



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.

12**WAVE 12 REPORT**Data collected week of **Nov. 30th**

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

- Both consumer sentiment and the level of reported financial hardship improved in December as the lockdown came to an end and news of viable vaccines emerged. 42% of consumers say they are somewhat optimistic about the future (+ 8 pp) and 50% of households now report a negative financial impact (-2 pp).
- Despite being hit hardest, younger generations report being more optimistic about the future. 57% of Gen Z consumers and 46% of Millennials are at least somewhat optimistic, compared to 37% of Gen X and 34% of Baby Boomers.
- 31% of households are planning to spend money on festive gifts, but 42% plan to spend less this year than last year.
- Though half of all households still report financial impact, 24% of households say they are actually faring better than planned in 2020 with a further 37% say their finances are going as planned. Only 9% of consumers indicate they are much worse off financially than planned compared to the start of the year.

RESEARCH METHODOLOGY

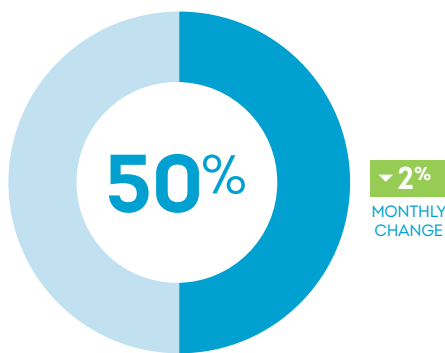
This online survey of 1,086 adults in the UK was conducted November 30, 2020 by TransUnion in partnership with third-party research provider Qualtrics® Research-Services. Adults 18 years of age and older residing in the UK were surveyed using an online research panel method across a combination of computer, 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?

- Younger consumers continue to be the hardest hit during this crisis. 61% of Gen Z consumers report being financially impacted. Impact declines as the generations age: 57% of Millennials report impact, while 52% of Gen X and 34% of Baby Boomers report impact.
- 31% of Gen Z who've not been financially impacted still fear they might be in the future.

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?

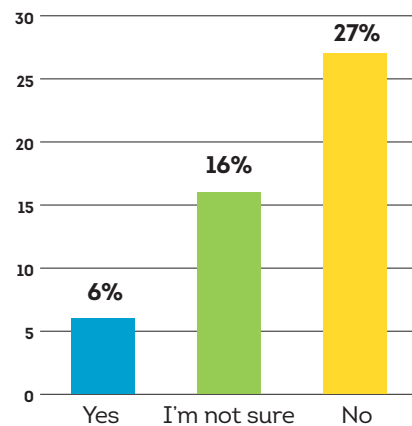
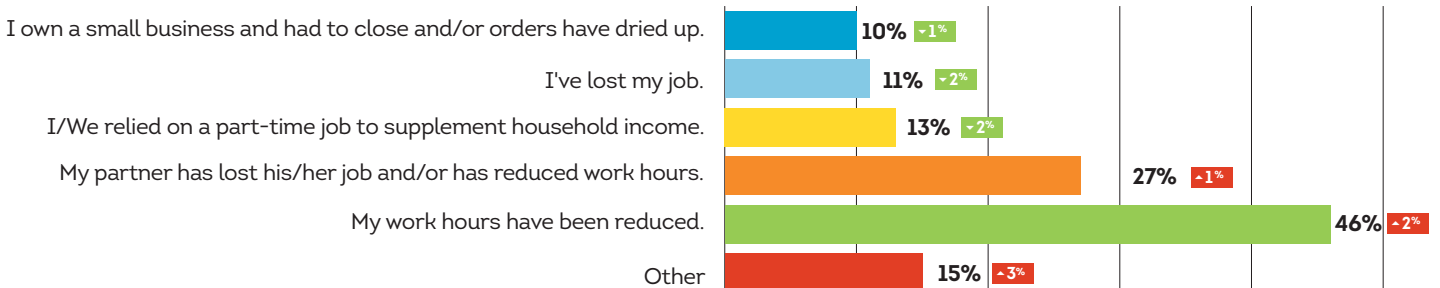


Figure 3. How is your current household income being impacted?



