



# The COVID-19 Pandemic's Financial Impact on UK 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 consumer behaviour changes and providing results to all to inform understanding and decision-making during this time of uncertainty.

**11****WAVE 11 REPORT**Data collected week of **Nov. 1**

## BACKGROUND

The current global COVID-19 pandemic is creating major economic and financial distress for consumers across the globe. Many jobs in the UK 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. The insights in this report aim to help you make informed decisions at a time when information on consumer impact is still emerging. We are providing this report and additional resources to all so we can come together to support people during this trying time.

## Key Takeaways

- The impact of the second lockdown is immediately evident in consumer responses this wave. After financial impact dropped significantly from June (61%) to October (48%), 52% of households now say their finances are negatively impacted by COVID-19. Simultaneously, the percentage of consumers reporting major levels of local lockdown is up from 11% to 35%, and those under moderate lockdown is up 4 points to 38%.
- Consumers under age 45 continue to report higher levels of financial impact (60%) than those over age 45 (43%), yet younger consumers are actually more optimistic (43% somewhat optimistic) than those over 45 (25% somewhat optimistic). When broken down by generation, 61% of Generation Z households and 60% of Millennial households report negative financial impact. This falls to 54% for Generation X and 36% for Baby Boomers.

## RESEARCH METHODOLOGY

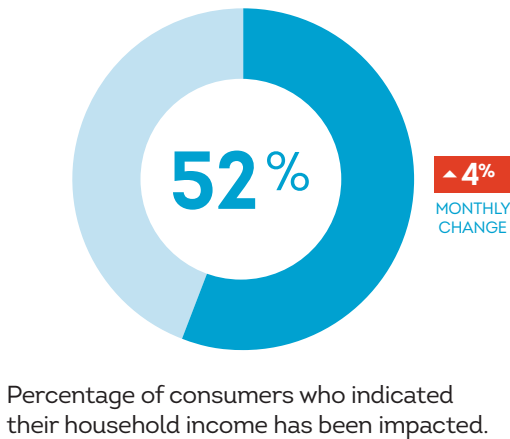
This online survey of 1,086 adults in the UK was conducted November 1-3, 2020 by TransUnion in partnership with third-party research provider Qualtrics® Research-Services. Adults 18 years of age and older residing in the UK were surveyed using an online research panel method across a combination of computer, 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 ±2.97 percentage points based on calculated error margin.

## FINANCIAL IMPACT

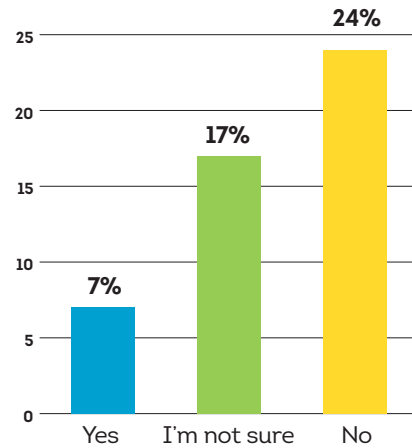
### WHAT IS THE SCALE AND TYPE OF IMPACT?

- After financial impact dropped significantly from June (61%) to October (48%), 52% of households now say their finances are negatively impacted by COVID-19. Of those impacted, there is also a rise in consumers reporting concern about their ability to pay their current bills and loans (+4 pp to 71%).
- There hasn't been a change in the percentage of consumers reaching out to their lenders to discuss payment options (41%).
- While 42% of respondents say their household finances are worse than planned, 20% say their finances are better than planned and 38% say their finances are as planned for 2020.

