



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 behavior changes and providing results to all to inform understanding and decision-making during this time of uncertainty.

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WAVE 6 REPORT

Data collected week of May 25

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

- After nearly two months of metrics indicating sequential decreases in the negative impact of COVID-19, this wave found a trend reversal, with the number of households reporting a negative financial impact from COVID-19 increasing to 61% from 53% on 5 May.
- Younger consumers showed the biggest increase in financial impact: 73% of those under 45 now reporting a negative impact (compared to 62% last month); 48% of those 45 or older indicating the same (up from 43%).

RESEARCH METHODOLOGY

This online survey of 1,023 adults in the UK was conducted 28 – 29 May, 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 on the dimensions of age, gender, household income and region. These research results are unweighted and statistically significant at a 95% confidence level within ±3.06 percentage points based on calculated error margin.

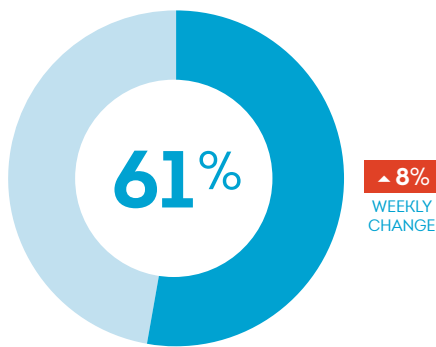
FINANCIAL IMPACT

WHAT IS THE SCALE AND TYPE OF IMPACT?

Not only are more households now reporting a negative financial impact, but those financially impacted households are also reporting a significantly higher risk of not being able to pay their bills – 72% now worry that this may happen, up from just 60% last month.

Forty-three percent of consumers who have been financially impacted have been affected through reduced work hours.

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?

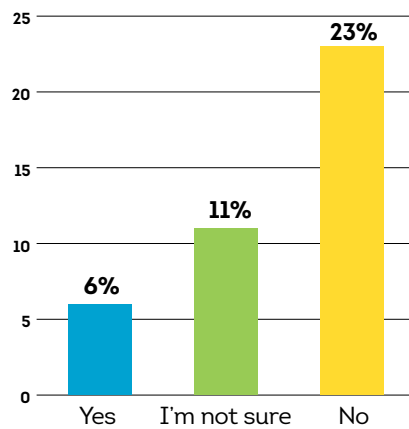


Figure 3. How is your current household income being impacted?



MANAGING THE HOUSEHOLD BUDGET

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

Among bills that impacted consumers are concerned about being able to pay, it is still utility bills (41%) that are most at risk, though credit cards (34%) and rental payments (32%) are both frequently mentioned.

On average, these consumers expect to be falling £528 short.

