



Credit Industry Insights

Q1 2026 Webinar

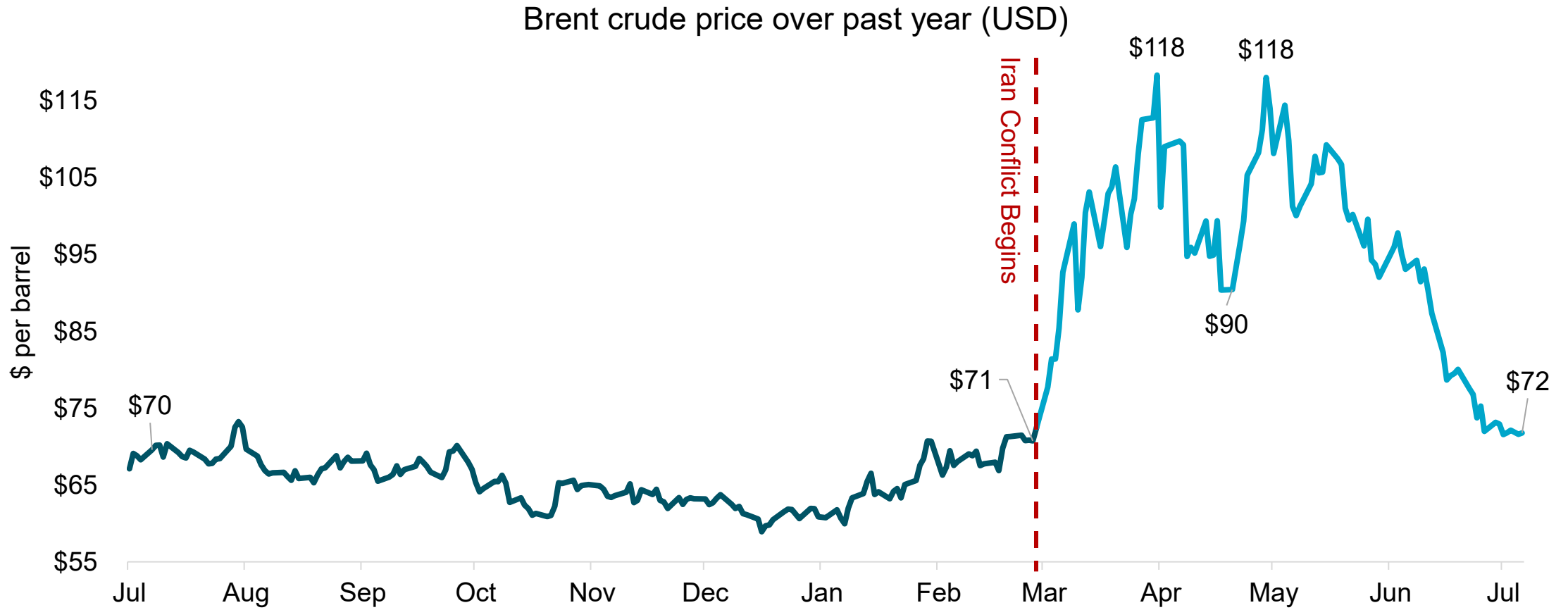
James O'Donnell

Director of Research & Consulting

TransUnion UK

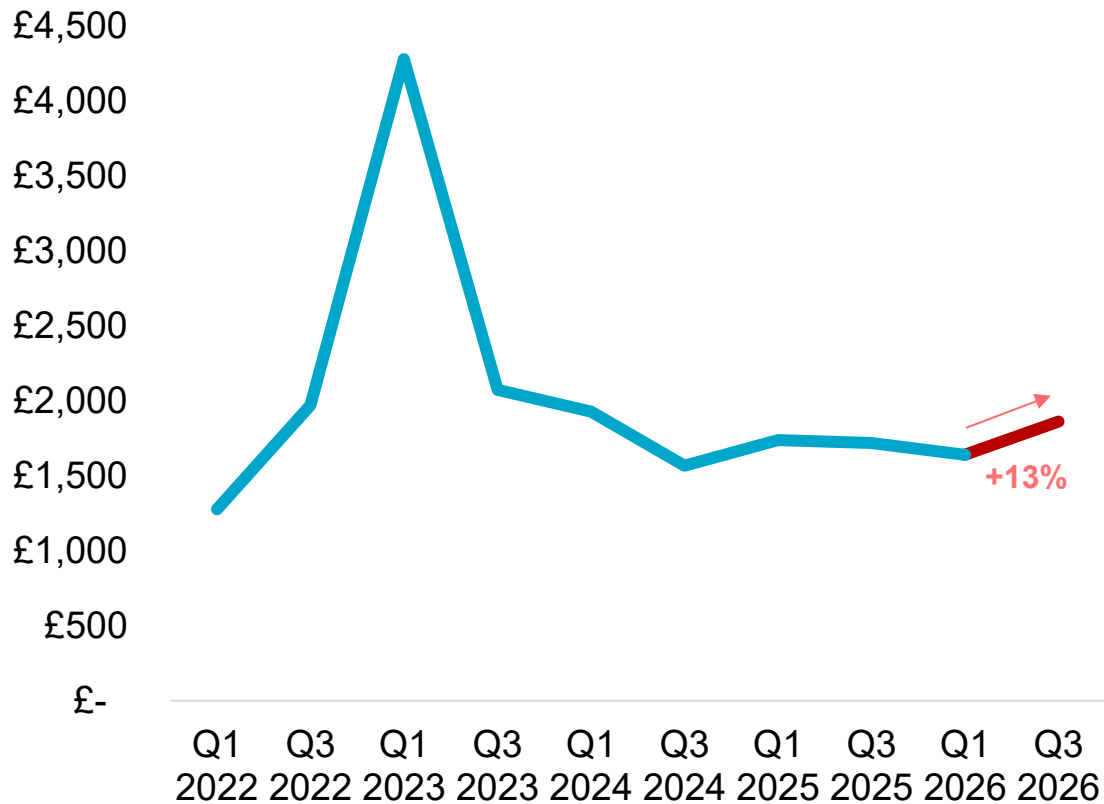


Oil prices are recovering; however, even in a full normalisation scenario, the knock-on impact to prices will continue to trickle through in Q3 and Q4

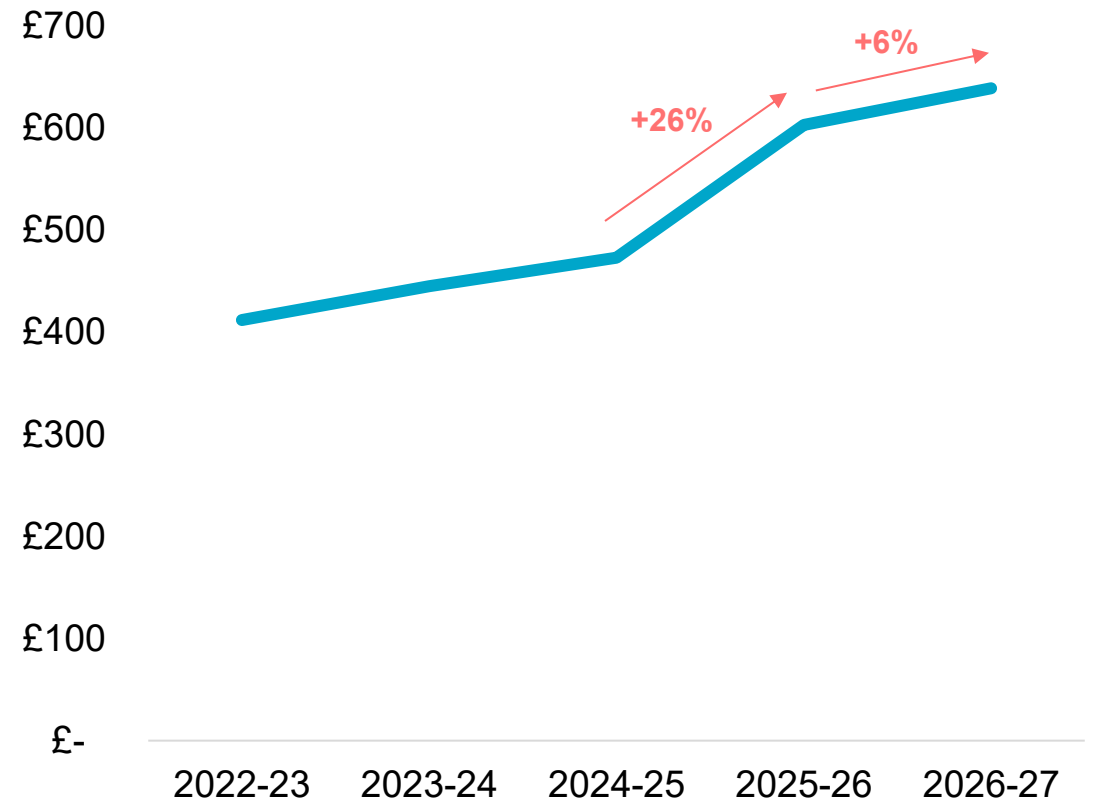


Ofgem's 1 July energy price cap raised prices by approx. 13% from current levels. Alongside rising water bills, household pressures are intensifying.