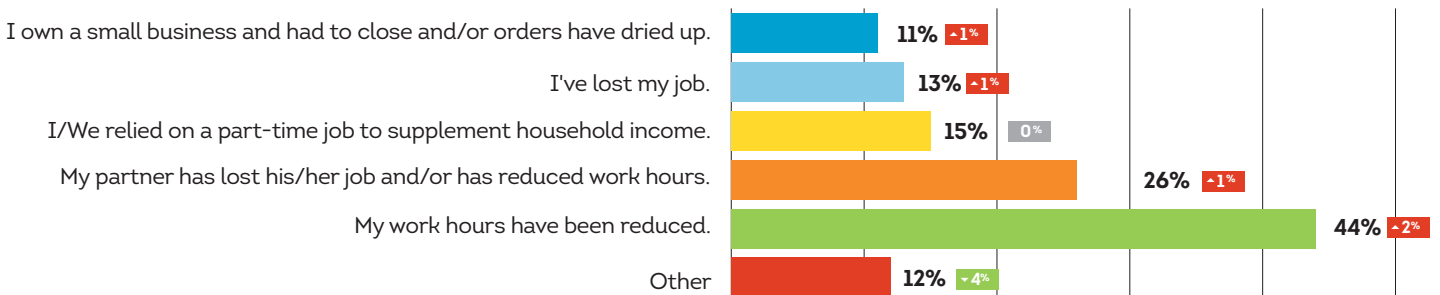
**Figure 1. Perceived impact**



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



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



## MANAGING THE HOUSEHOLD BUDGET

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

- A third of households (34%) say they will decrease discretionary spending by a lot in the next three months, while 27% say they will reduce their discretionary spending by a little.
- The percentage of consumers planning to spend on dining out/entertainment fell 10 points to just 21%, following a peak in September (34%) during Eat Out to Help Out and subsequent drop to 31% in October.
- Those planning to take a holiday dropped from 28% to 12%, though some seasonal factors may be at play given summer is now over.
- Twenty-nine percent of consumers are planning to purchase holiday gifts, but 48% expect to spend less. A third of respondents expect to spend the same on holiday gifts this year, and 11% expect to spend more.
- Similarly, the retail shopping sector is still under pressure. A quarter of consumers indicate they will reduce retail spending by a little in the next three months, and 19% say they will reduce retail spend by a lot.

**Figure 4. How much is your budget shortfall?**

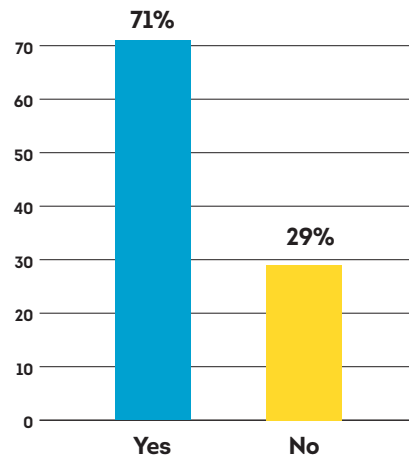
On average, amount consumers who were impacted expect they will be short when paying bills or loans.