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 **6.4 weeks.**

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

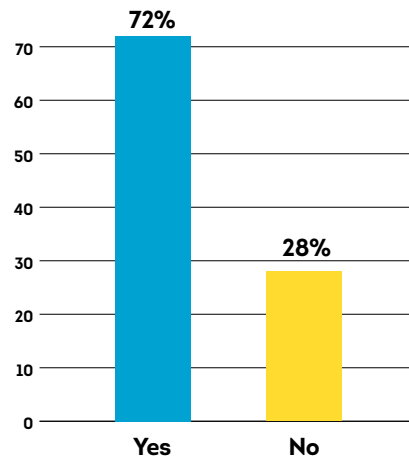


Figure 6. Regional concern over ability to pay bills/loans

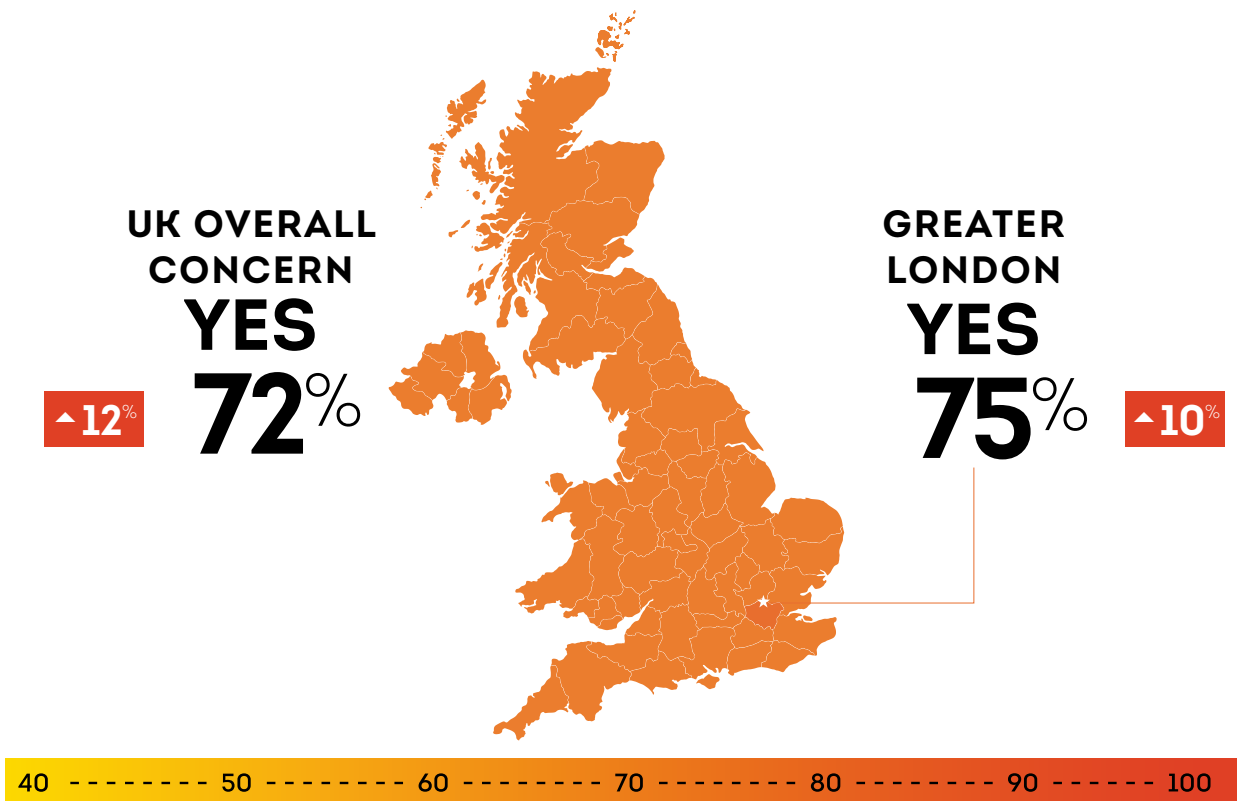


Figure 7. What bills and loans are you concerned about your ability to pay?

