



# 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.

9

**WAVE 9 REPORT**Data collected week of **Aug. 24**

## 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

- Having hovered around 60% the first few weeks of lockdown, the number of households reporting a negative financial impact from COVID-19 is now down to 53%.
- Among those who've been impacted, 68% worry about their ability to pay their bills and loan commitments – a proportion that's remained very stable throughout the crisis (albeit 61% expect default to come in a month or longer).
- Among those who've escaped a negative financial impact to date, only 6% are worried they'll be impacted in the future.
- Though more exposed in general, it's younger households that have been driving the overall improvement: From highs of 73% reported in June, the number of households (aged 45 or younger) reporting a negative financial impact is now down to 62%.

## RESEARCH METHODOLOGY

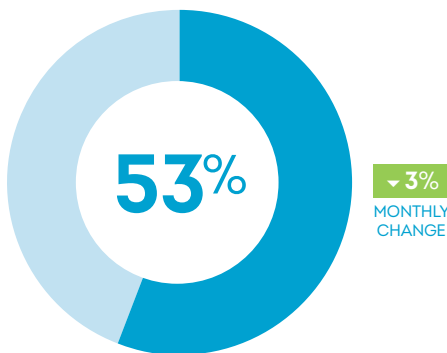
This online survey of 1,063 adults in the UK was conducted August 30-31, 2020 by TransUnion in partnership with third-party research provider Qualtrics® Research-Services. Adults 18 years of age and older residing in the UK were surveyed using an online research panel method across a combination of computer, 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 ±3.01 percentage points based on calculated error margin.

## FINANCIAL IMPACT

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

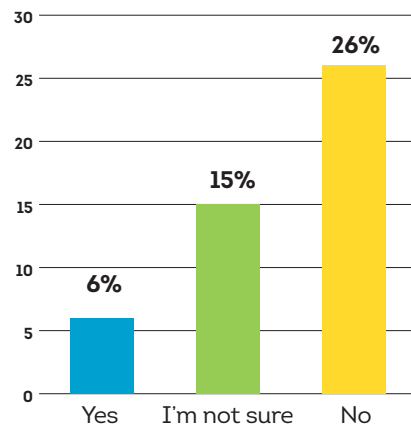
→ Financial impacts are quite evenly felt across the different countries in the United Kingdom: When we consider only households aged 45 and younger, we see 61% of households in England have reported a negative financial impact; 62% of households in Scotland; 66% of households in Wales; and 67% of households in N. Ireland.

**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?

- Consumers continue to adjust to the new situation by reducing discretionary spending: A reported 52% have cut back on dining out and entertainment, and 28% have cancelled subscriptions or memberships.
- Lower income earners have had to cut back the most on discretionary spend. Considering only those financially impacted, 59% of lower income earners have reduced dining out and entertainment budgets versus 58% of those earning medium incomes, and just 43% of those earning high incomes.

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

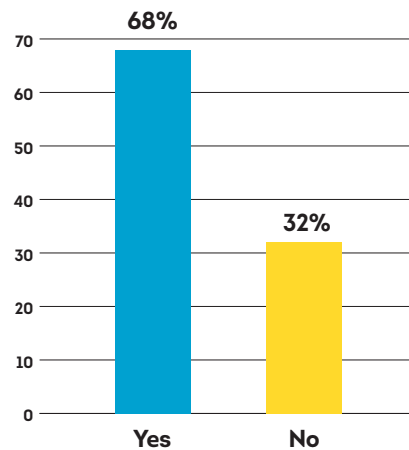
On average, amount consumers who were impacted expect they will be short when paying bills or loans.