**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 **7.3 weeks.**

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



**Figure 6. Regional concern over ability to pay bills/loans**

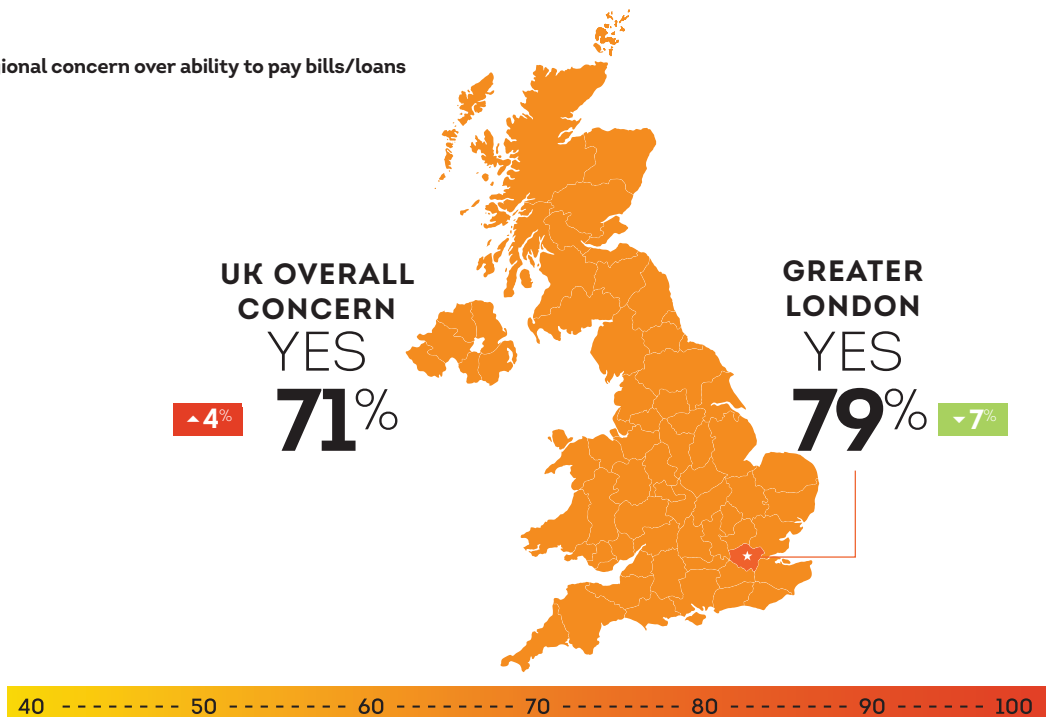


Figure 7. What bills and loans are you concerned about your ability to pay?

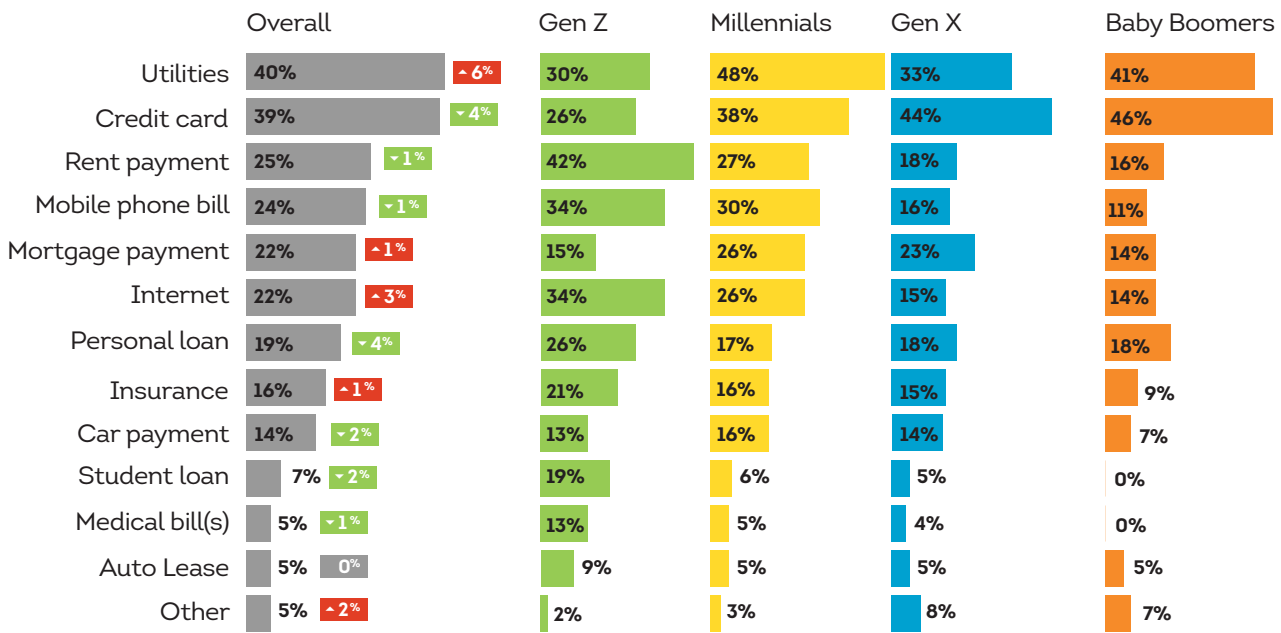
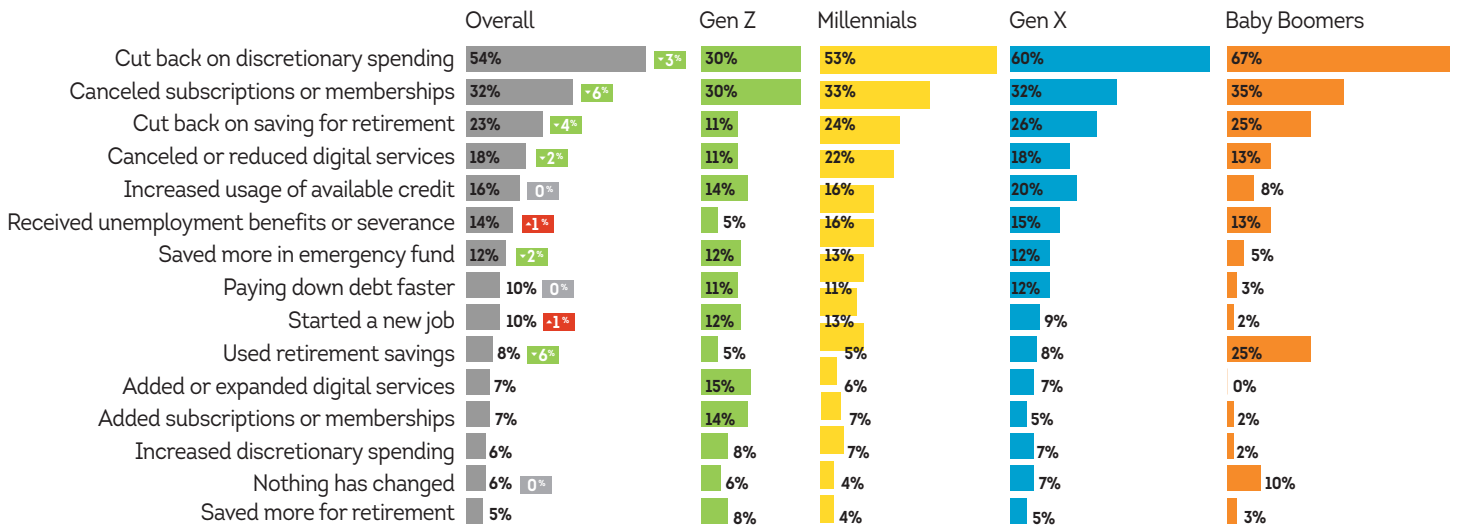