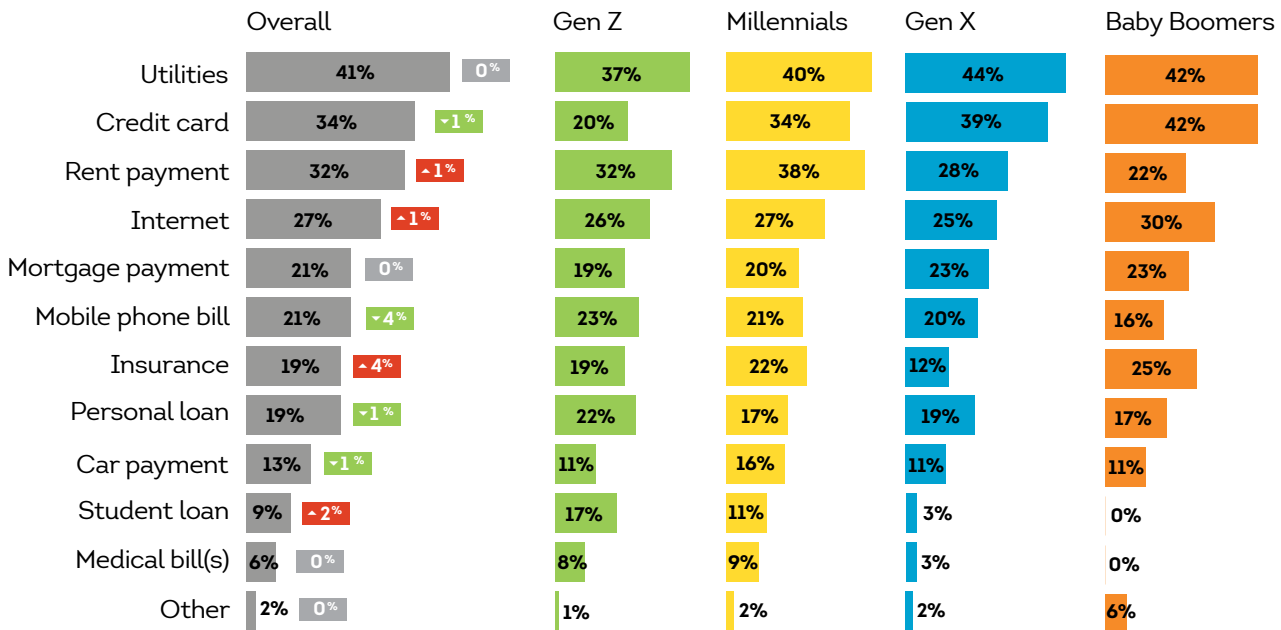
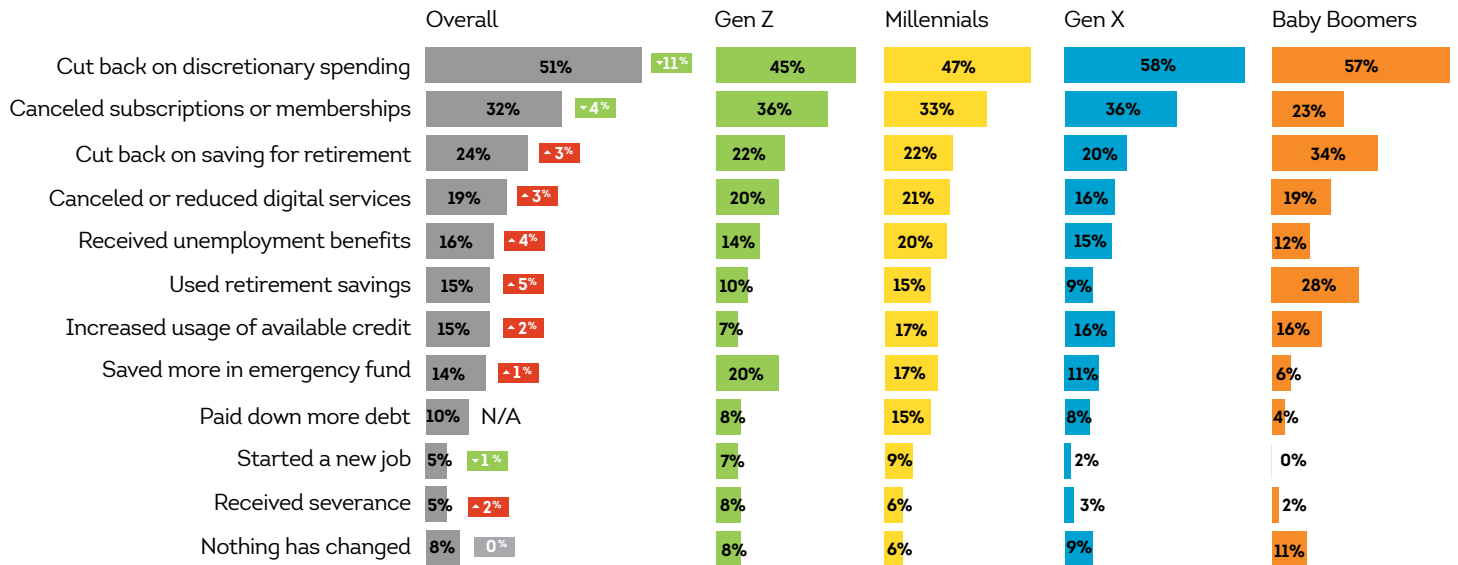


Figure 8. What has changed in your household budget during the COVID-19 pandemic?



