



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

WEEK

2

Data collected week of
31 MARCH

BACKGROUND

The current global COVID-19 pandemic is creating major economic and financial distress for consumers across the globe. Millions of jobs in the UK economy are being impacted or at risk due to drastic demand shifts. We have 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 financial impact of COVID-19 preventative measures continues to be significant and broadly felt as nearly 3 out of 5 (57%) UK consumers are currently being impacted financially.
- Among those UK consumers being impacted, 13% stated they have lost their job this week, as compared with 11% last week. The rate for Gen X job loss increased most significantly, more than doubling, from 5% to 12% week-over-week.
- Impacted Gen Z consumers were among the most concerned about their ability to pay bills and loans going forward, at 76%. This compared to 70% for all consumers and 51% for Baby Boomers.
- A significantly lower number of impacted consumers indicated they do not know how they will pay their bills (15%) compared to the prior week (23%), as nearly 1 in 4 (23%) of those impacted plan to use money from the Coronavirus Job Retention Scheme.

RESEARCH METHODOLOGY

This online survey of 1,018 adults in the UK was conducted 31 March 2020 by TransUnion in partnership with 3rd 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 UK 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 ±3.07 percentage points based on calculated error margin.

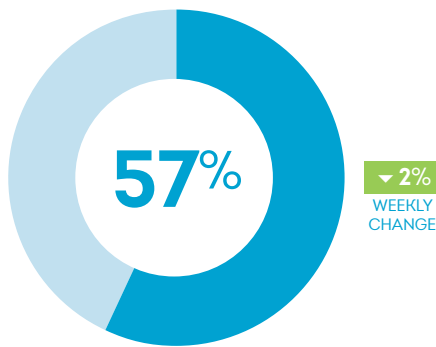
FINANCIAL IMPACT

WHAT IS THE SCALE AND TYPE OF IMPACT?

While 57% of UK residents said the virus negatively affected their household income, the percentages were more pronounced for Millennials (69%) and Gen Z (65%). These generations appear to be hardest hit so far.

Another 9% of UK consumers are expecting to be impacted financially in the future and an additional 16% are still not sure of the future impact on their income. On a positive note, the proportion that do not expect to be negatively impacted in the future increased significantly week-over-week to 18% from 14%.

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?

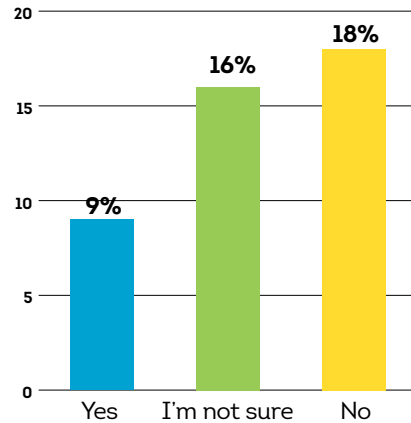
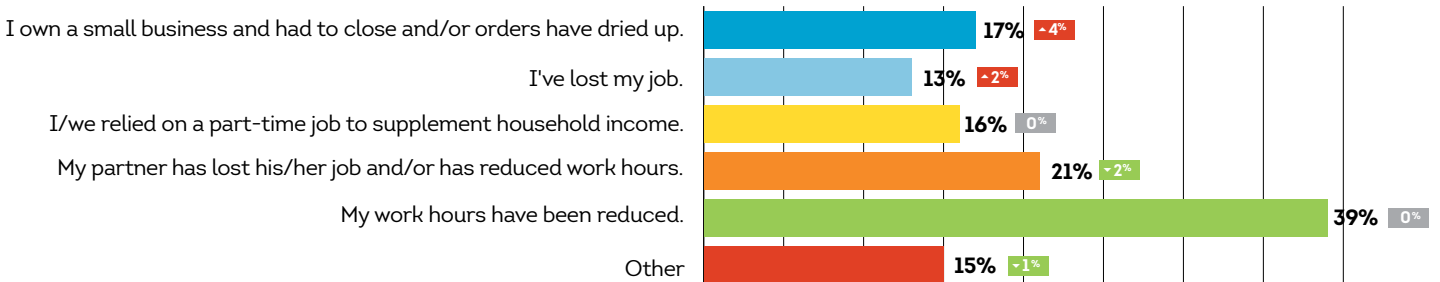


Figure 3. How is your current household income being impacted?