Figure 8. What has changed in your household budget during the COVID-19 pandemic?



## RECOVERY PLANS

### WHAT IS YOUR GAME PLAN?

- Fifteen percent of consumers report receiving some form of financial accommodation from their lenders. Among those financially impacted, 23% report they have received an accommodation.
- Younger consumers who are financially impacted are more likely to report they have received an accommodation (26% under age 45) than impacted consumers who are 45 or older (18%).

Figure 9. What is your plan to help pay your current bill(s) or loans?

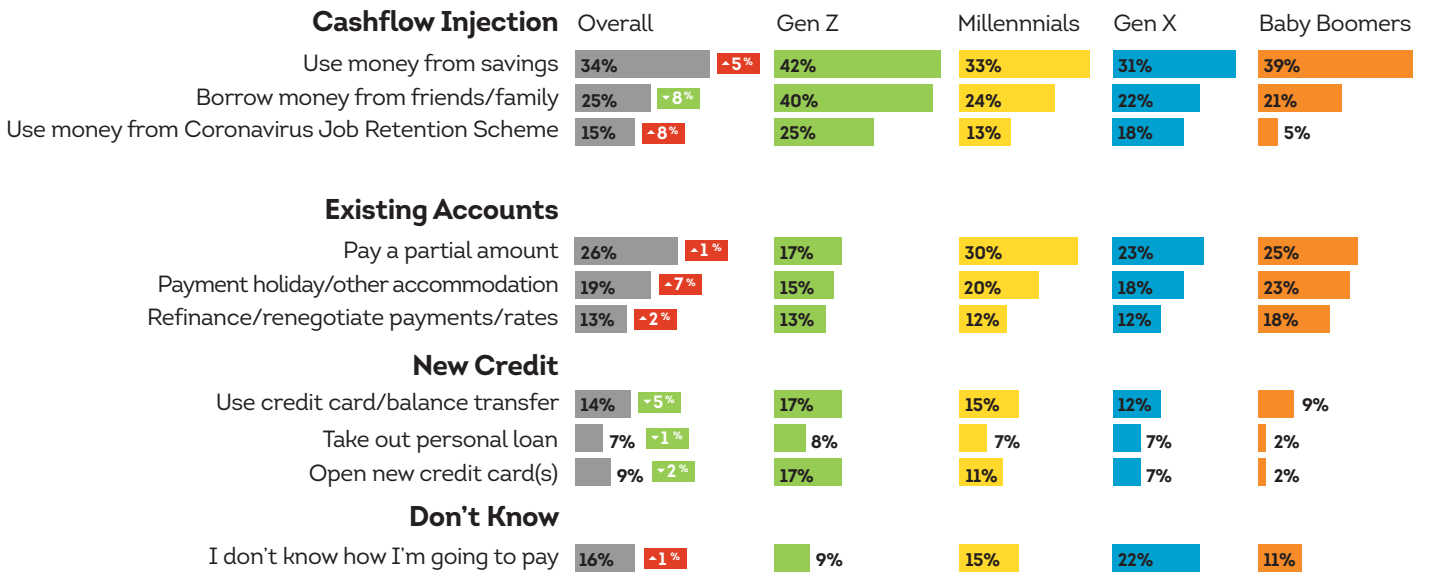


Figure 10. Have you reached out to companies you have accounts with to discuss payment options?