RECOVERY PLANS

WHAT IS YOUR GAME PLAN?

Fifty-one percent of impacted households have cut back on discretionary spending. With the lockdown easing and more spend opportunities opening up, it will be interesting to see how this continues. Only 8% haven't had to change their budgets at all.

And with 24% cutting back on contributions to retirement and 15% dipping into retirement savings, it is clear that the financial impact of COVID-19 will be felt for some time to come.

Only 36% of those households who are concerned about their ability to meet their financial obligations have received accommodations from their lenders - such as a deferral, forbearance or payment holidays.

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

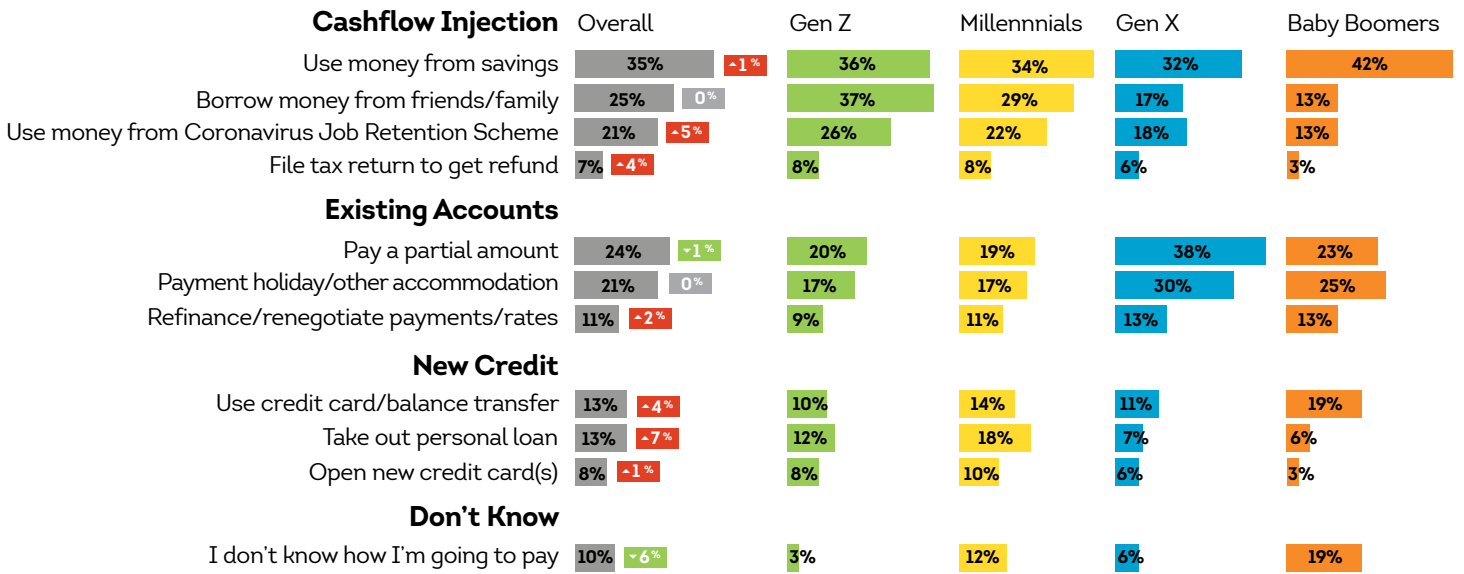


Figure 10. Have you reached out to companies you have accounts with to discuss payment options?