**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**

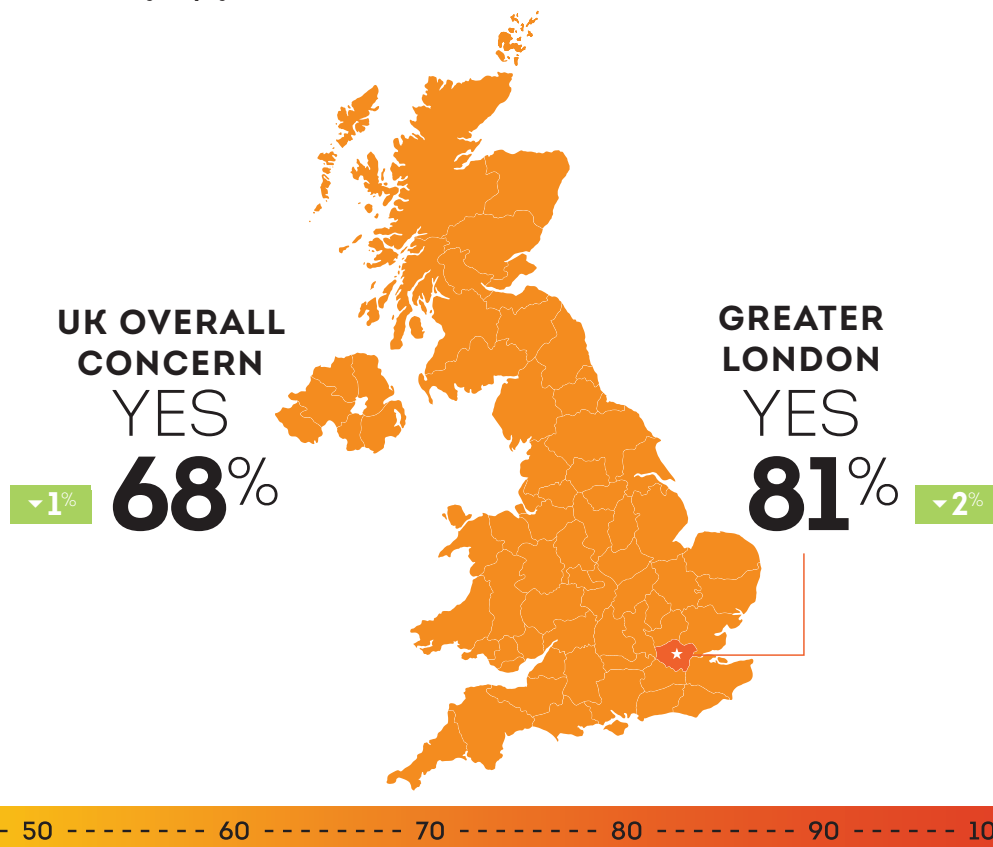