MANAGING THE HOUSEHOLD BUDGET

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

- Half of all impacted consumers have decreased discretionary spending while 35% have cut back on subscriptions and memberships. For Gen Z consumers, it's 39% and 34% respectively.
- Even those not affected financially have adjusted their budgets. 40% have reduced their discretionary spending and 12% have cancelled subscriptions or memberships. 21% are saving more in their emergency fund.

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 **6.8 weeks.**

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

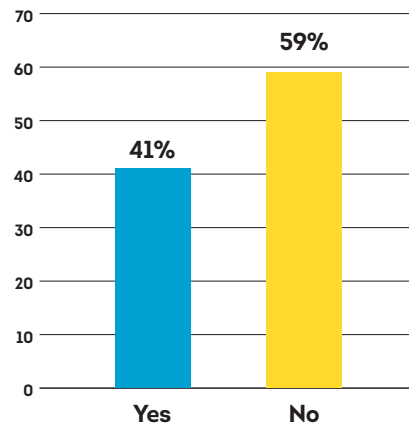


Figure 6. Regional concern over ability to pay bills/loans

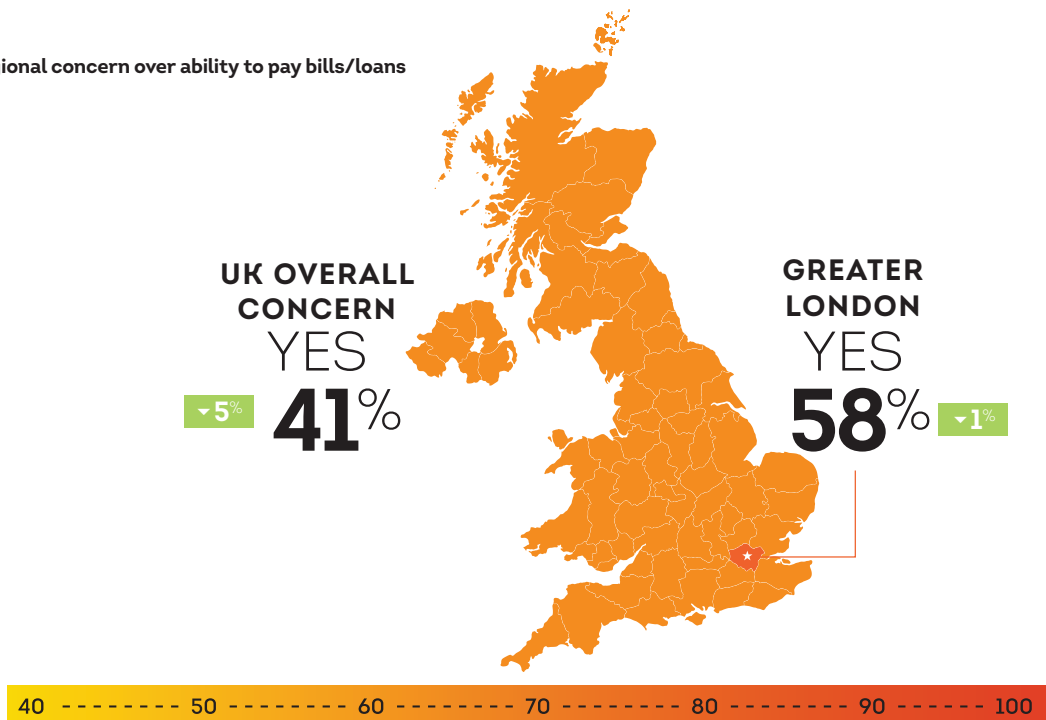


Figure 7. What bills and loans are you concerned about your ability to pay?