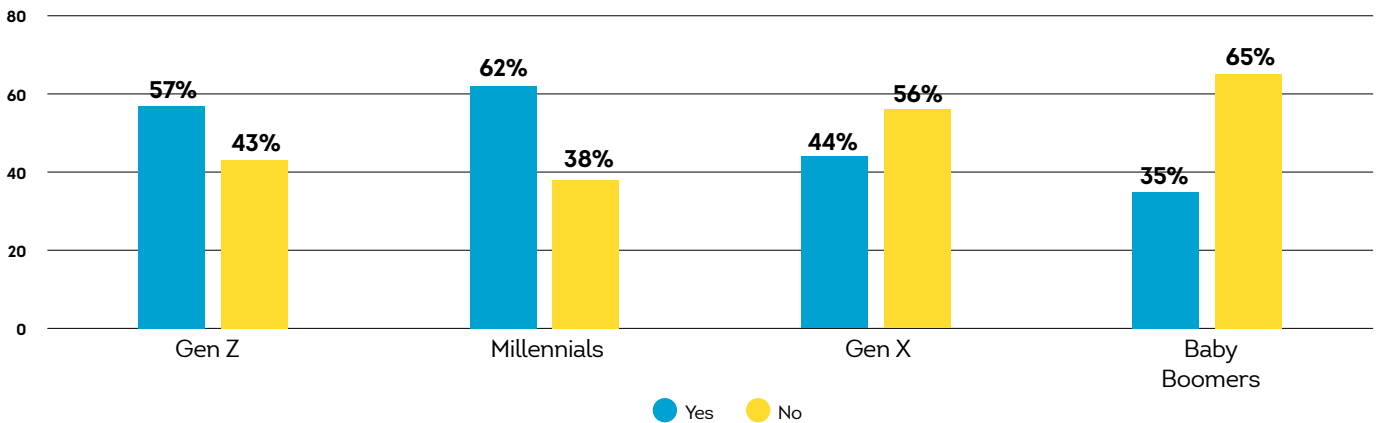


Figure 11. Loans/bills enrolled in financial accommodation (among those with financial product).

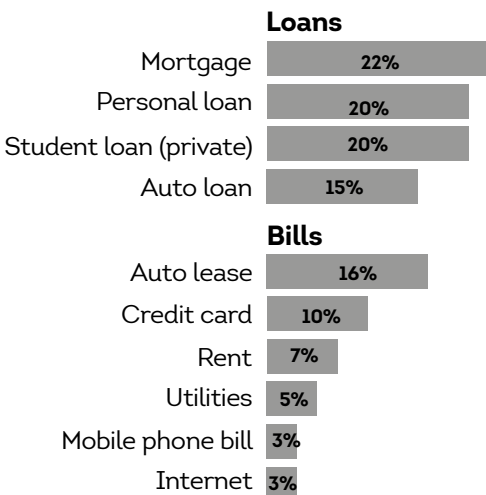
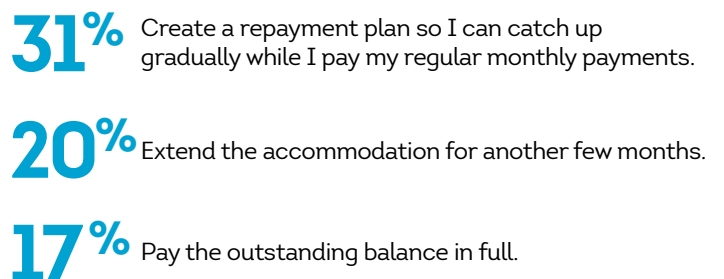