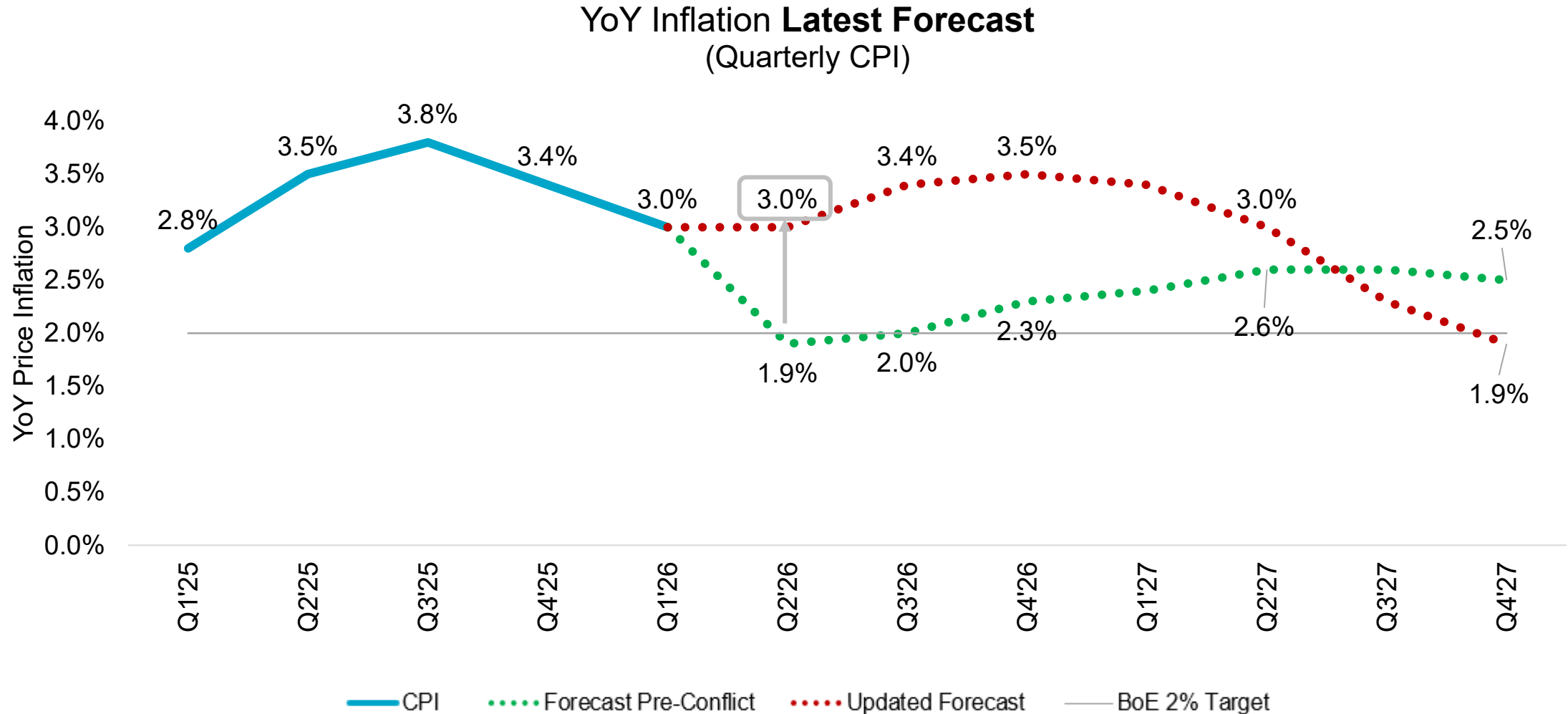
Ofgem Energy Price Cap



Annual Average Water Bill

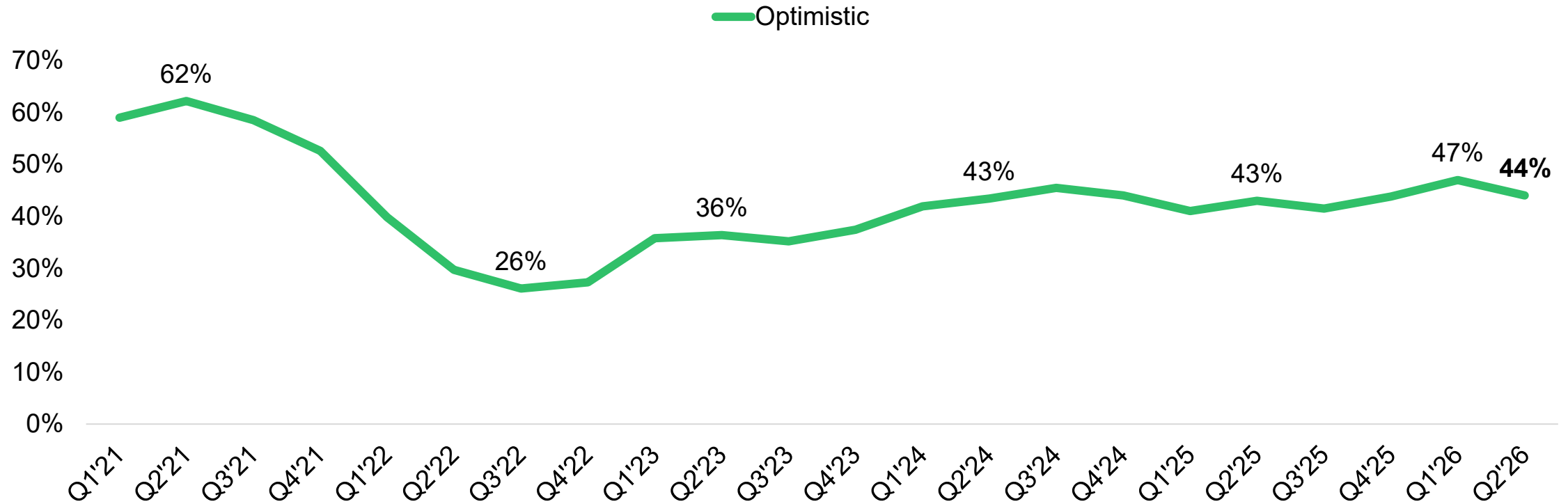


Inflation remained flat at 2.8% in May. However, the full effect of the Iran Conflict has yet to be felt, with energy price caps set to rise in Q3.