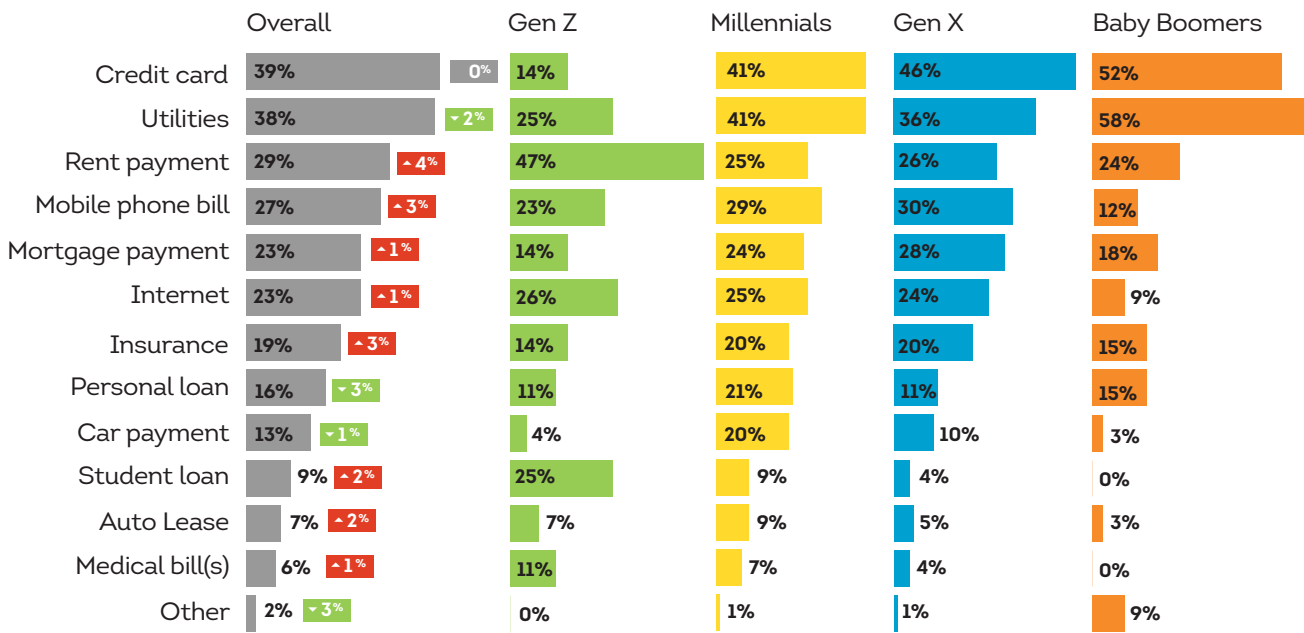
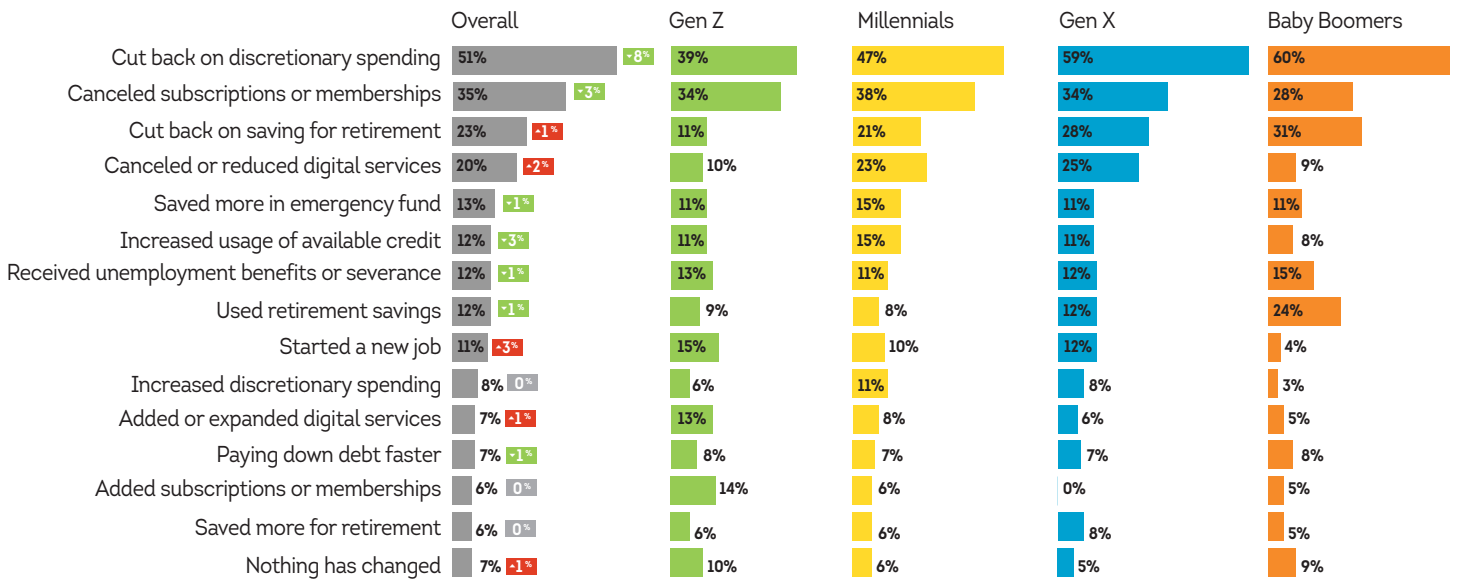


