



The COVID-19 Pandemic's Financial Impact on U.K. Consumers

The COVID-19 pandemic is creating a new reality as its impact has stretched to consumers of all generations and income levels.

TransUnion is tracking the changes of this data weekly and will be sharing it with all of you.

WEEK

1

Data collected week of
23 MARCH

BACKGROUND

The current global COVID-19 pandemic is creating major economic and financial distress for consumers. Jobs in the U.K. economy are already being impacted or at risk due to drastic demand shifts. We've conducted research to better understand consumers' perceptions and expectations for how this rapidly evolving situation is affecting their financial situation and subsequent ability to pay their bills.

Key Takeaways

- Nearly 3 out of 5 (59%) adults in the U.K. are currently being impacted financially.
- 39% of adults in the U.K. had their work hours reduced.
- The research found that Millennials (78%) and Gen Z (75%) were among the most concerned about their ability to pay bills and loans in the next month. This compared to 72% for GenX and 49% for Baby Boomers.
- The amount financially impacted consumers expect to be short when paying bills is £598.50.

RESEARCH METHODOLOGY

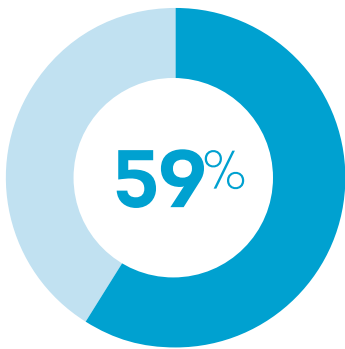
This online survey of 1,095 adults in the U.K. was conducted 24 March 2020 by TransUnion in partnership with 3rd party research provider Qualtrics® Research-Services. Adults 18 years of age and older residing in the U.K. were surveyed using an online research panel method across a combination of computer, 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 U.K. resident demographics, the survey included quotas to balance responses to the census statistics on the 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.

FINANCIAL IMPACT

WHAT IS THE SCALE AND TYPE OF IMPACT?

While 59% of adults in the U.K. said their household income was negatively affected by the virus, the percentages were more pronounced for Millennials (72%) and Gen Z (78%).

Figure 1. Perceived impact



Percentage of consumers who indicated their household income has been impacted.

Figure 2. Are you expecting to be impacted in the future?

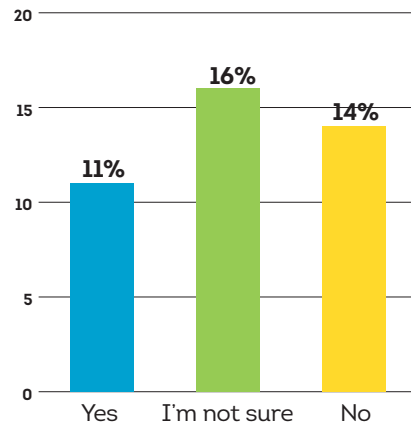
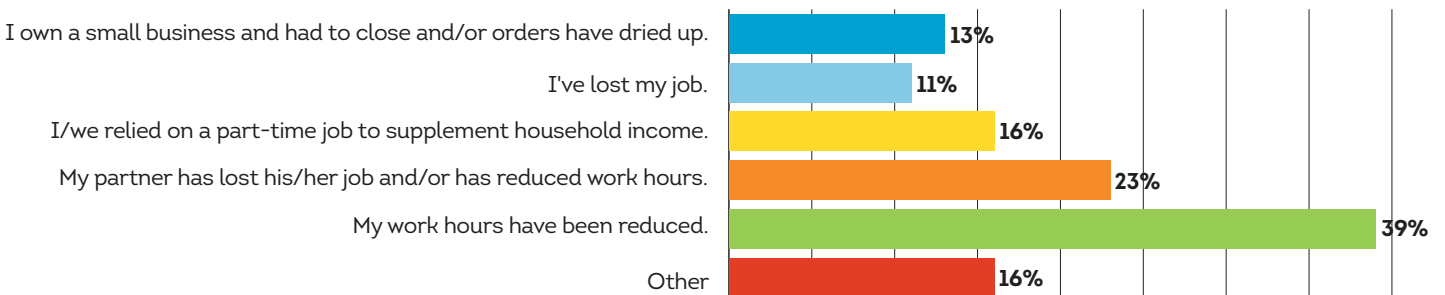


Figure 3. How is your current household income being impacted?