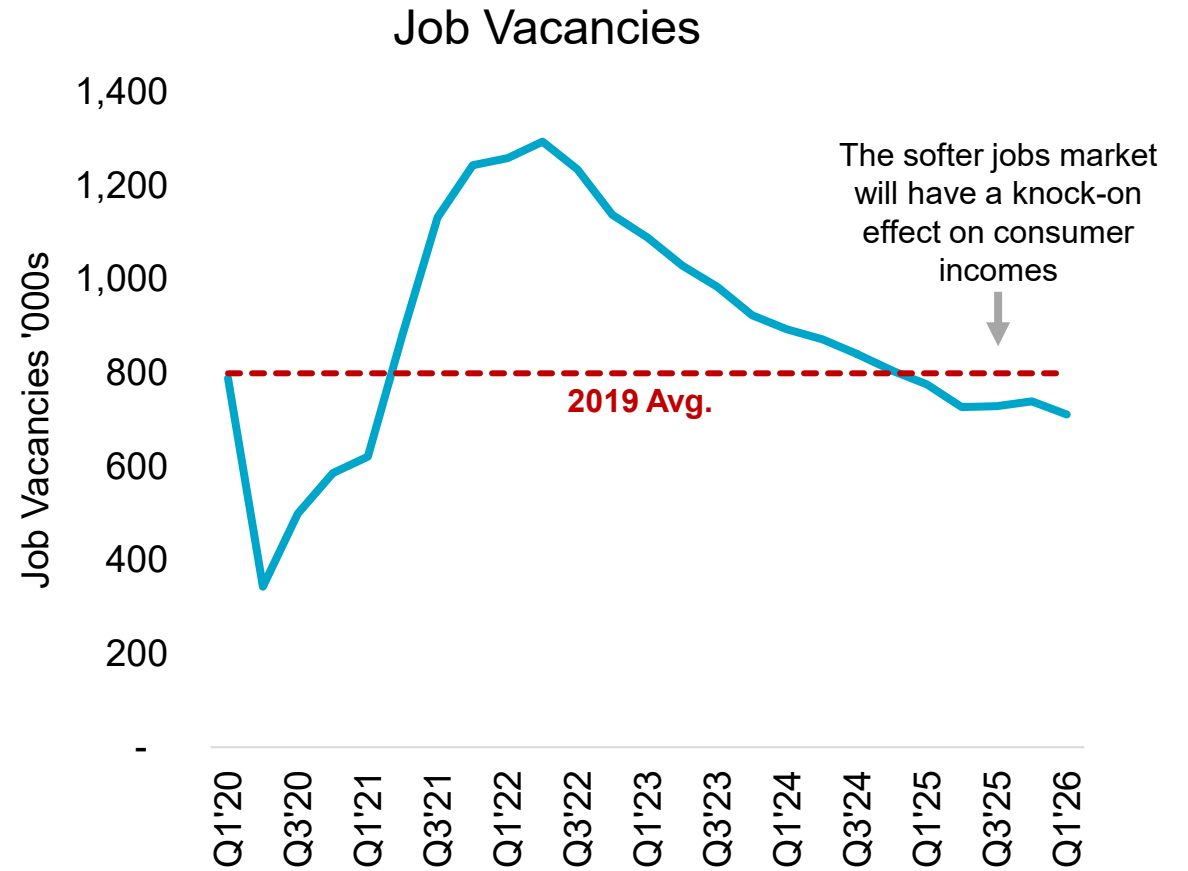
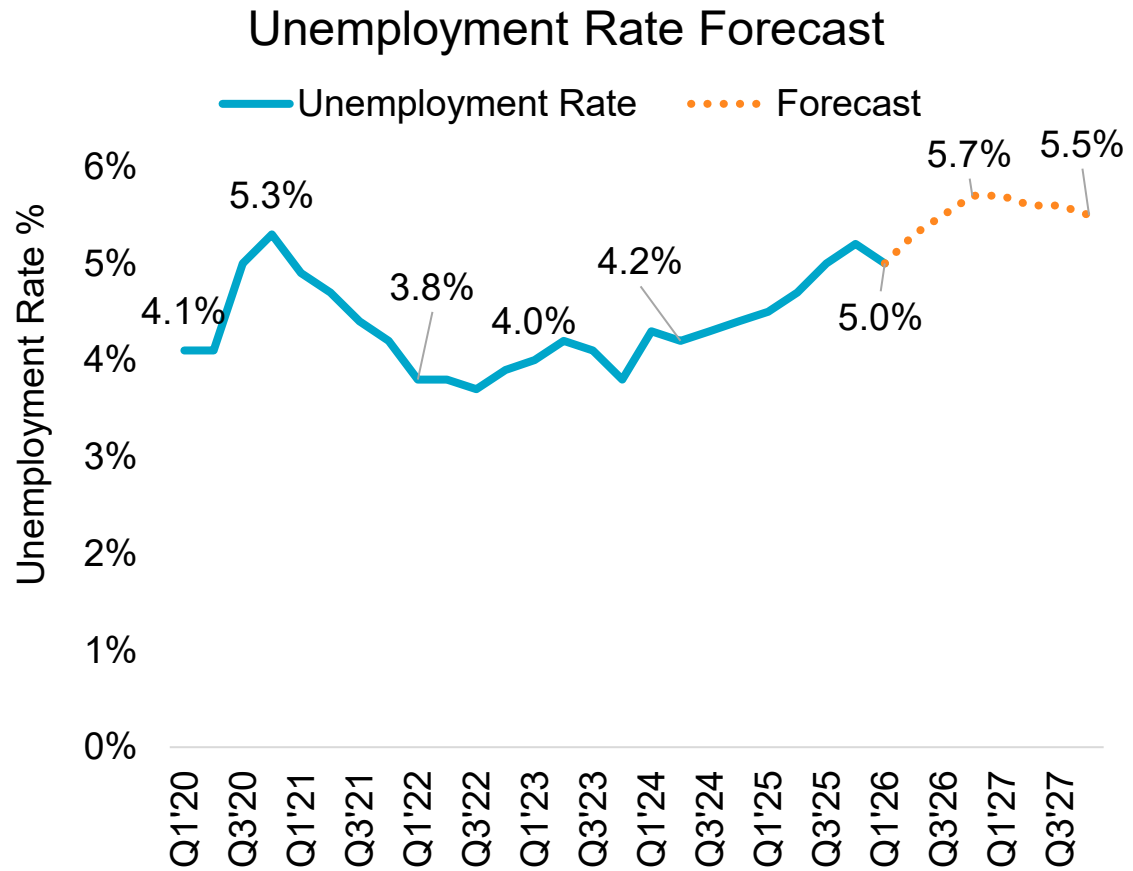


Resurgent inflation put a clear dent in consumer optimism, signalling greater consumer caution around spending and credit usage in the months ahead

How optimistic are you about your household finances in next 12 months?

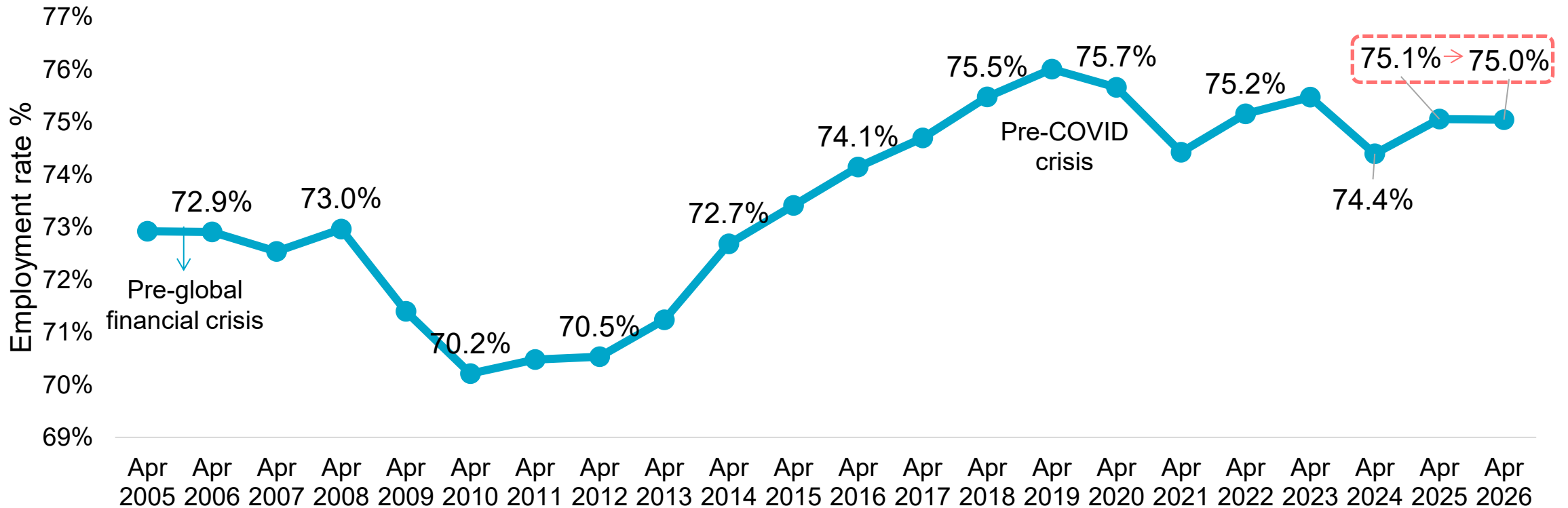


The labour market is no longer as supportive as it was over the last five years, leaving households more exposed in this latest inflationary squeeze