Figure 8. What has changed in your household budget during the COVID-19 pandemic?



RECOVERY PLANS

WHAT IS YOUR GAME PLAN?

- 32% of impacted consumers still plan on using savings to help pay their bills and loans and 27% have turned to family or friends (two out of three of those borrowers have relied on parents). The second most common bill paying strategy is to negotiate partial payments with their lenders (31%).
- 47% of impacted consumers say they have reached out to their lenders to discuss payment options (+6 pp).
- 37% of impacted respondents still say none of their lenders have reached out.

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

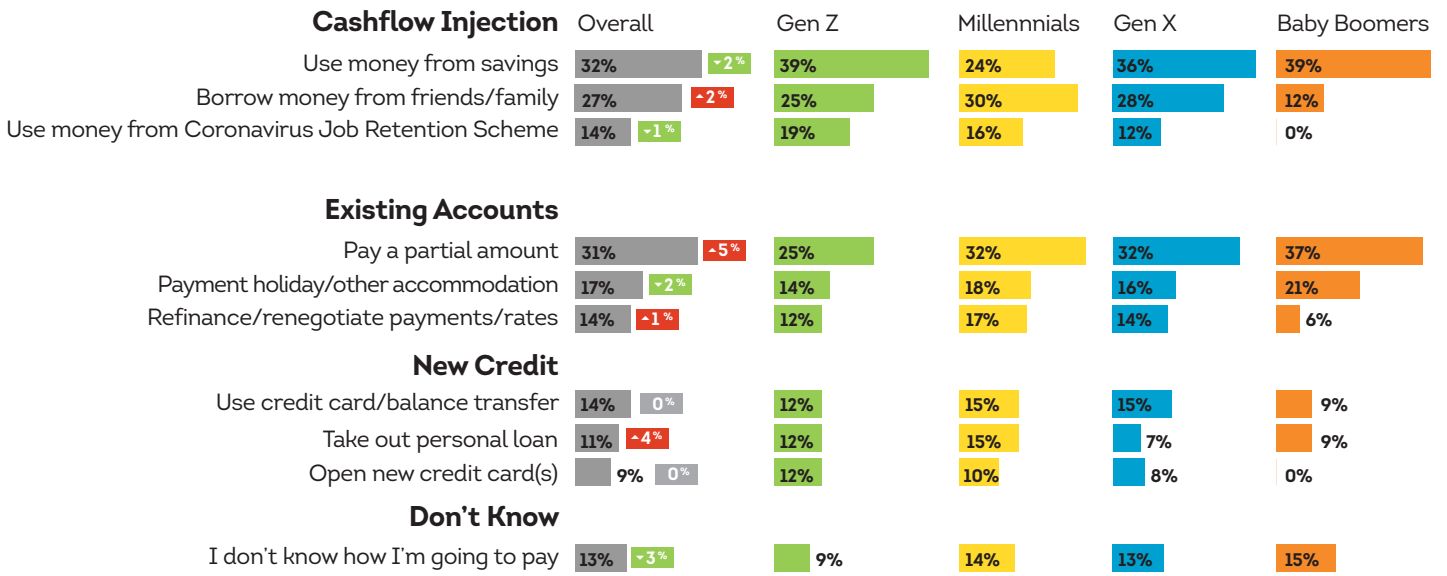


Figure 10. Have you reached out to companies you have accounts with to discuss payment options?