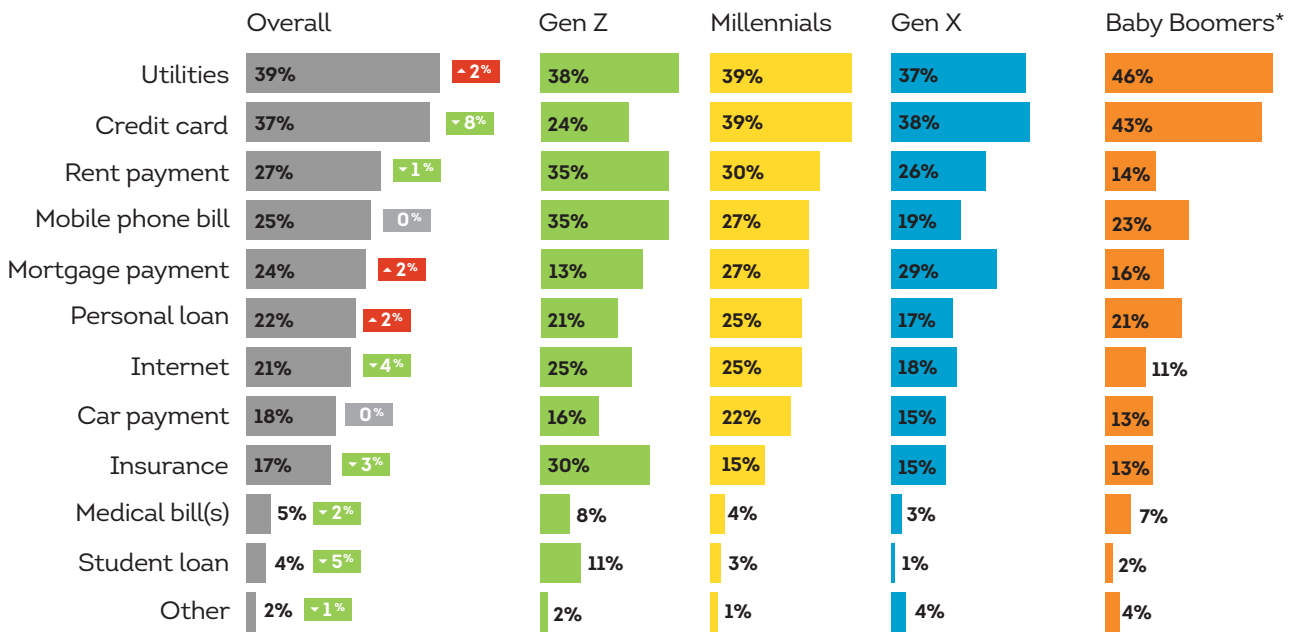
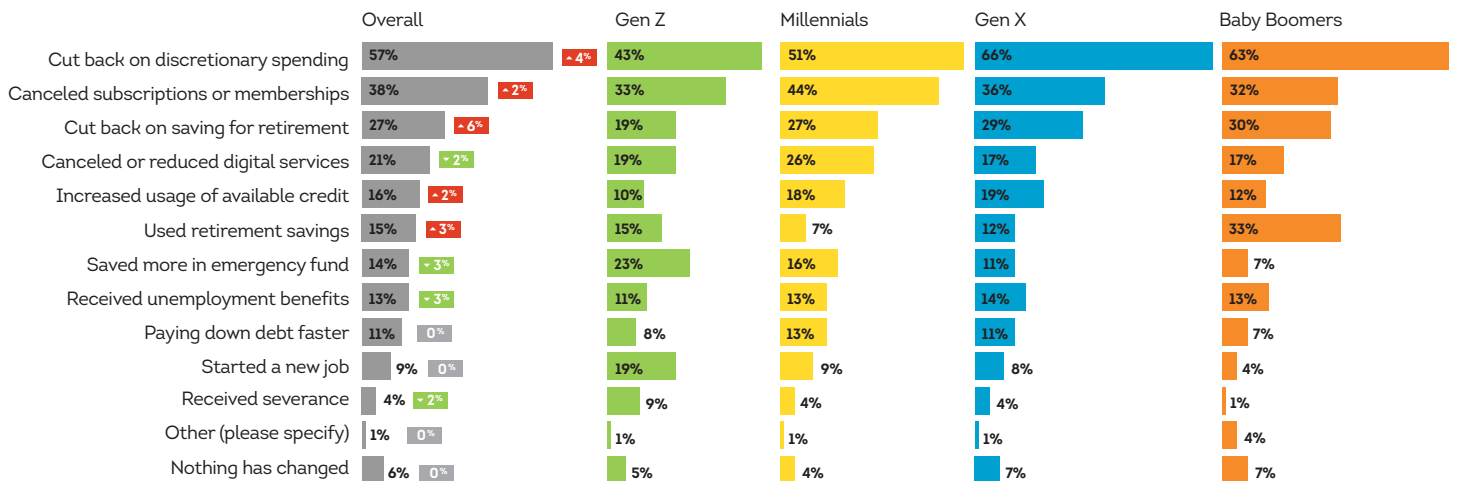