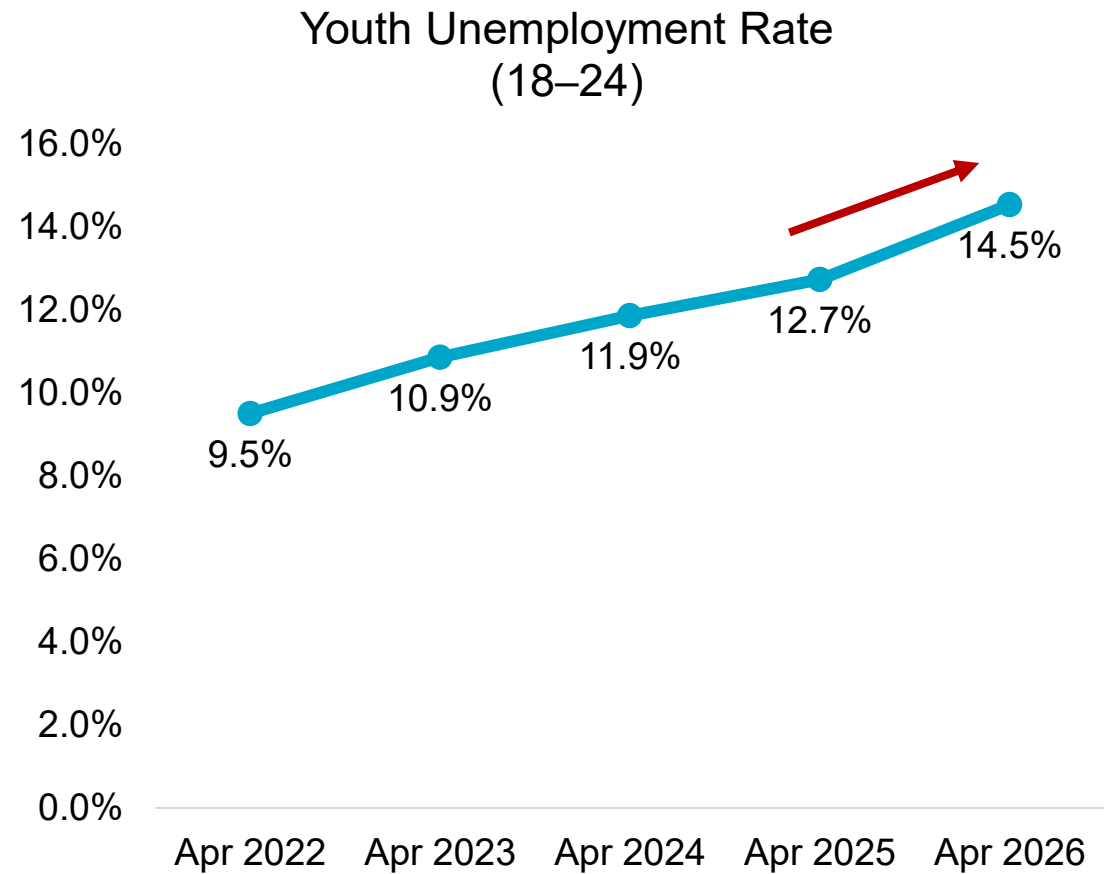
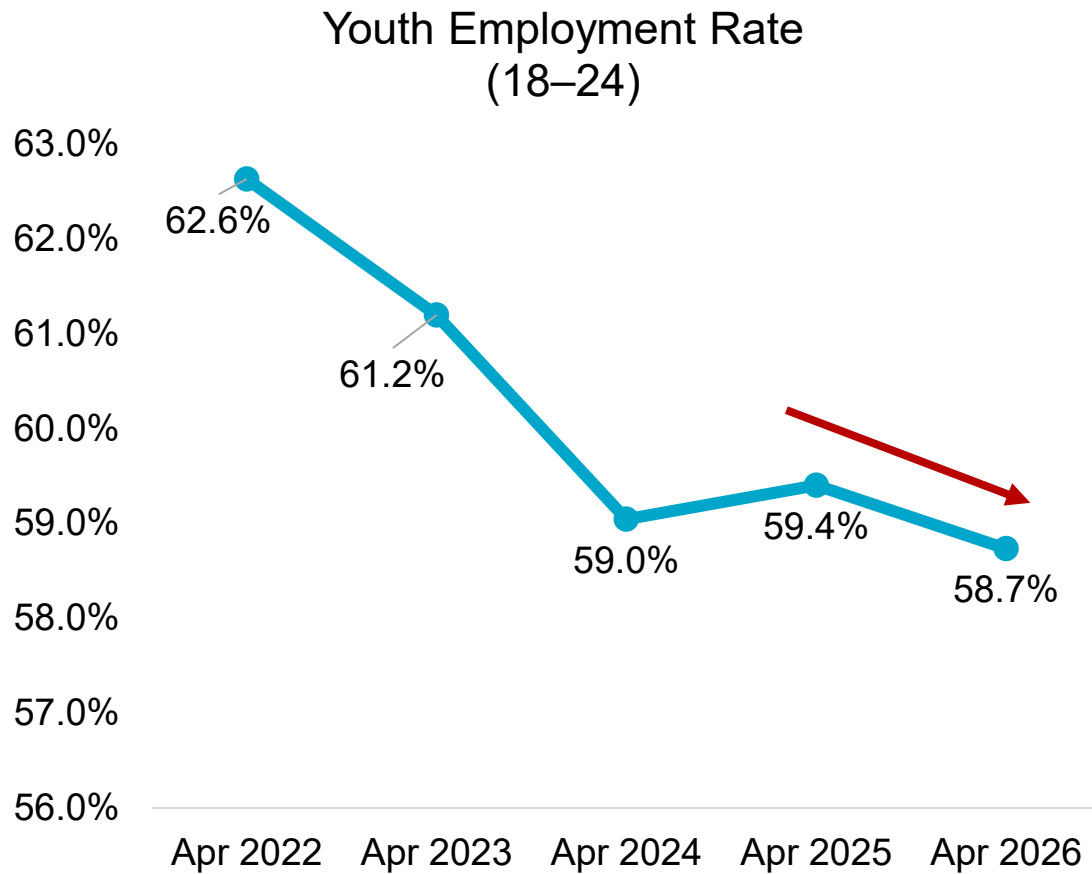


Actual employment levels remained relatively high and stable, though the softer labour market will weigh on this apparent stability in the coming year

Total in Employment
Proportion of those aged 16 to 64

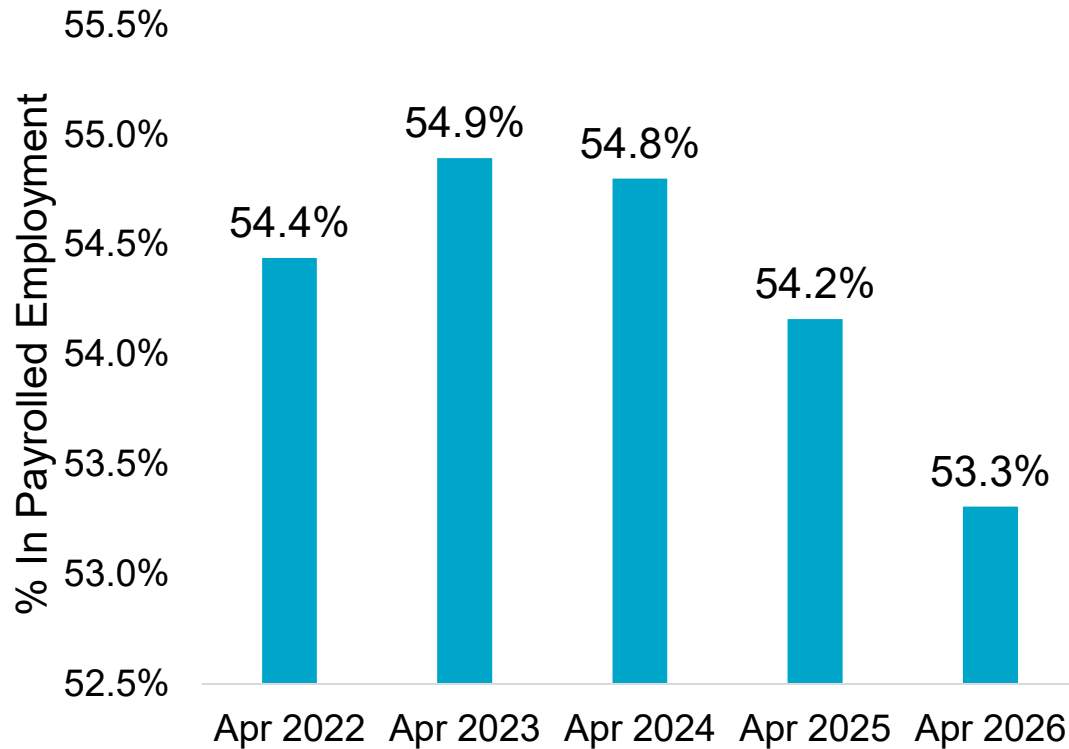


Rising youth unemployment further highlights pockets of increasing labour-market stress and hints at emerging affordability gaps