BILLS AND LOANS

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

While the overall concern level with the ability to pay bills and loans going forward remained consistent week-over-week at 70%, the average number of weeks until impacted consumers expect to be unable to pay their bills increased significantly from 5.3 to 6.0 weeks.

Concern specifically about missing rent payments decreased significantly week-over-week to 34% from 44%, which is also in line with UK government and private moves to accommodate those impacted.

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 **6.0 weeks.**

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

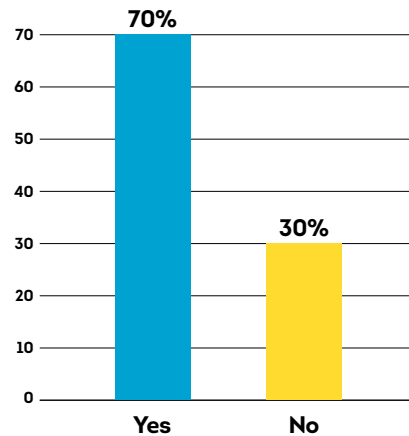


Figure 6. Regional level of concern regarding ability to pay bill(s)/loan(s)

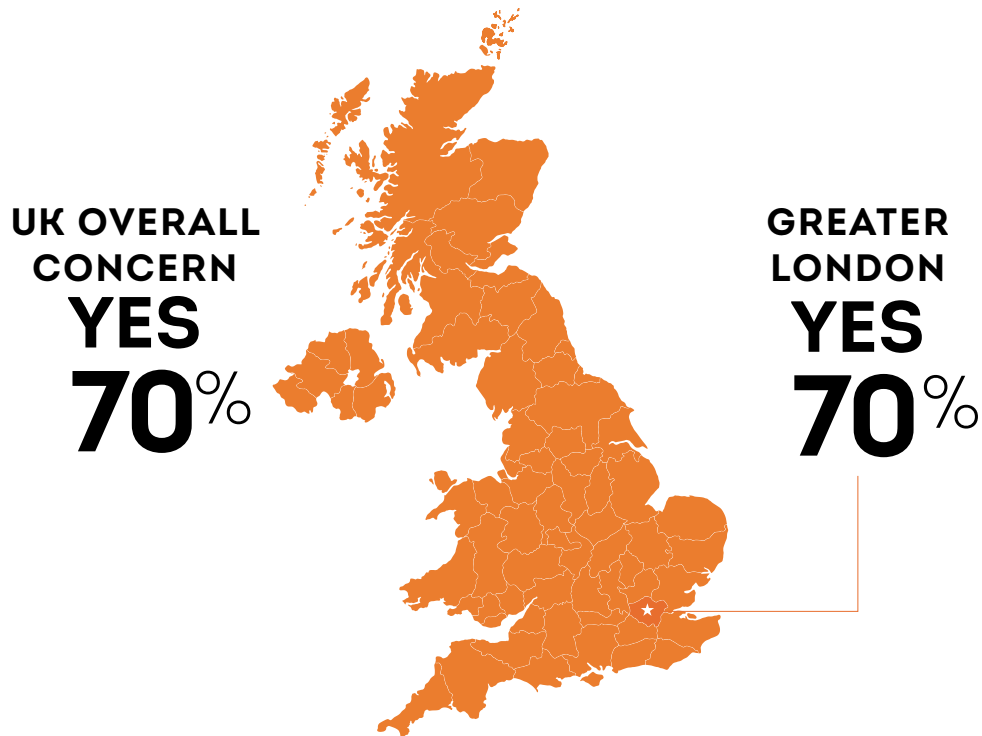
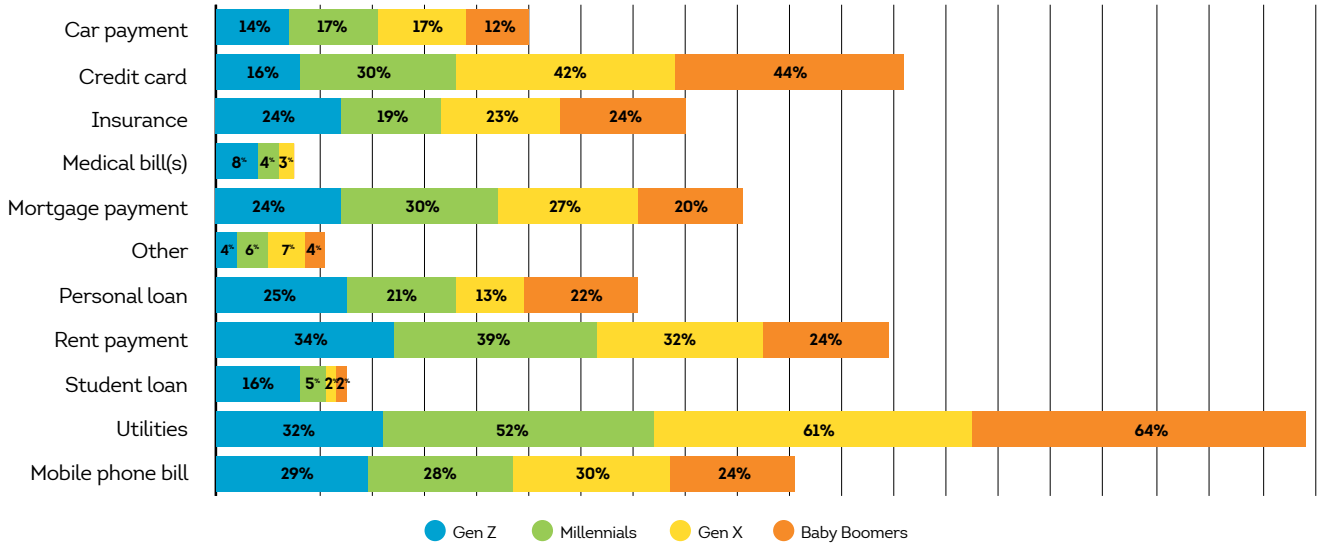


Figure 7. What bills and loans?



NEXT ACTION

WHAT IS YOUR GAME PLAN?

Many impacted consumers either plan to use money from savings (37%) or borrow money from a friend or family member (26%) to fill the gap, and about 1 in 4 (27%) plan to pay a partial amount they can afford – but not the whole balance owed. Gen Z are most likely to borrow from a friend or family member, and Millennials are most likely to pay a partial amount they can afford.

More than 3 out of 5 (63%) impacted consumers have not yet contacted their lenders to discuss options. It is imperative that all consumers, regardless of credit score, reach out to lenders if they will not be able to make an upcoming payment. With many lenders offering flexible repayment options due to financial difficulties related to COVID-19, this could prevent negative items such as missed payments from negatively affecting consumer credit reports and scores.