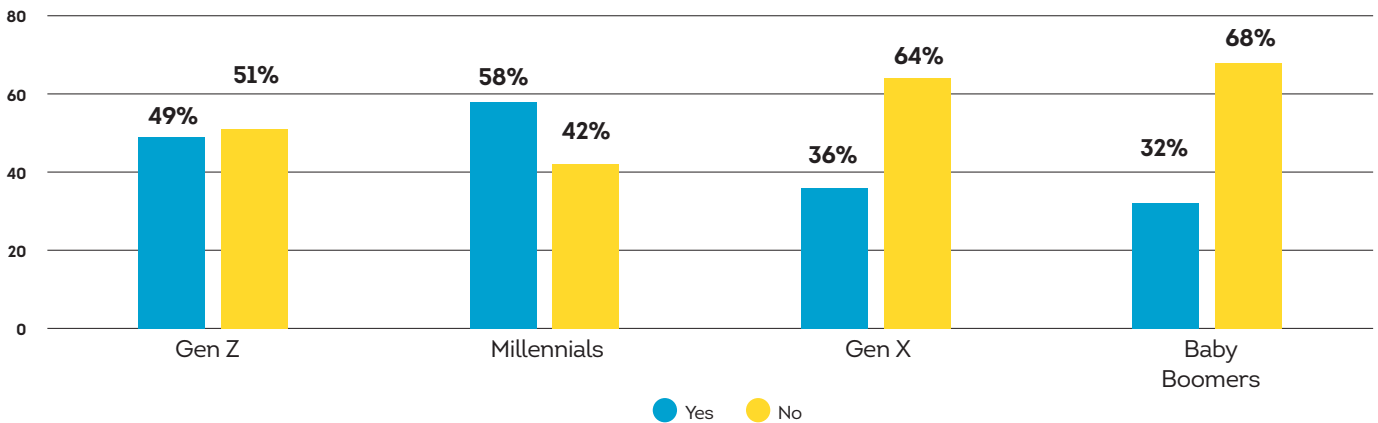


Figure 11. Loans/bills enrolled in financial accommodation (among those with financial product).

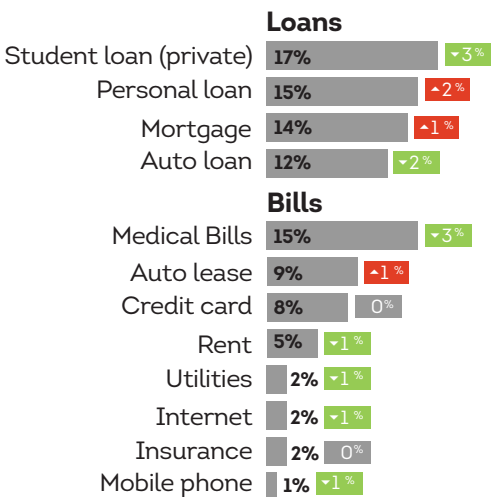


Figure 12. Repayment preference when financial accommodation period ends (top 3 options).