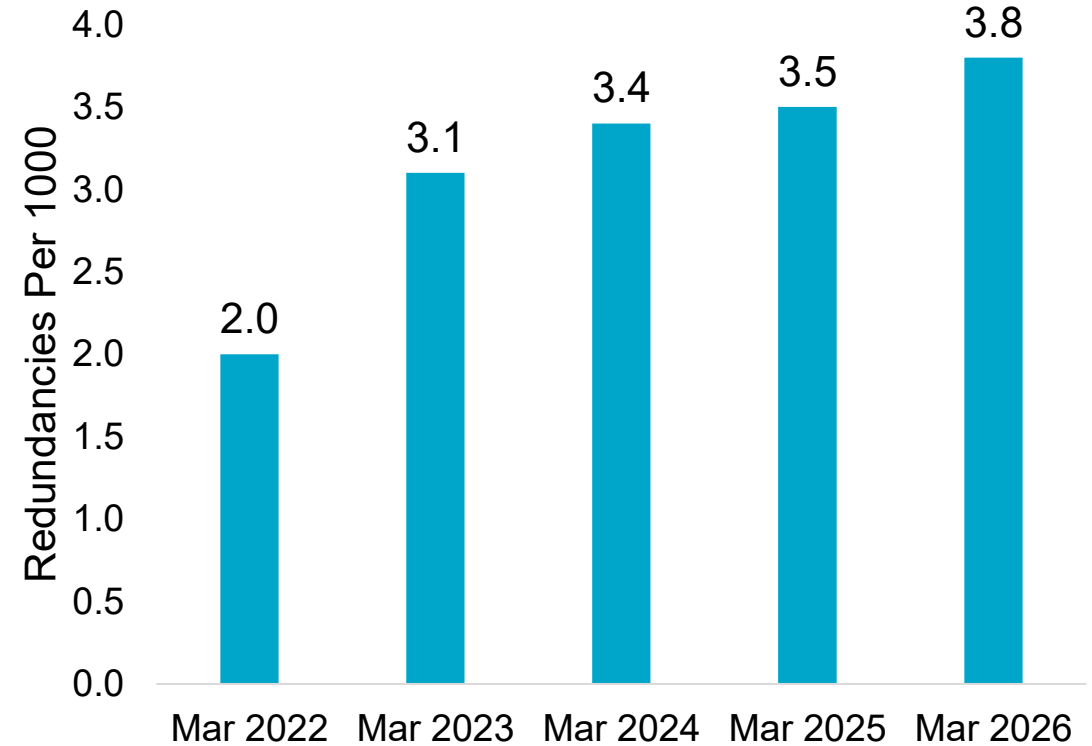


While total in employment remained flat at 75% YoY, the underlying quality of the employment base is under pressure with fewer in stable payrolled roles

Adults in "Payrolled" Employment (16 yrs and over)

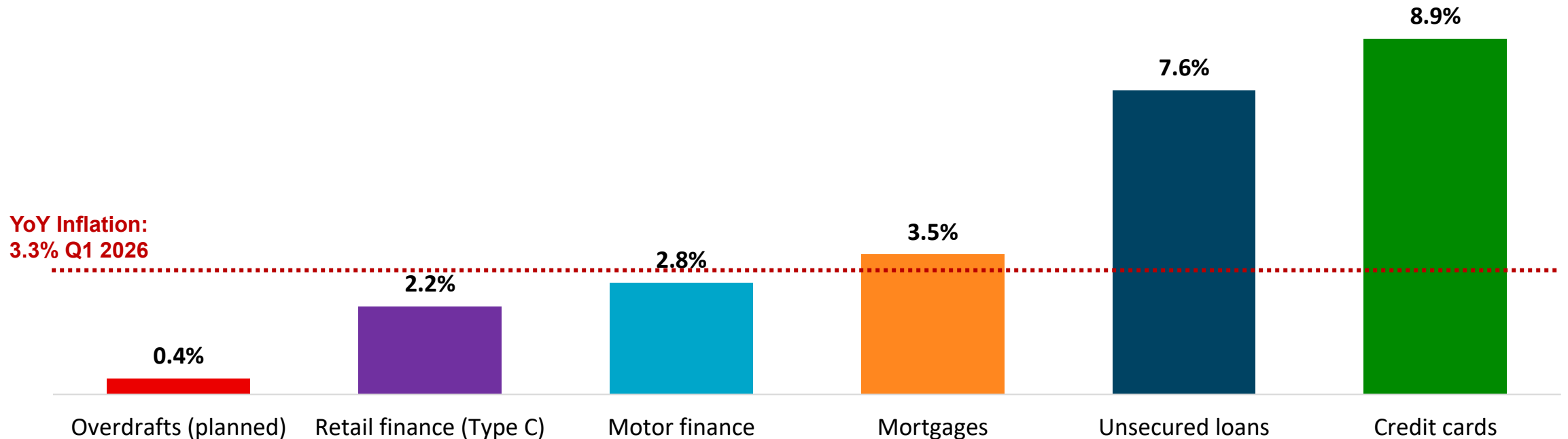


Redundancy Rate (Redundancies per 1000 employees)



Unsecured credit balances grew significantly YoY, with credit cards and loans leading the field in both increased supply and balance growth

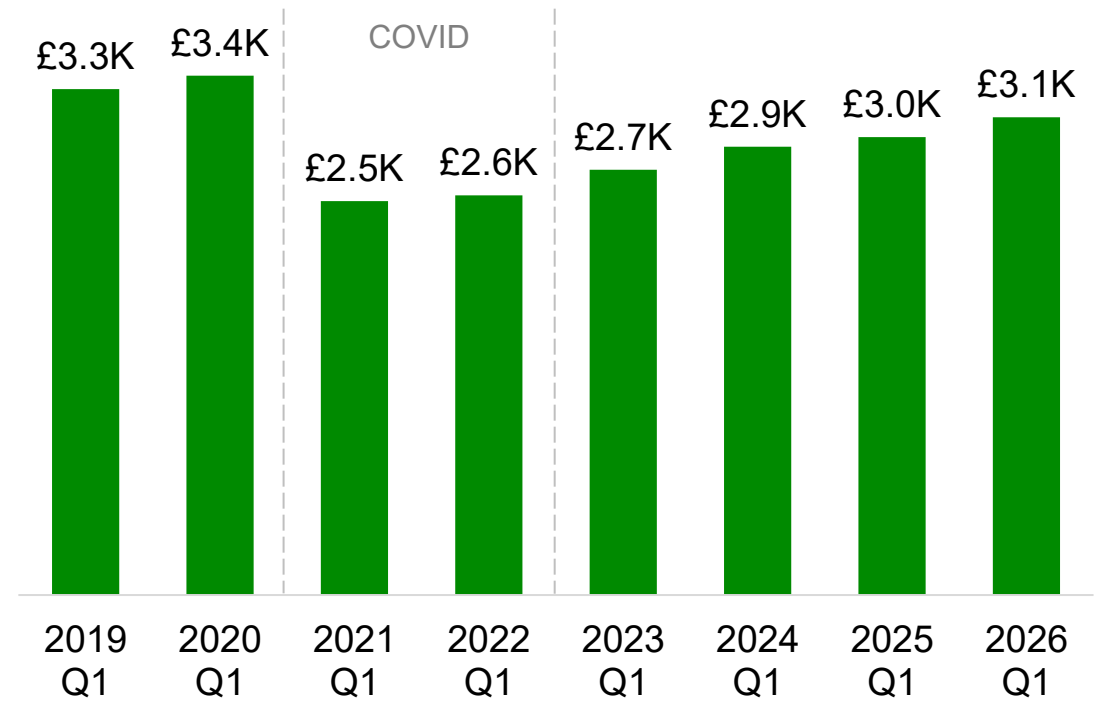
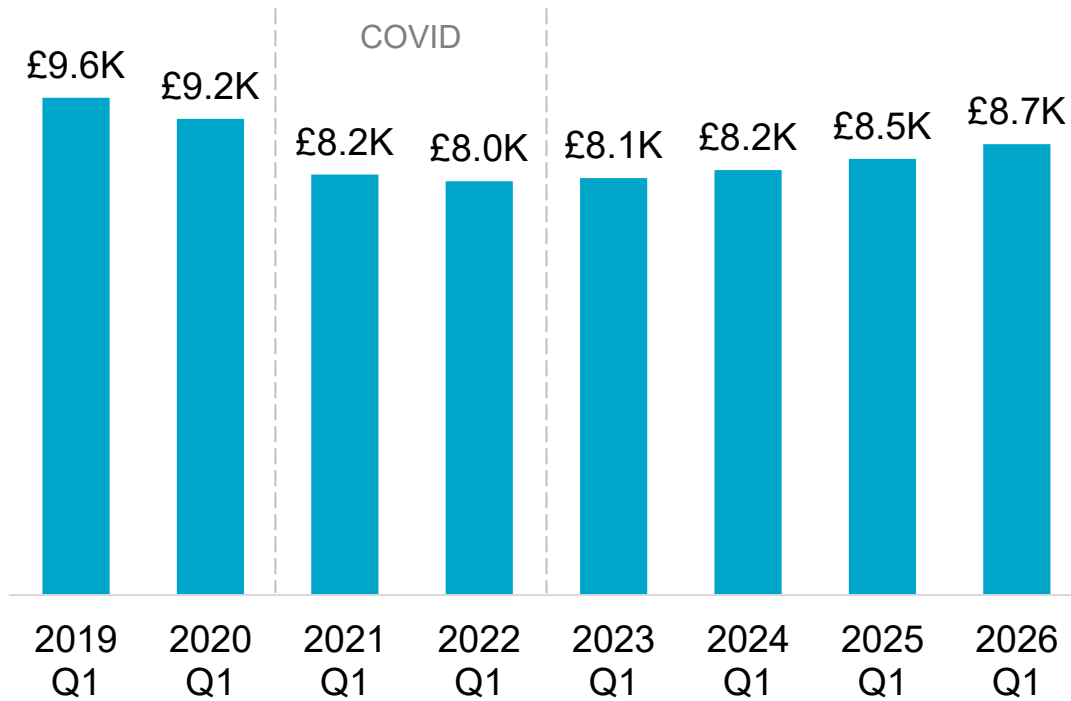
YoY Growth in Total Outstanding Balances Q1 2026