BILLS AND LOANS

HOW MUCH OF AN IMPACT WILL THIS HAVE ON BILLS AND LOANS?

Concern is high; over 50% (59%) of respondents indicated that they will not be able to pay their bills and loans within the next five weeks, and will be short an average of £598.50.

Of highest concern are missing utilities and rent payments at 46% and 44%, respectively.

Figure 4. How much is your budget shortfall?

On average, amount consumers who were impacted expect they will be short by the following amount when paying bills or loans.



How soon will you not be able to pay?

Consumers who were impacted expect they will not be able to pay their bills or loans in

5.3 weeks.

Figure 5. Are you concerned about your ability to pay your current bills and loans?

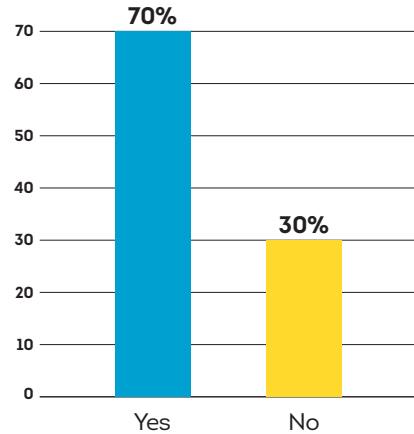


Figure 6. Regional level of concern regarding ability to pay bill(s)/loan(s)