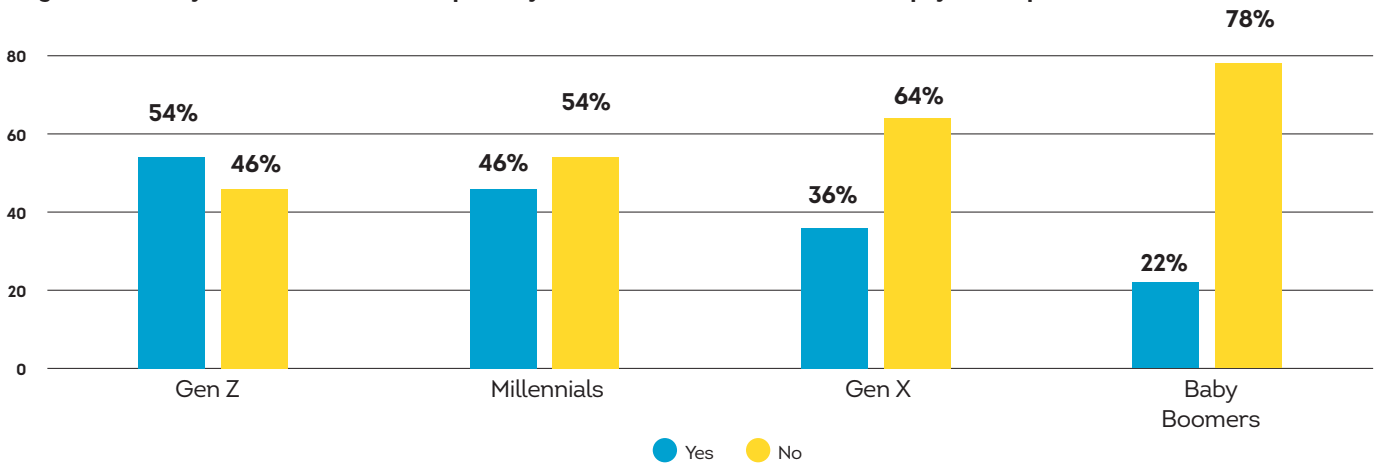


Figure 11. Loans/bills enrolled in financial accommodation (among those with financial product).

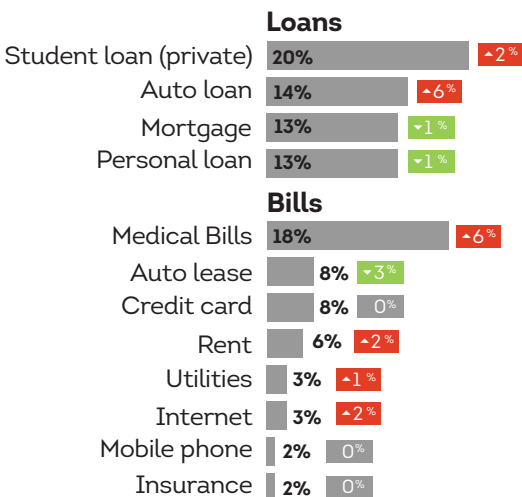


Figure 12. Repayment preference when financial accommodation period ends (top 3 options).