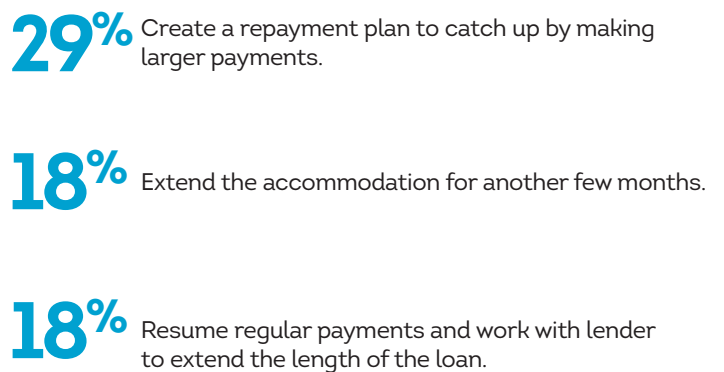
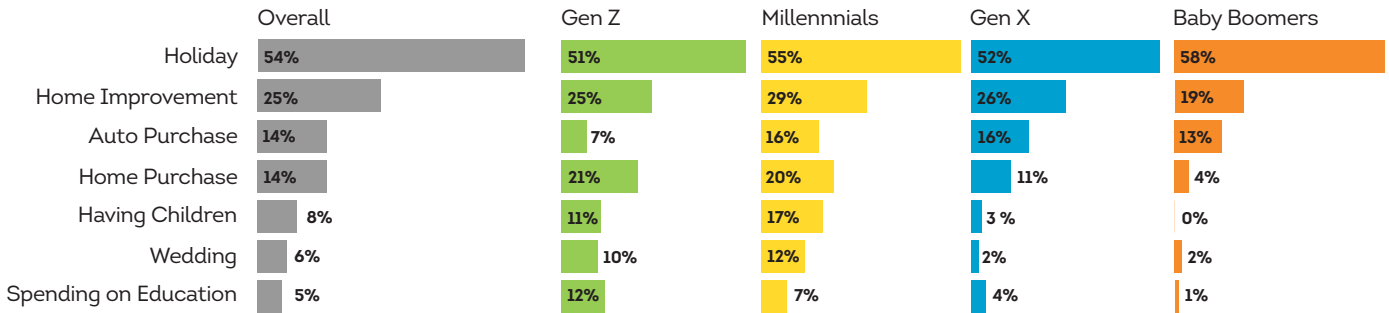


Figure 13. Are you delaying any of the following major purchases or events?

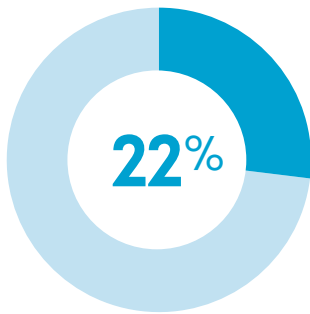


TAKING CARE OF YOURSELF

HEALTHCARE, FRAUD, AND CREDIT MONITORING

- Half of all households are now monitoring their credit reports at least monthly.
- 30% of Gen Z say it is very or extremely important to monitor their credit reports as do 31% of Millennials, but it drops for both Gen X (26%) and Baby Boomers (20%).
- Digital fraud attempts related to COVID-19 continues to be a threat, as 30% of all respondents are aware of being targets of fraud with 7% falling victim. The rate of fraud attempts is highest among Gen Z (42%) and Millennials (36%).

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?

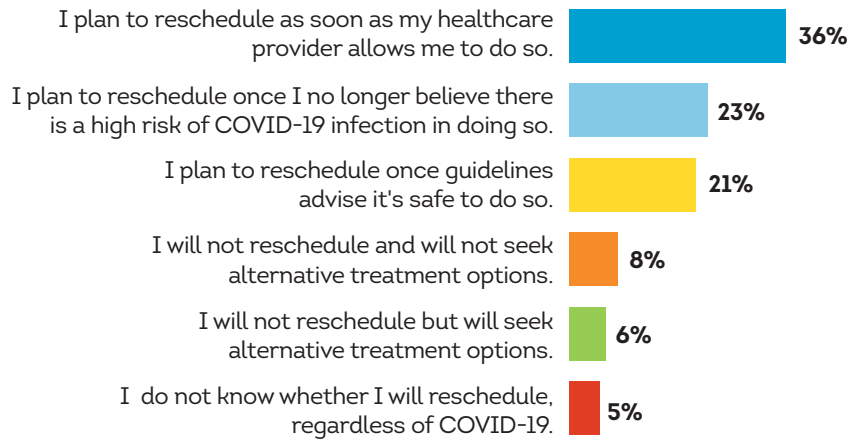


Figure 15. Which statement best describes your personal experience with any digital fraud attempts related to COVID-19?