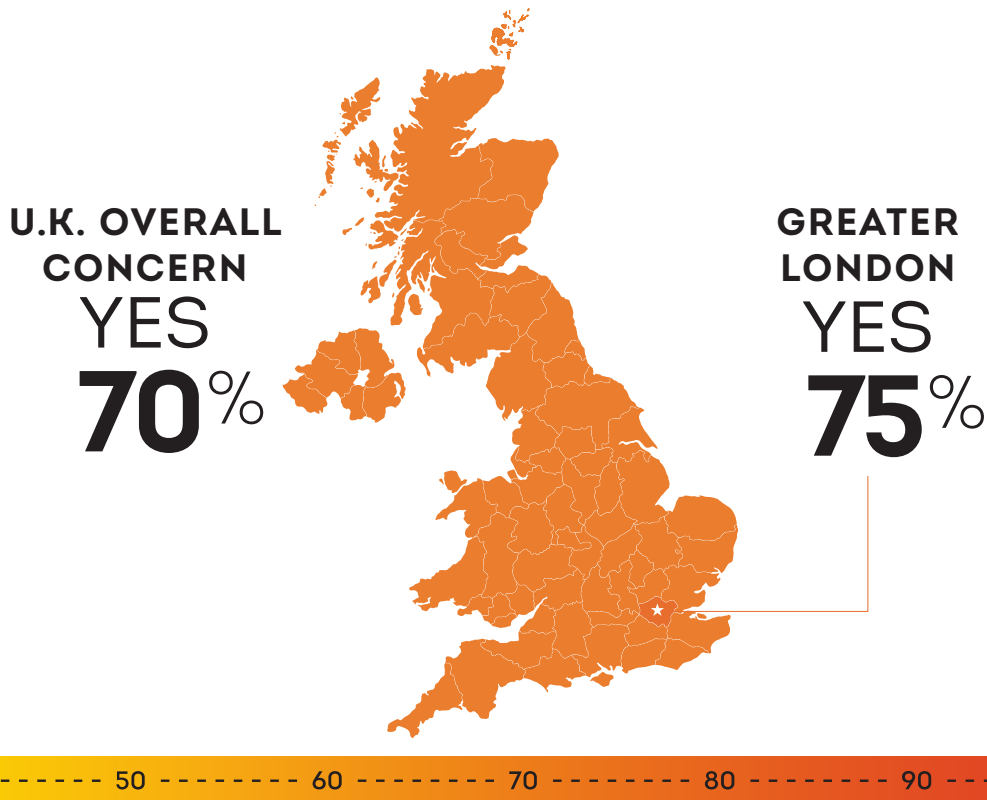
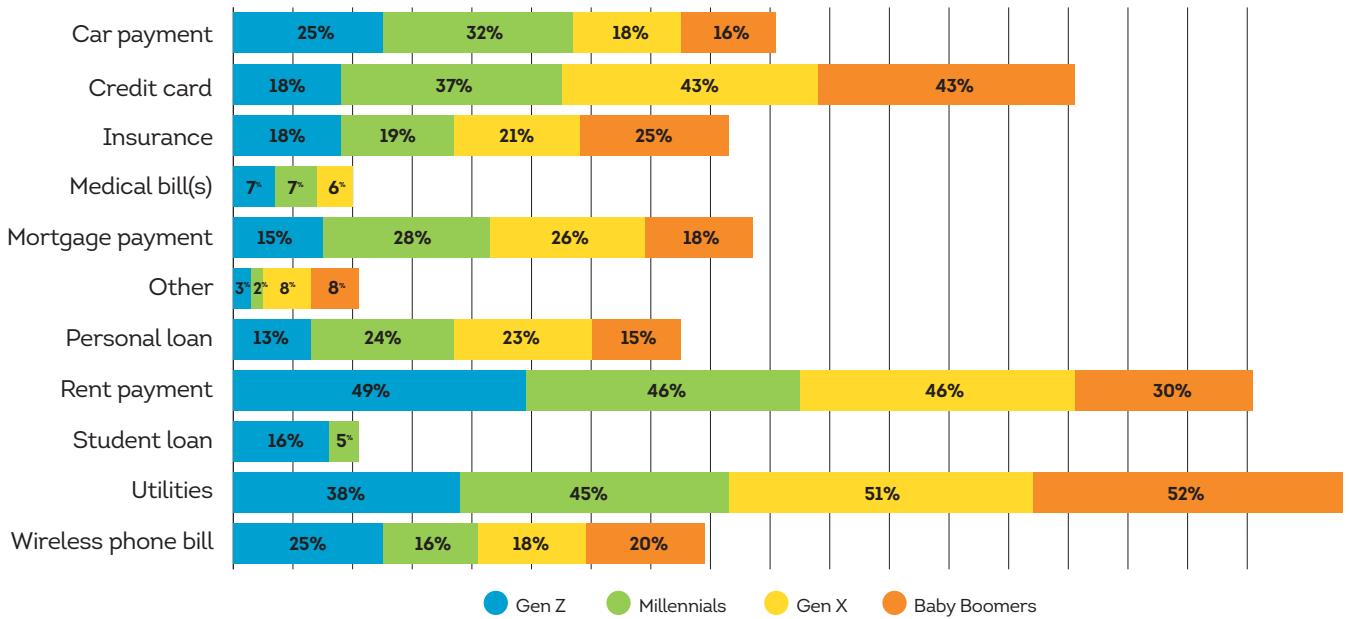


Figure 7. What bills and loans?



NEXT ACTION

WHAT IS YOUR GAME PLAN?

Many consumers either plan to use money from savings (35%) or borrow money from a friend or family member (26%) to fill the gap, and nearly 1 in 4 (23%) do not know how they are going to pay. Gen Z are more likely to borrow from friends or family member than any other generation.

Of those consumers who do not know their credit scores, 80% have not contacted their lenders to discuss options, versus 63% for the overall population. It's imperative that all consumers, regardless of credit score, reach out to lenders if they won't be able to make an upcoming payment. With many lenders offering flexible repayment options due to COVID-19 related financial difficulties, this can prevent negative items, such as missed payments from negatively impacting consumer credit reports and scores. Consumers are also delaying purchases. The primary purchases they're delaying are vacations (37%), followed by home purchases (14%) and auto (12%).