Credit balances continued a multiyear growth trajectory in Q1, but relative to pre-COVID levels, these balances are more sustainable than they appear

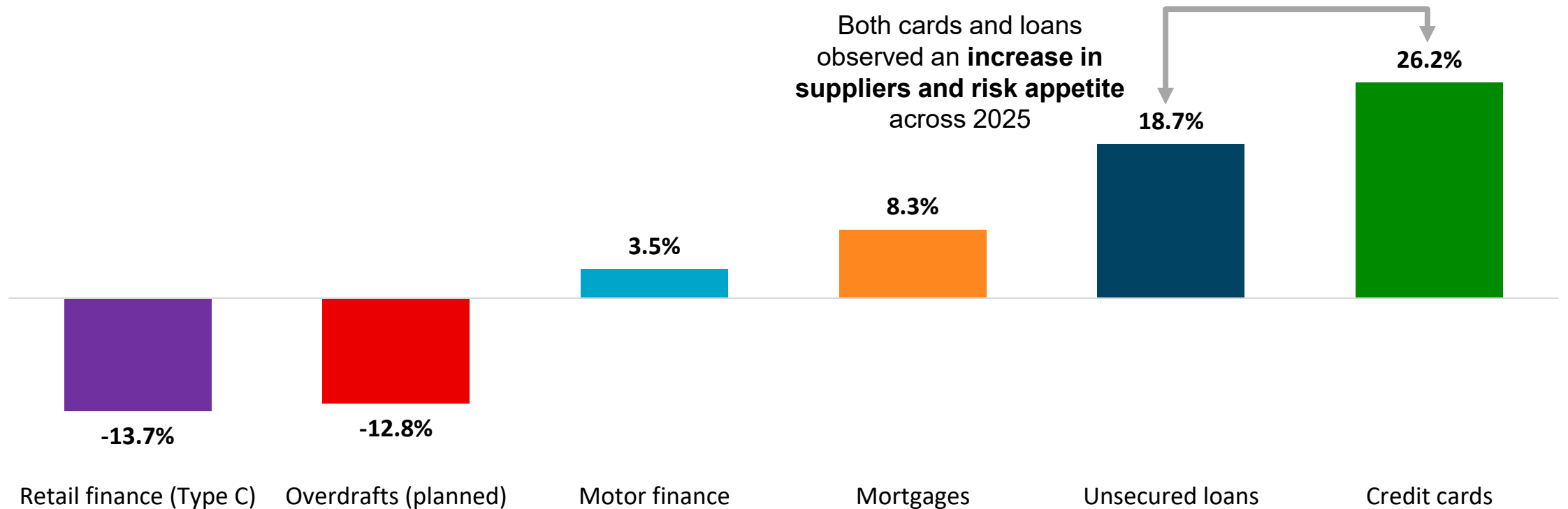
Average 'All Unsecured' Debt per Borrower With a Balance

Average Credit Card Debt per Borrower With a Balance



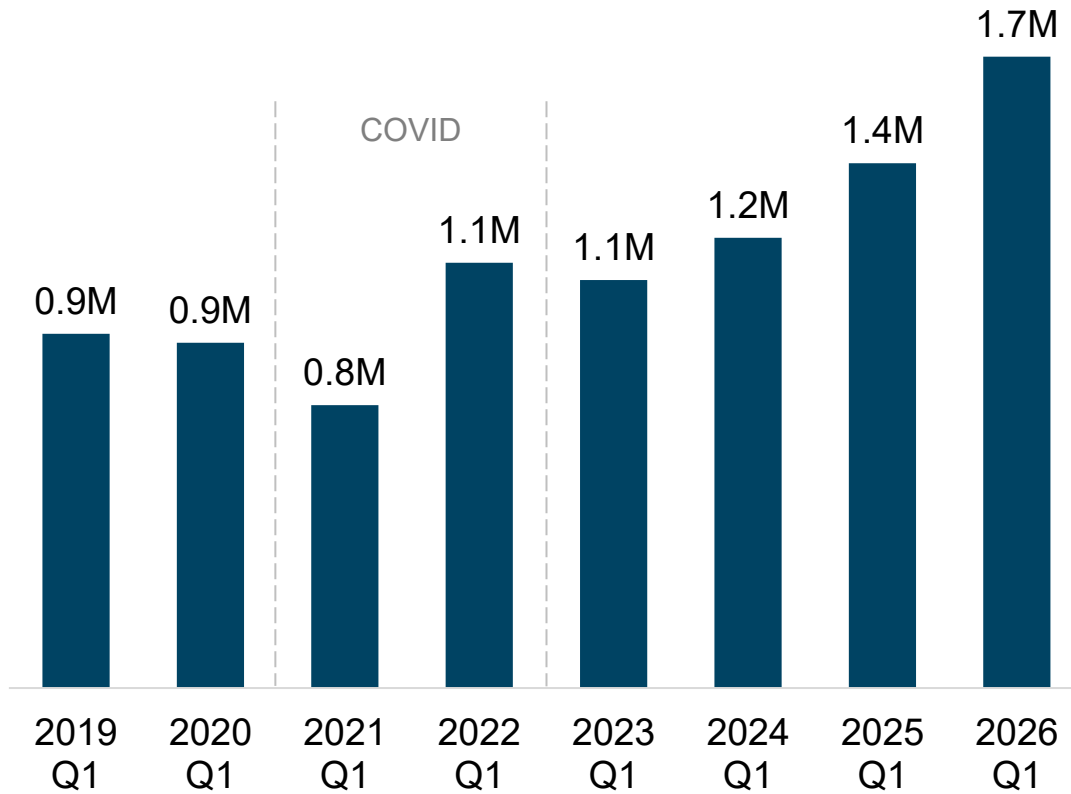
The growth story was even more evident in the originations view, with significant growth in new product issuance, continuing a two-year year trend

YoY Growth in New Product Openings (Q4 2025)