Figure 7. What bills and loans are you concerned about your ability to pay?



\*Small base size (n<50)

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



## RECOVERY PLANS

### WHAT IS YOUR GAME PLAN?

- Fifteen percent of all consumers report receiving some form of financial accommodation from lenders. Among impacted consumers, 25% state they have received an accommodation.
- Less than half of financially impacted households have reached out to their lenders to discuss options. That number rises to 51% amongst households aged 45 and younger. This communication gap may not be rectified by lenders since 37% of this same group say they've not been contacted by any of their lenders.
- Despite the easing of lockdown, consumers are still setting aside major purchases: Fifty-six percent of consumers still say they're delaying a vacation because of COVID-19, and 25% say they're putting aside home improvements.
- Interestingly, while delaying vacation is highest among households experiencing a negative financial impact (58%), it remains high even among households having escaped a negative impact to date (53%).

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

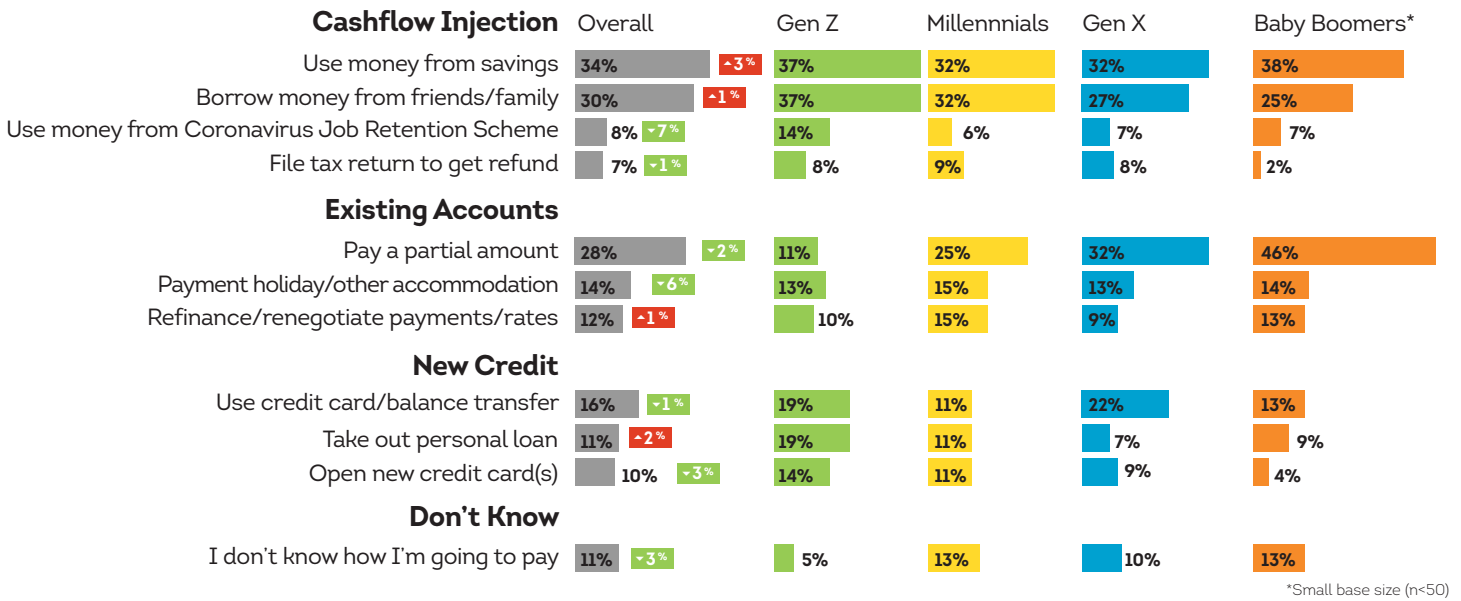


Figure 10. Have you reached out to companies you have accounts with to discuss payment options?