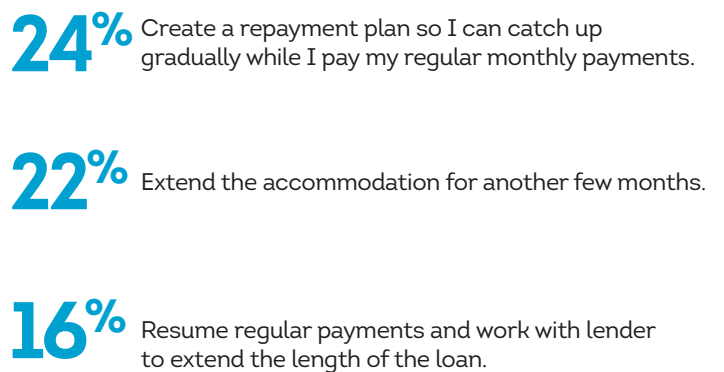
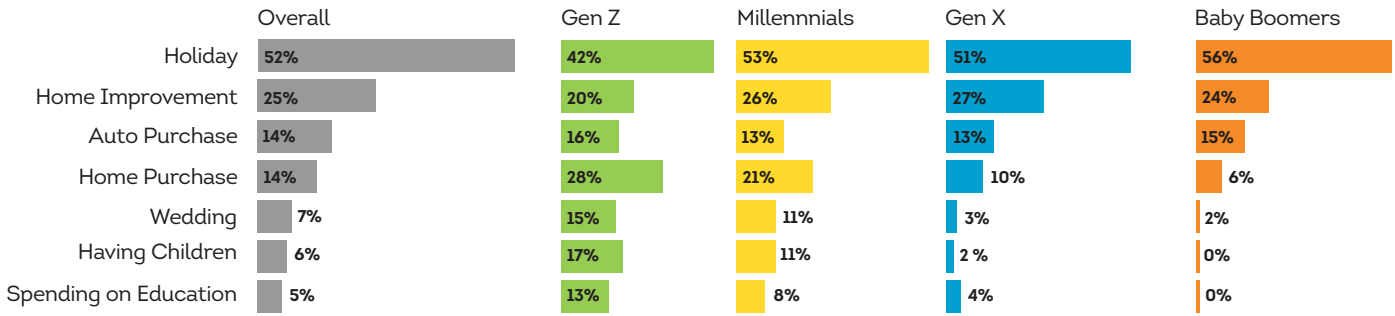


Figure 13. Are you delaying any of the following major purchases or events?

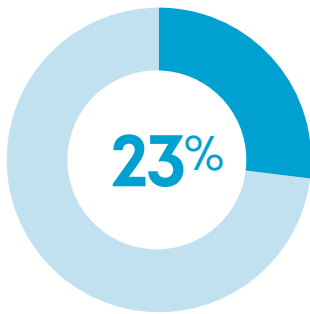


## TAKING CARE OF YOURSELF

### HEALTHCARE, FRAUD, AND CREDIT MONITORING

- The percentage of households who indicate they are checking their credit at least weekly (27%) has risen significantly since May (9%). Additionally, 28% of consumers now say that monitoring their credit is very or extremely important, up from 16% in May.
- Digital fraud related to COVID-19 continues to grow as a threat, with 28% of households now reporting they have been targeted. This is up from 22% in the first weeks of lockdown. Phishing remains the most common fraud scheme.

Figure 14a. Delayed medical procedures.



Percentage of consumers who have had an elective surgery, medical appointment or procedure delayed or canceled due to COVID-19.

Figure 14b. How urgently do you plan to reschedule your elective surgery, medical appointment or procedure?

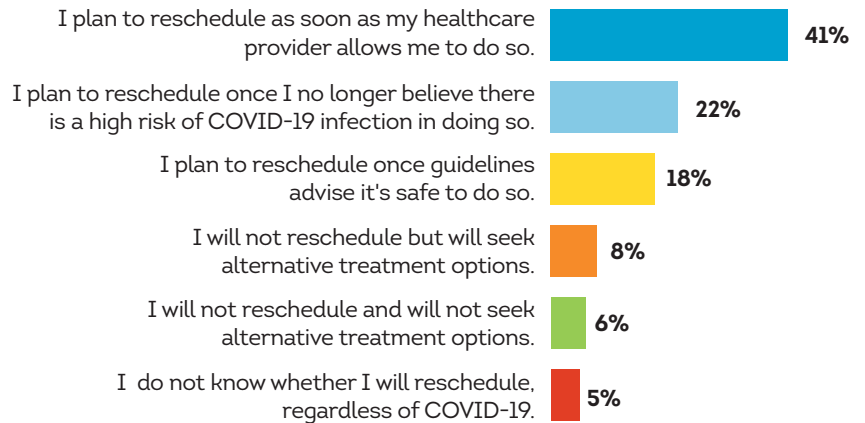


Figure 15. Which statement best describes your personal experience with any digital fraud attempts related to COVID-19?

