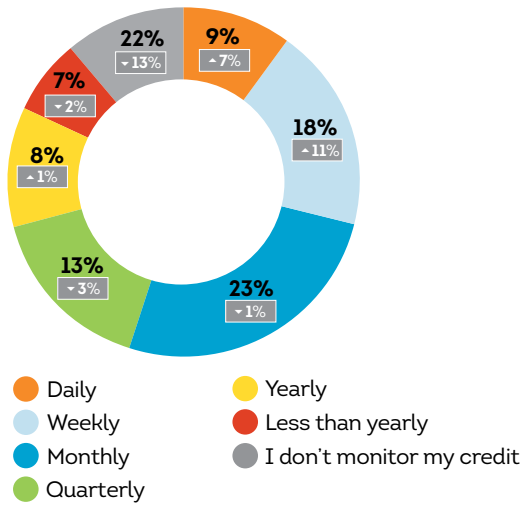


Percent changes from April 2020

Figure 13. Fraud experience by generation (among total population):

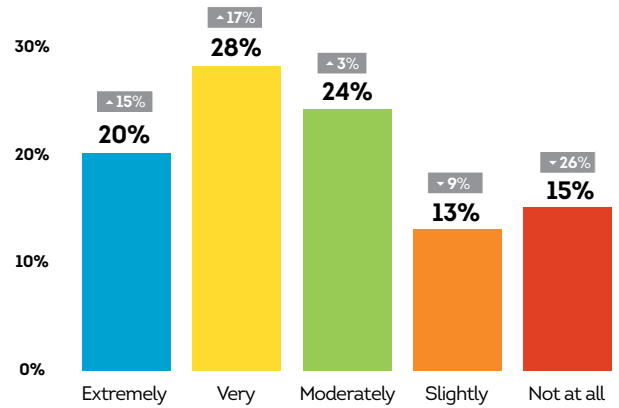


**Figure 14. Frequency of checking credit**  
(among total population)



Percent changes from April 2020

**Figure 15. Importance of monitoring credit**  
(among total population)



Percent changes from April 2020

## RESEARCH METHODOLOGY

This online survey of 1,100 adults in the UK was conducted 5-9 March 2021 by TransUnion in partnership with third-party research provider Qualtrics® Research-Services. Adults 18 years of age and older residing in the UK were surveyed using an online research panel method across a combination of computer, mobile and tablet devices. Survey questions were administered in English. All regions are represented in the study survey responses. To ensure general population sample representativeness across the UK resident demographics, the survey included quotas to balance responses to the census statistics dimensions of age, gender, household income and region. These research results are unweighted and statistically significant at a 95% confidence level within ±2.96% percentage points based on calculated error margin.

## LEARN MORE

If you found this information useful and would like to learn more, visit our [UK Consumer Pulse Survey website](#). We at TransUnion are committed to continuing to provide you the updates, tools and resources you need to understand this evolving situation.

If you are a member of the media and would like to learn more, please contact:

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