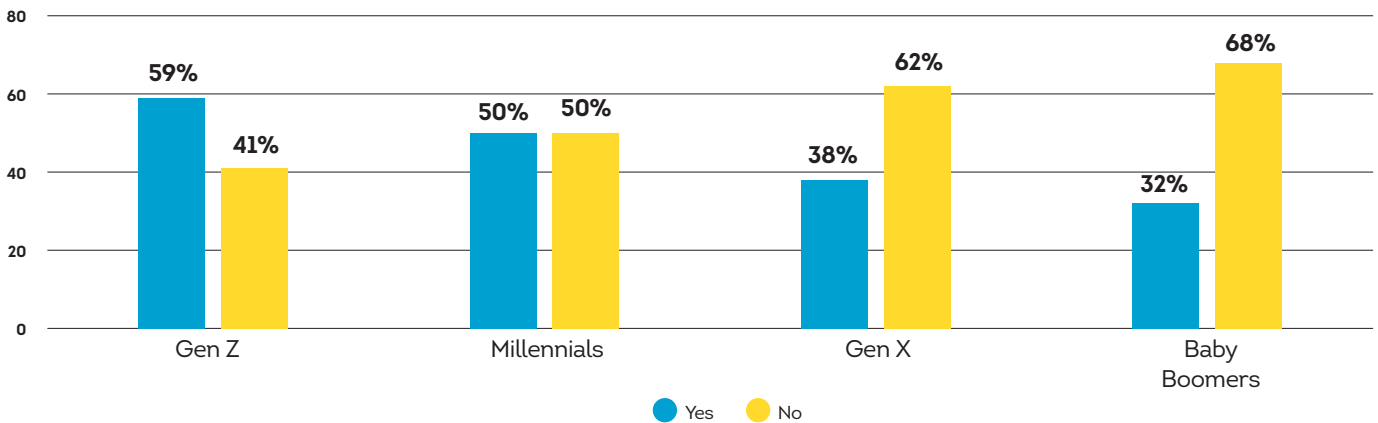


Figure 11. Loans/bills enrolled in financial accommodation (among those with financial product).

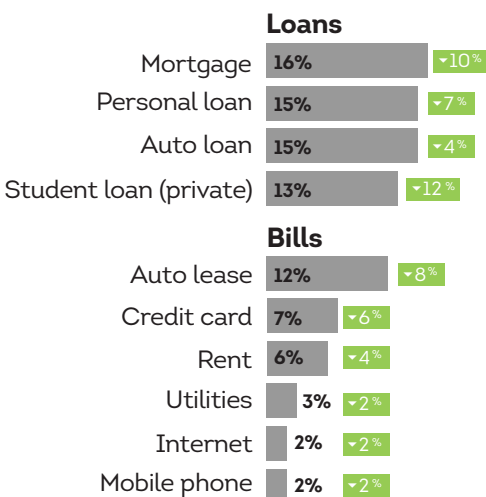


Figure 12. Repayment preference when financial accommodation period ends (top 3 options).