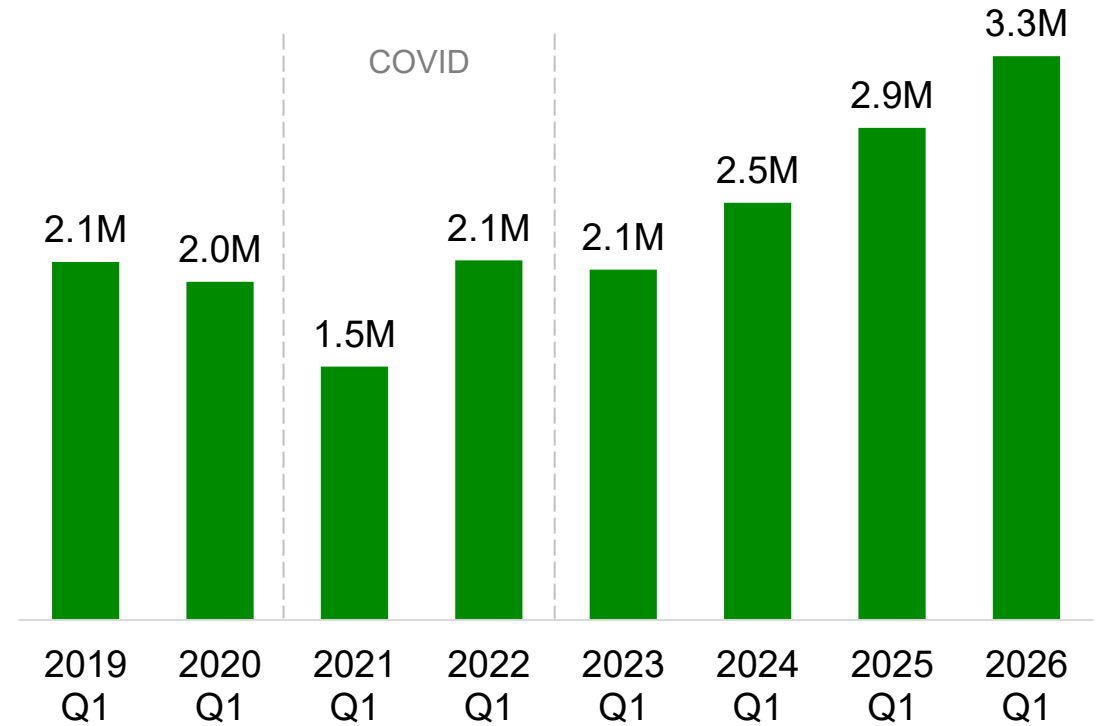


The market experienced increased lender competition, with lenders increasing credit availability to higher-risk consumers

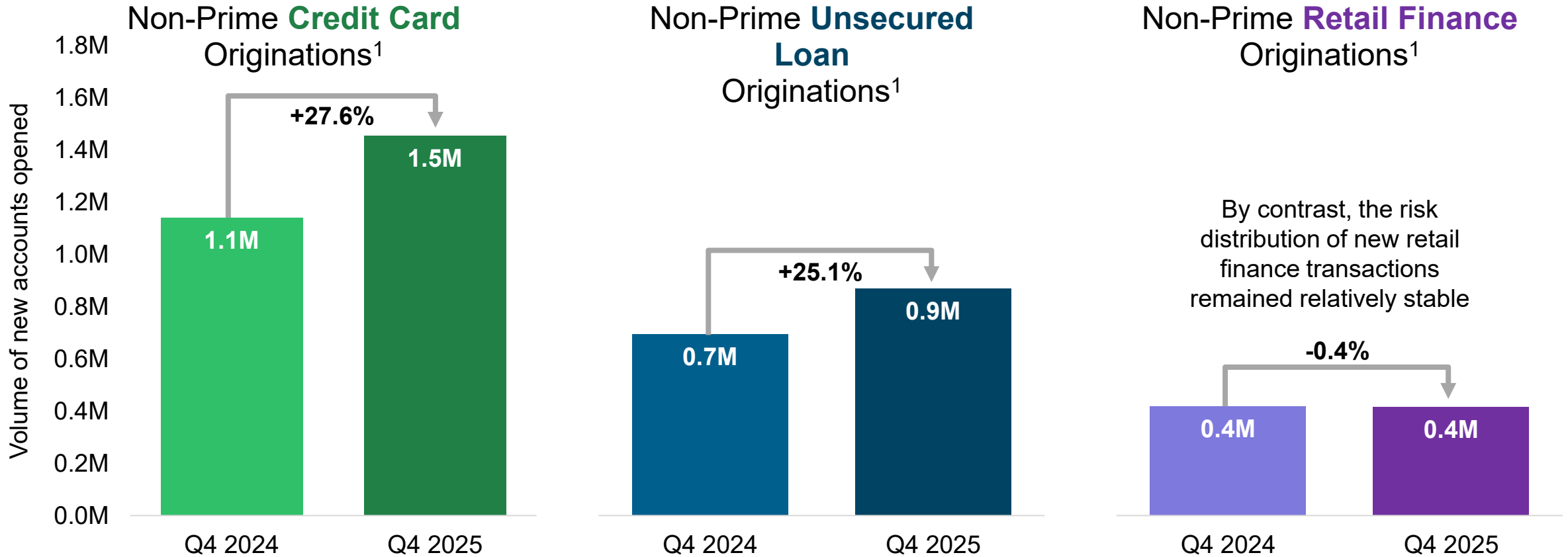
Unsecured Loan Originations



Credit Card Originations



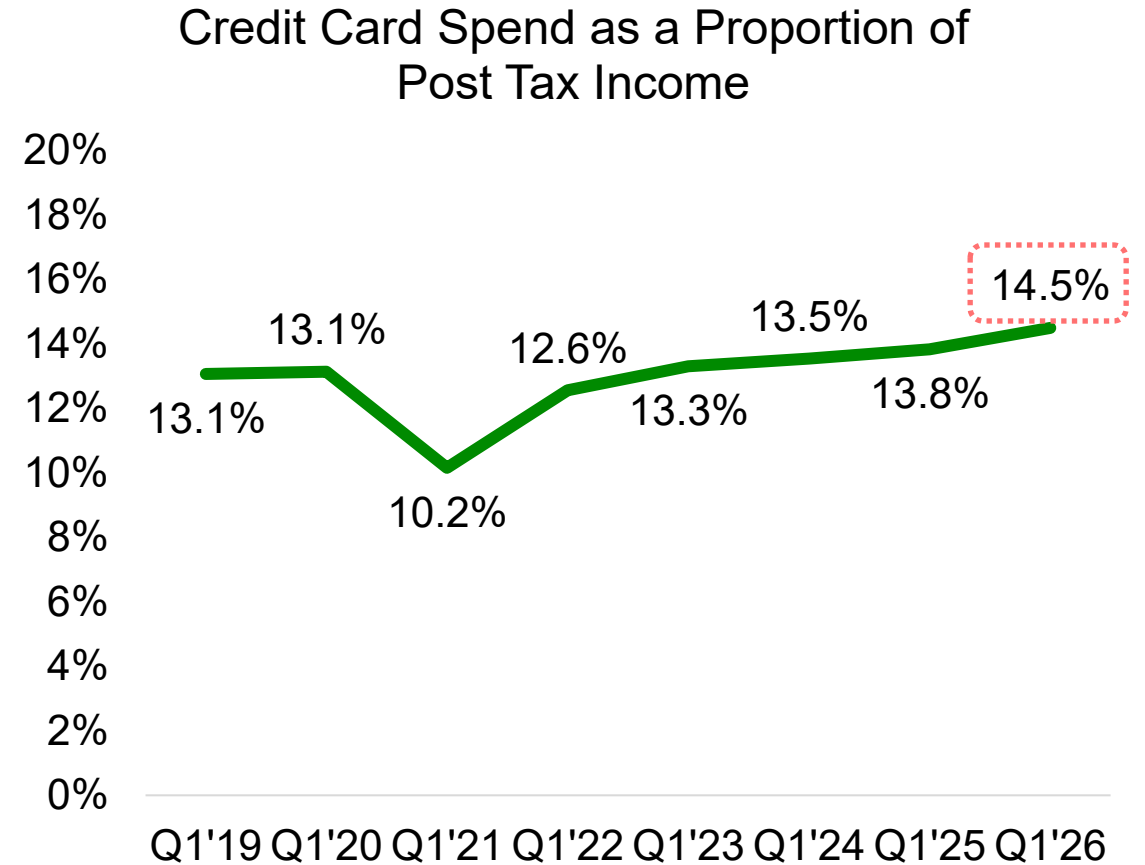
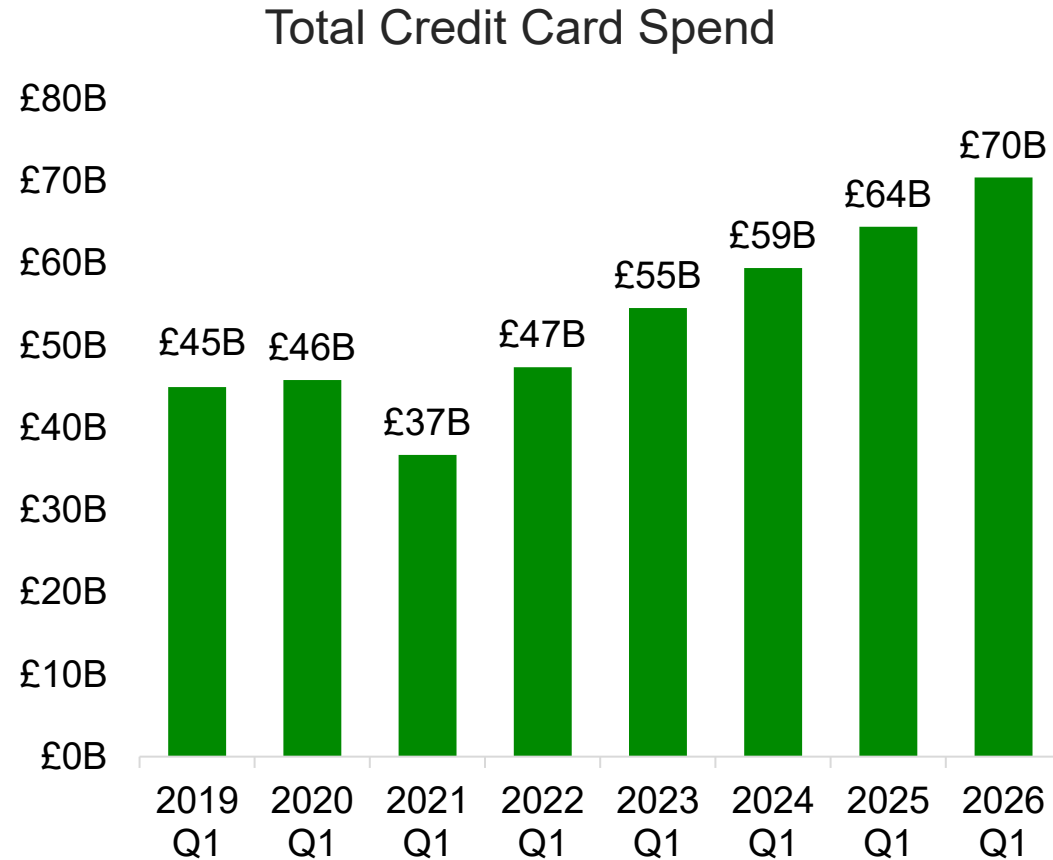
A significant portion of the growth was driven by a higher risk appetite, with non-prime originations up 28% for cards and 25% for loans