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

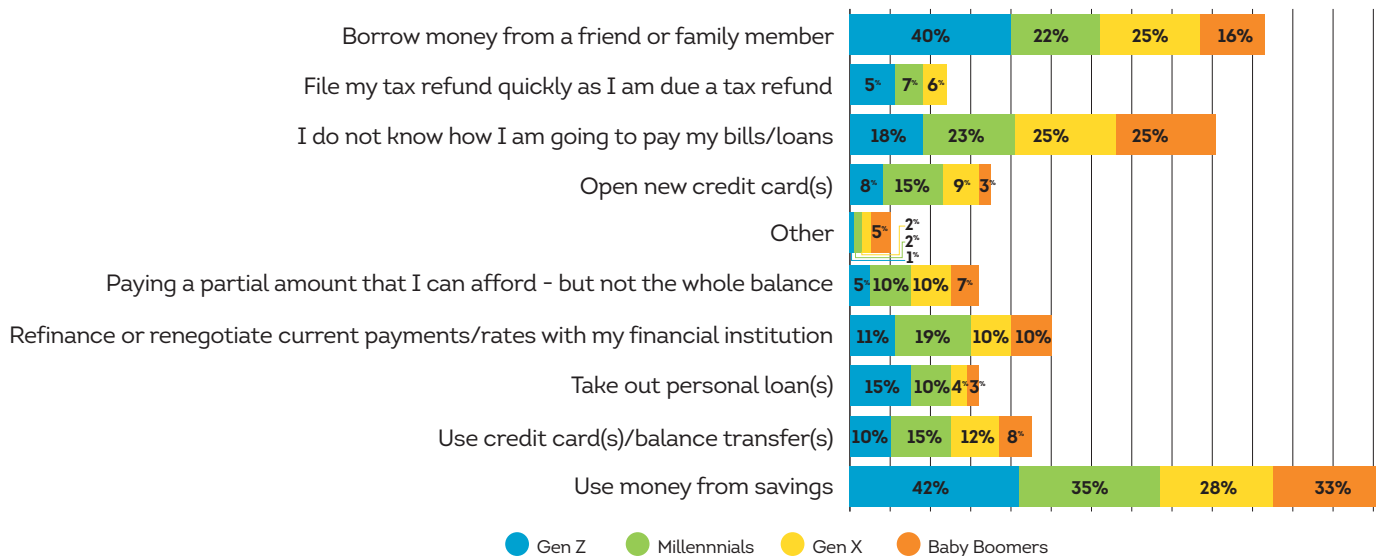


Figure 9. Have you reached out to companies you have accounts with to discuss payment options?

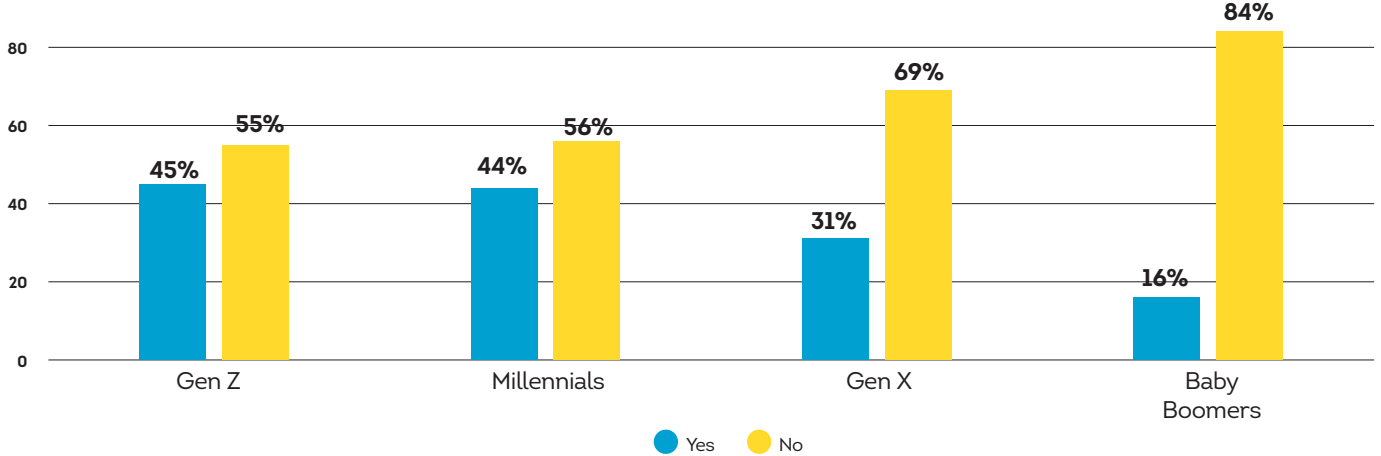
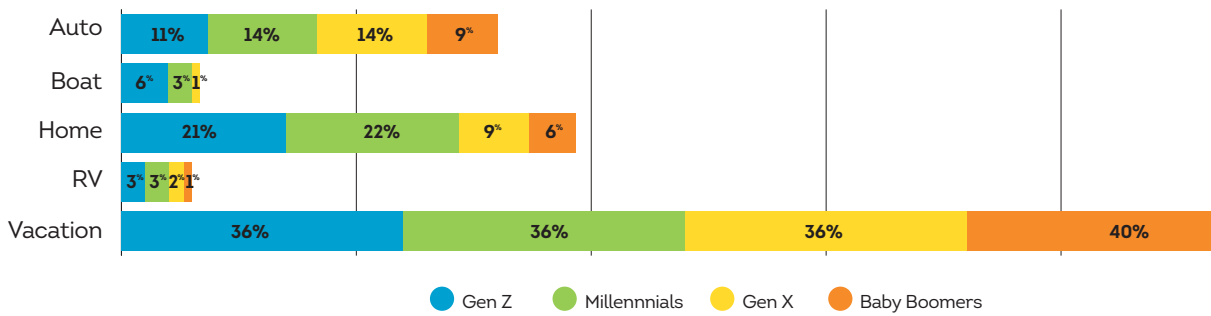