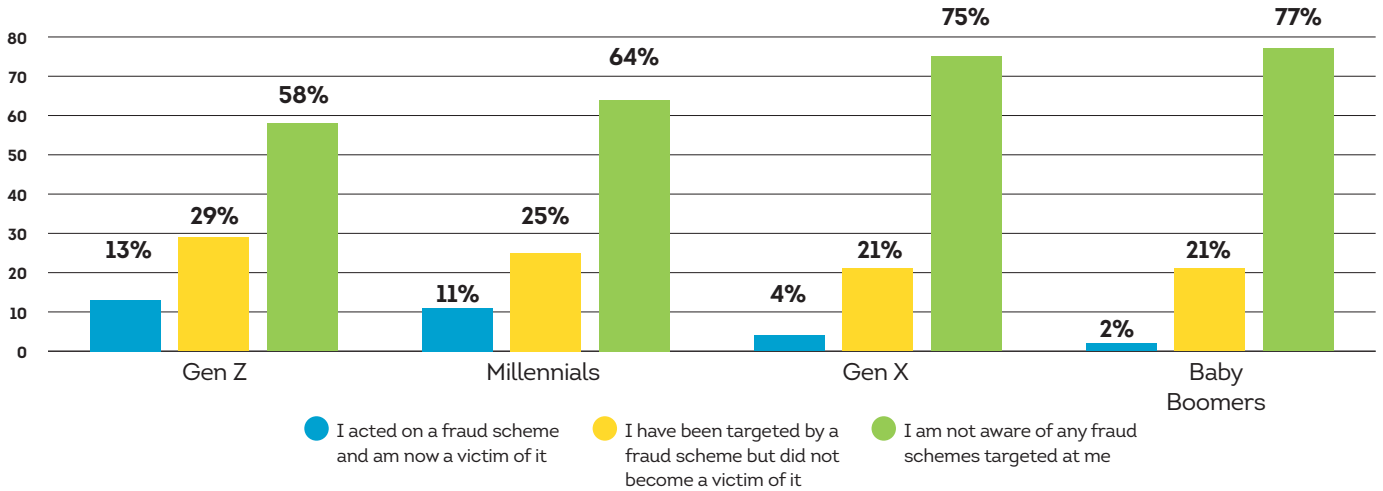


Figure 16a. Frequency of checking credit.

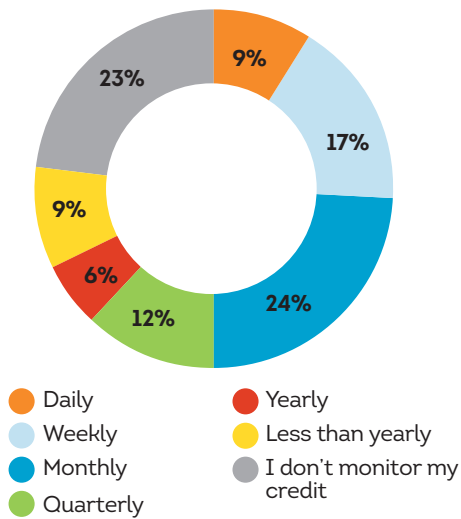
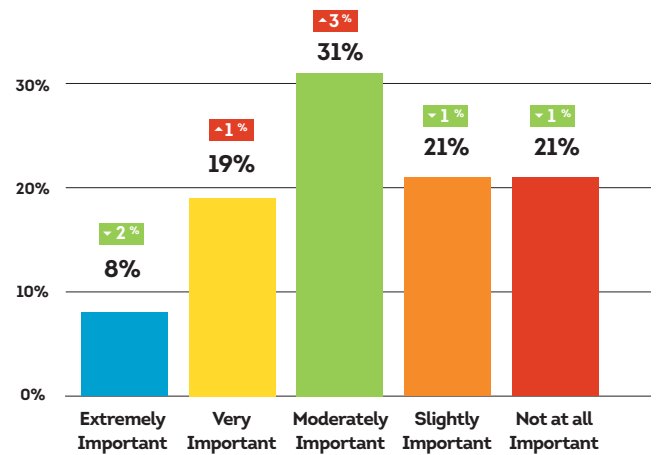


Figure 17. Importance of monitoring credit during the COVID-19 pandemic.



CALL TO ACTION

If you found this information useful and would like to learn more, 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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