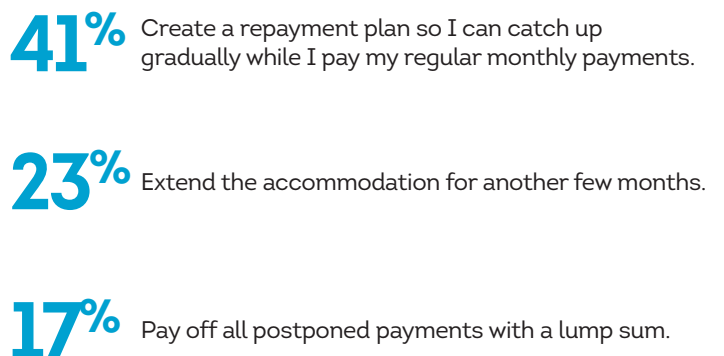
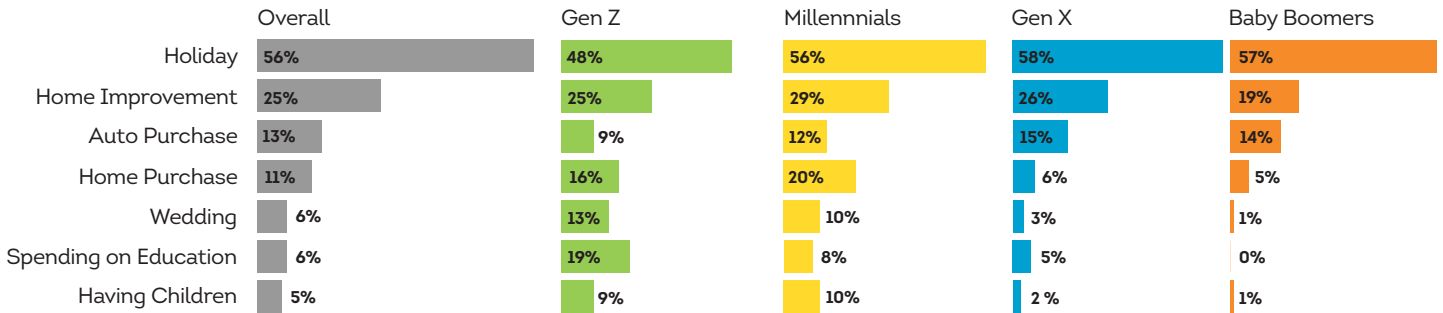


Figure 13. Are you delaying any of the following major purchases or events?

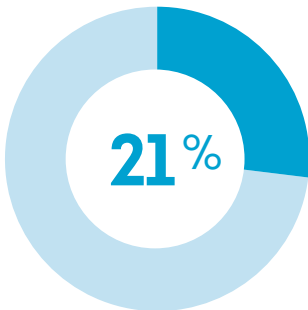


## TAKING CARE OF YOURSELF

### HEALTHCARE, FRAUD, AND CREDIT MONITORING

- While 32% of respondents feel monitoring their credit is 'not at all important,' this drops to 22% when we consider only those whose incomes have been negatively impacted. Going a step further to consider only those whose finances have been negatively impacted to the extent that they worry about their ability to meet their current obligations, the number falls to 15%.
- One in four households have now been targeted with digital fraud – most commonly phishing.
- Twenty-one percent of respondents have had to delay non-COVID medical procedures during the crisis.

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?

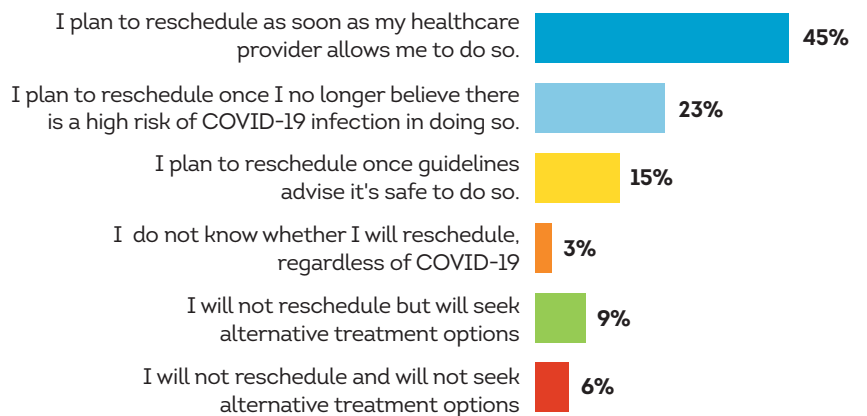


Figure 15. Which statement best describes your personal experience with any digital fraud attempts related to COVID-19?