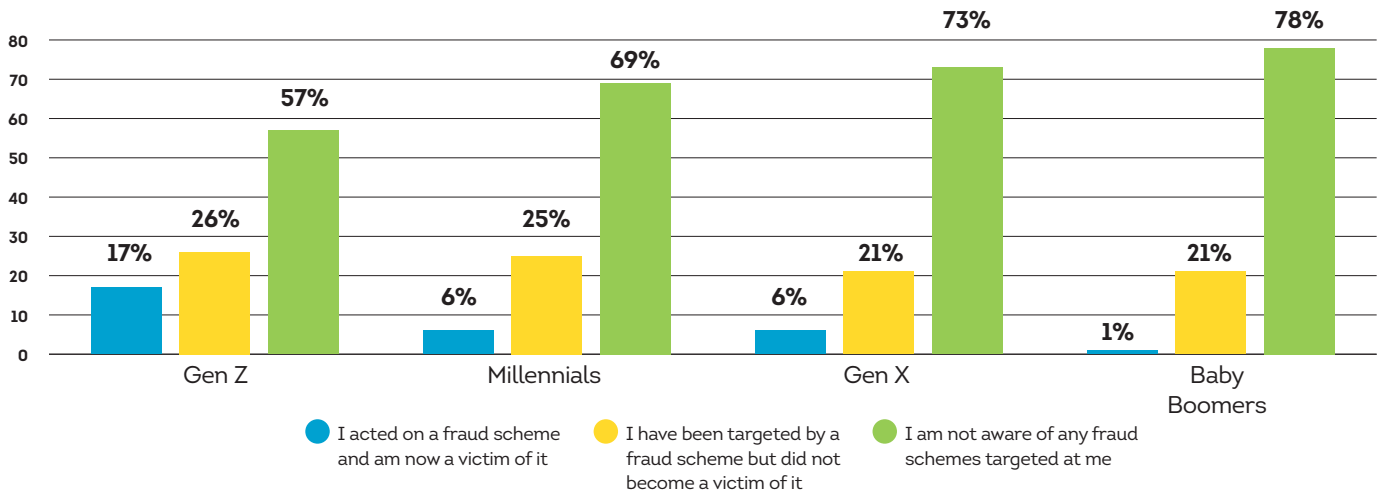


Figure 16a. Frequency of checking.

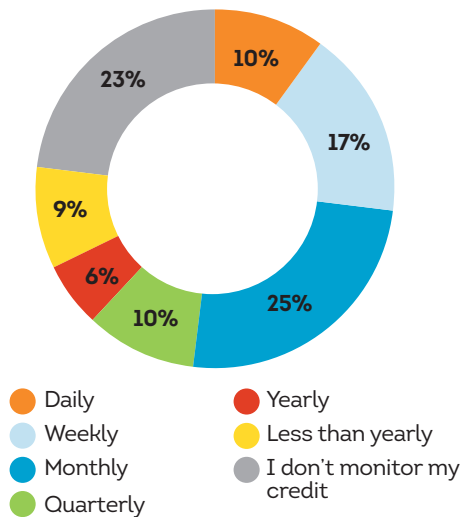
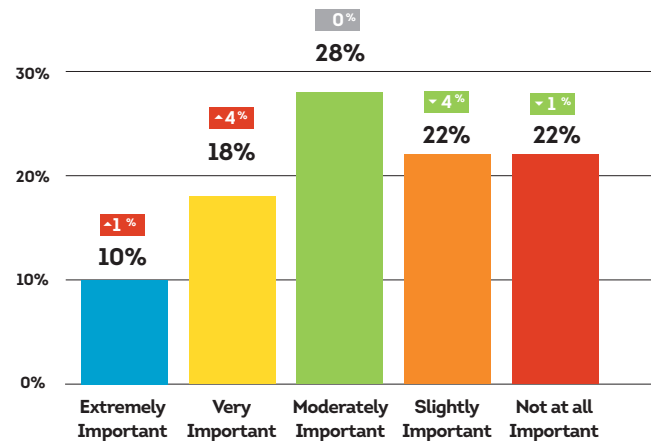


Figure 17. Importance of monitoring credit during the COVID-19 pandemic.



**CALL TO ACTION**

If you found this information useful and would like to learn more, please come back for next month's report and visit our [UK Consumer Financial Hardship Study 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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