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

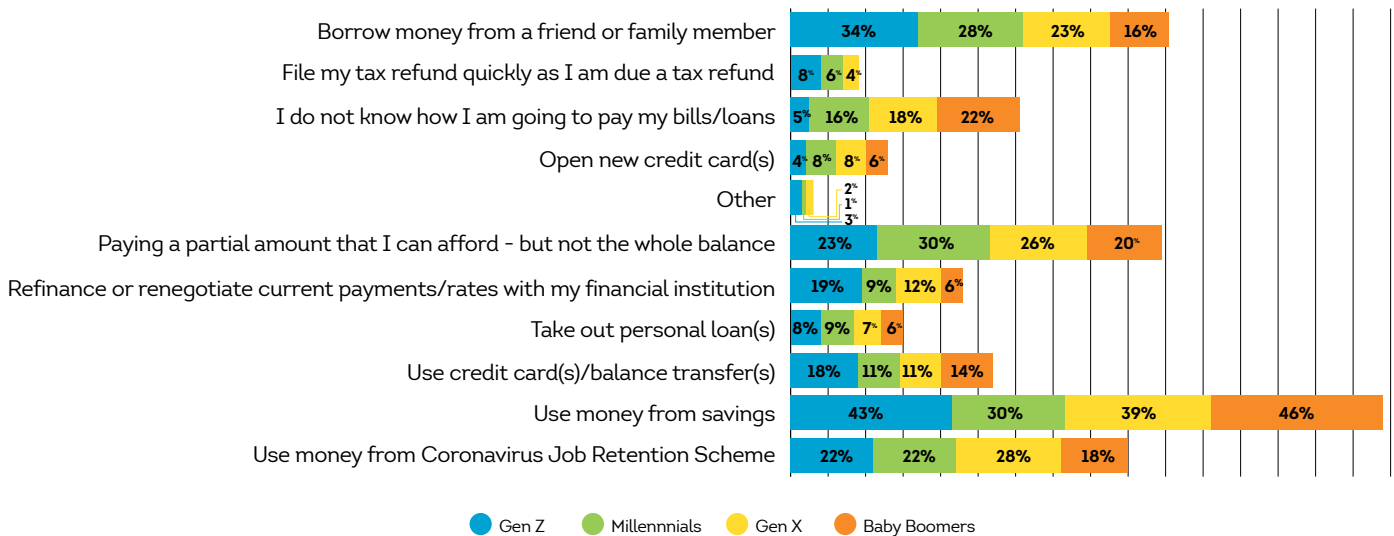


Figure 9. Have you reached out to companies you have accounts with to discuss payment options?

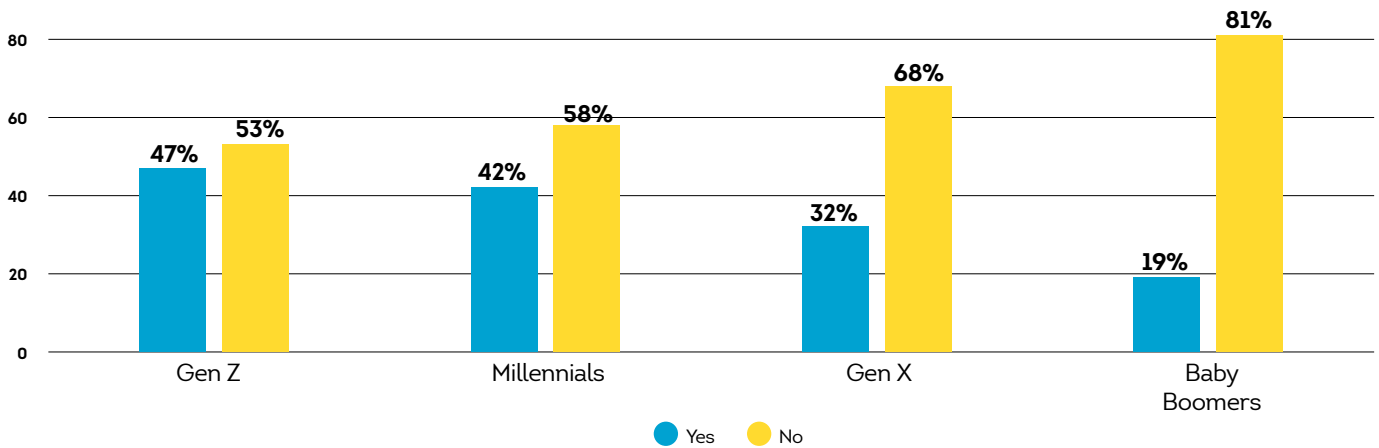
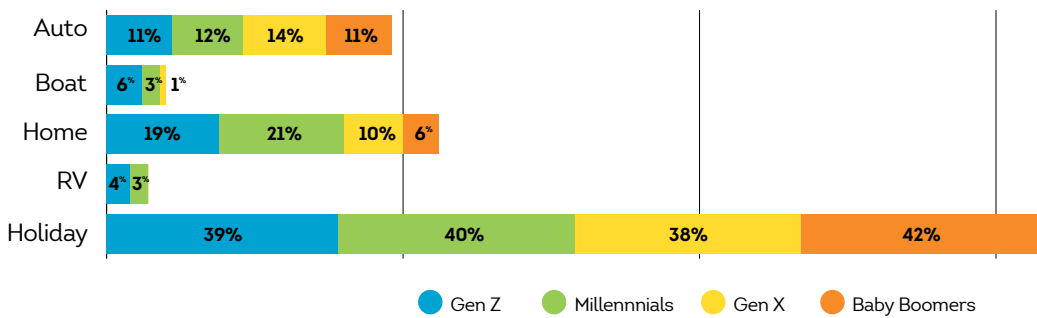