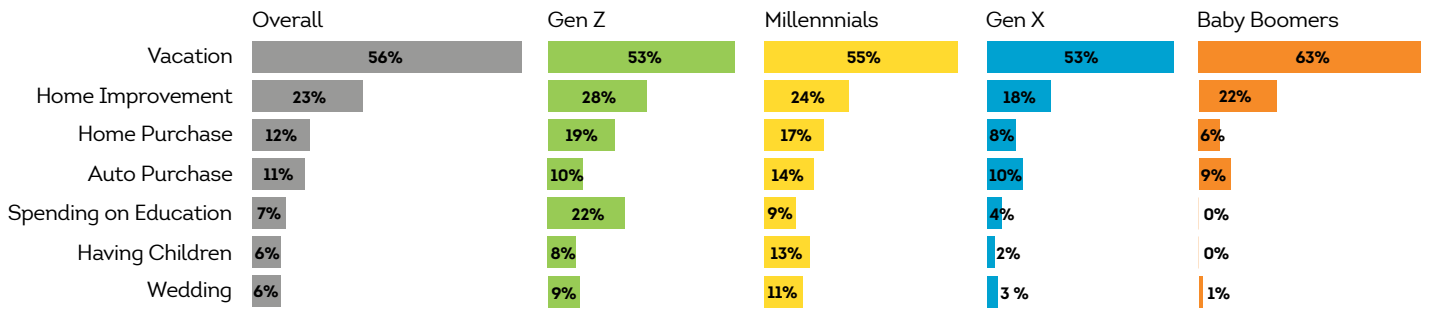
Figure 12. Repayment preference when financial accommodation period ends (Top 3 options).



Understanding of Accommodation:

68% of consumers who have received a financial accommodation are extremely/very confident in their understanding of the terms.

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



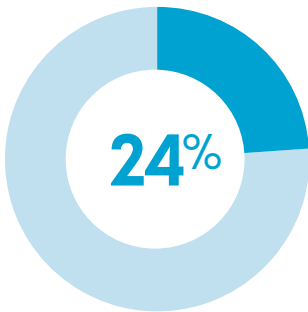
TAKING CARE OF YOURSELF

HEALTHCARE, FRAUD, AND CREDIT MONITORING

On the plus side, we've seen a notable increase this month in the proportion of people who have been contacted by their lenders to discuss such plans, from 45% to 52%.

On the negative side, fraud continues to be a threat and 27% of households now report being subjected to a potential fraud attack.

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?

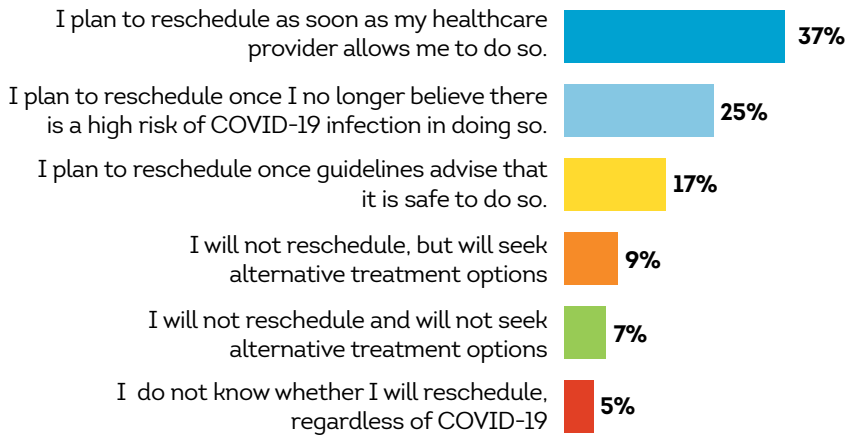


Figure 15. Which statement best describes your personal experience with any digital fraud attempts related to COVID-19?