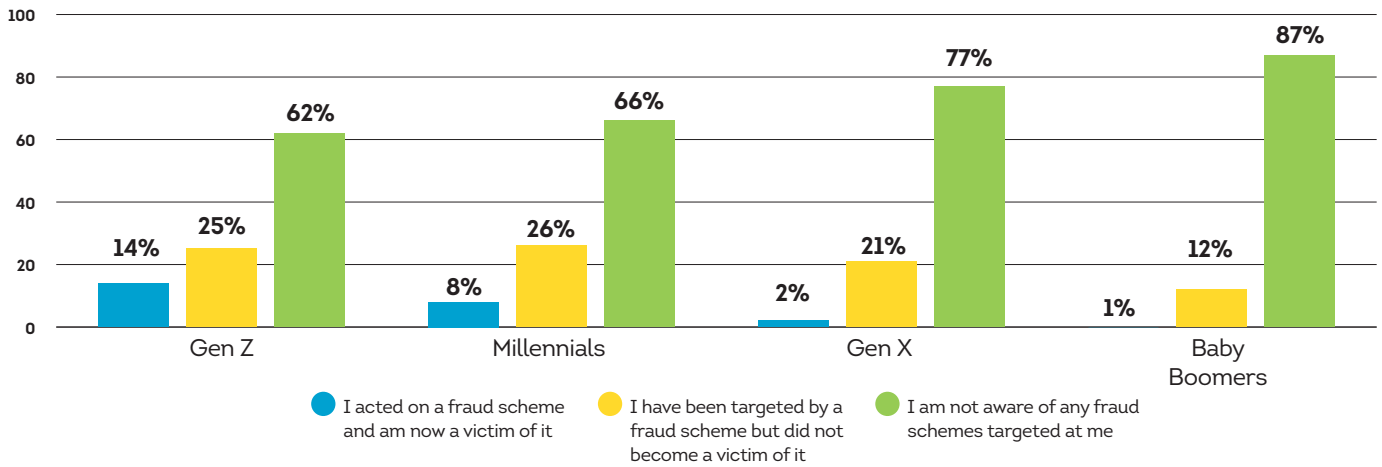


Figure 16a. Frequency of checking credit score.

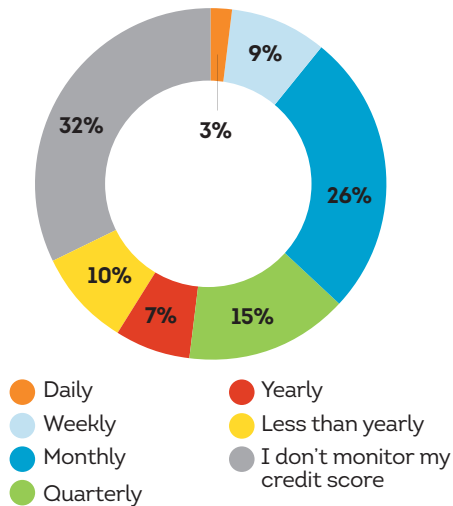
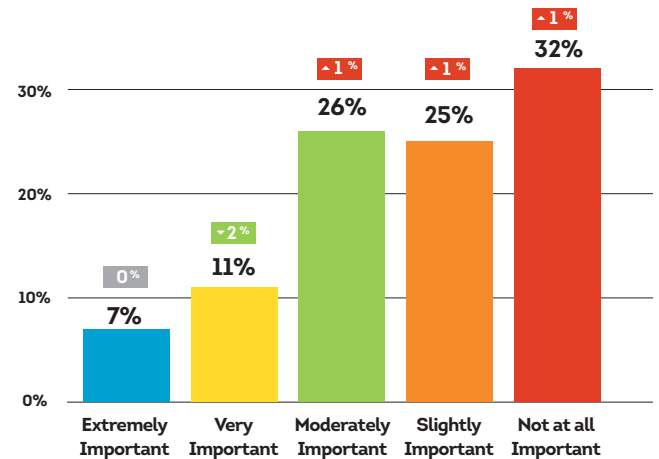


Figure 17. Importance of monitoring credit during the COVID-19 pandemic.



**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:

**Dee Gallagher**

+44 7894 938279