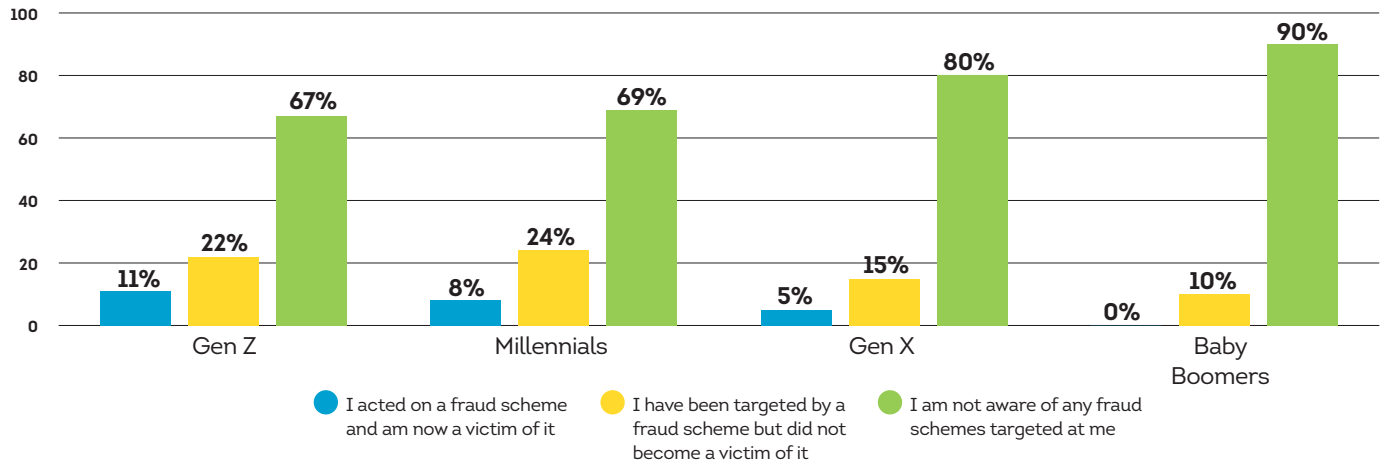
Figure 10. Are you delaying any of the following major purchases?



Other Key Insights

→ As more consumers turn online for purchases, [22% of adults in the U.K. say they have been a target of online fraud related to COVID-19.](#)

Figure 11. Which statement best describes your personal experience with any digital fraud attempts related to COVID-19?



CALL TO ACTION

If you, like many others, are concerned about your ability to pay your bills and loans in the coming weeks, we've created a [COVID-19 support center](#), which can help you learn how to protect your credit during times of financial trouble. We at TransUnion are committed to continuing to provide you the updates, tools and resources you need to stay in control of your credit health.

If you found this information useful and would like to learn more, please come back for next week's report. If you are a member of the media and would like to learn more, please contact:

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