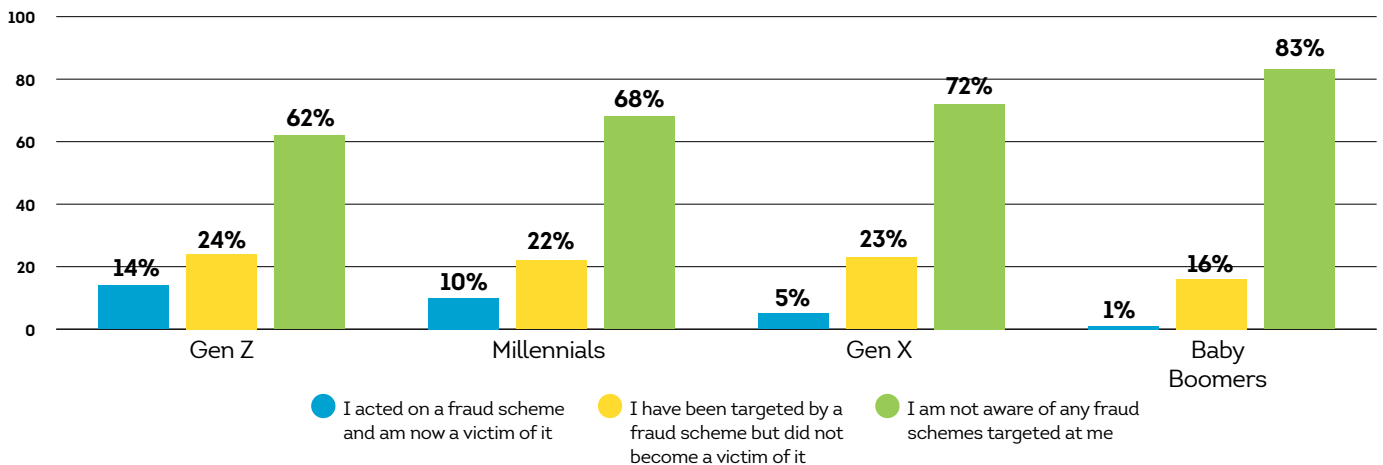


Figure 16a. Frequency of checking credit score.

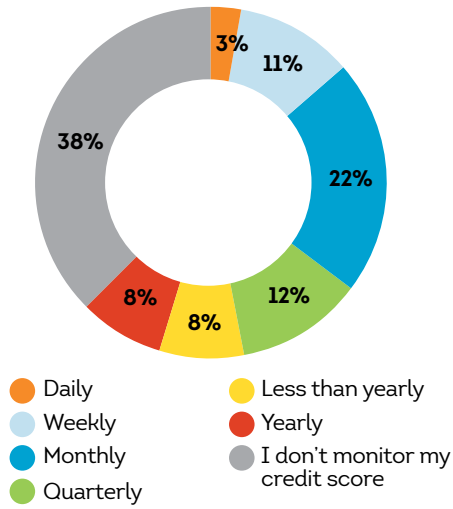
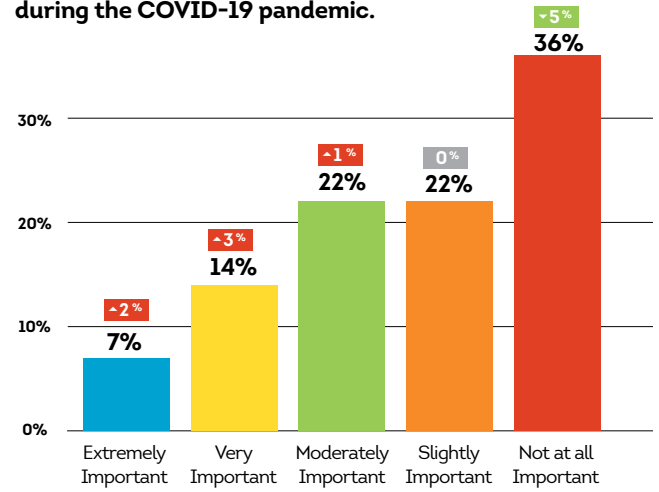


Figure 16b. Importance of monitoring credit during the COVID-19 pandemic.



CALL TO ACTION

If you found this information useful and would like to learn more, please come back for next 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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