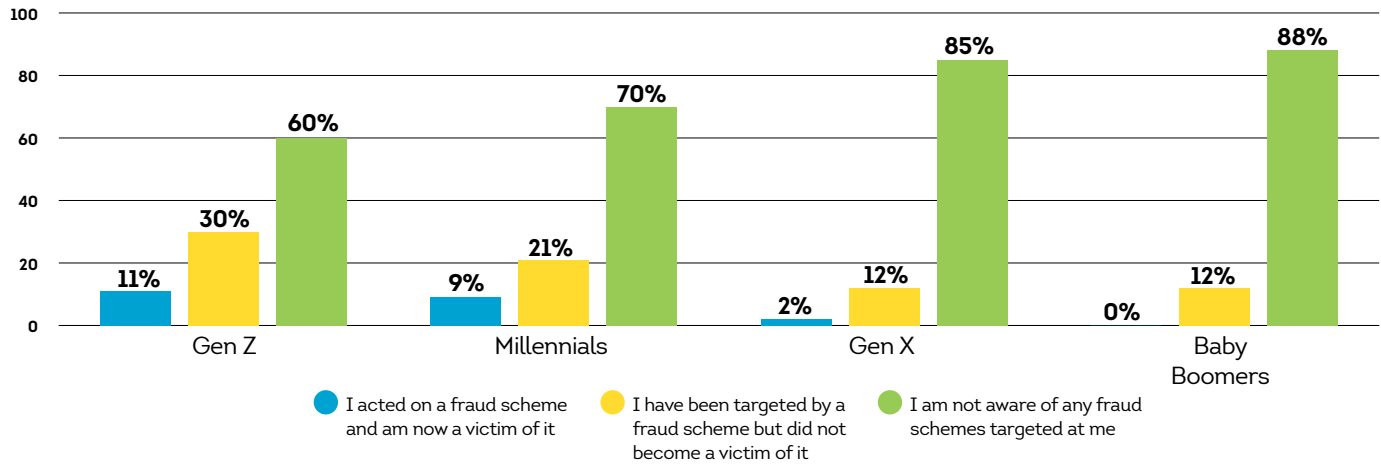
Figure 10. Are you delaying any of the following major purchases?



Other Key Insights

- Many UK consumers are also delaying major spending. The primary purchases they are delaying are holidays (40%), followed by home (14%) and auto purchases (12%).
- Millennials and Gen Z are most likely to be delaying major purchases compared to all other generations, as approximately 1 in 5 are now delaying a home purchase.
- As more consumers turn online for purchases during this time, 23% of UK consumers say they have been a target of digital 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 found this information useful and would like to learn more, please come back for next week'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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