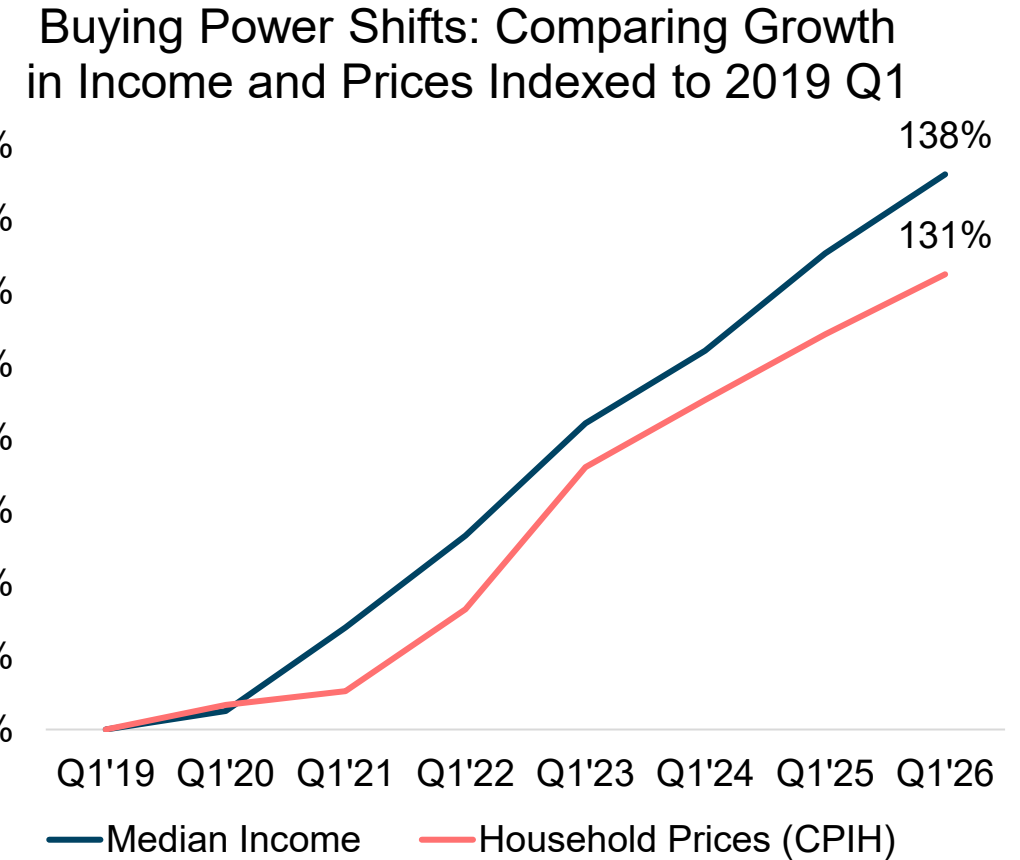
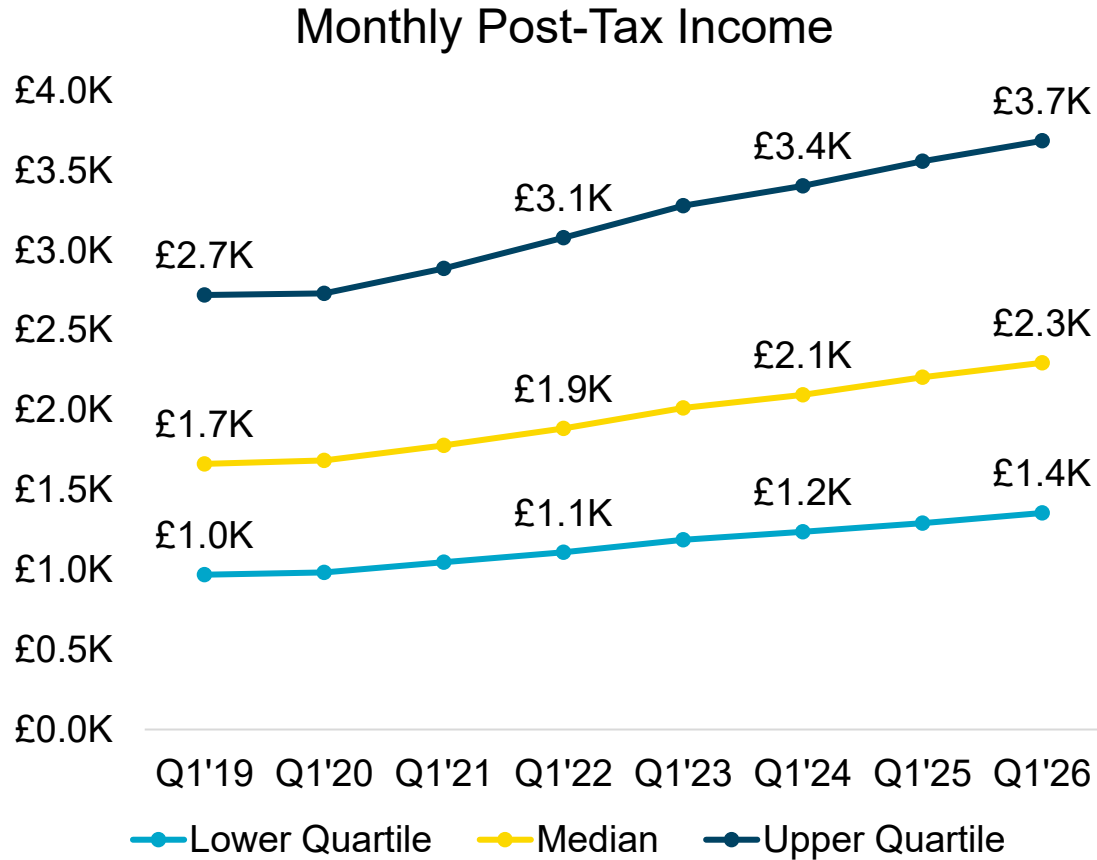
Source: TransUnion U.K. consumer credit database (Q4 2025)



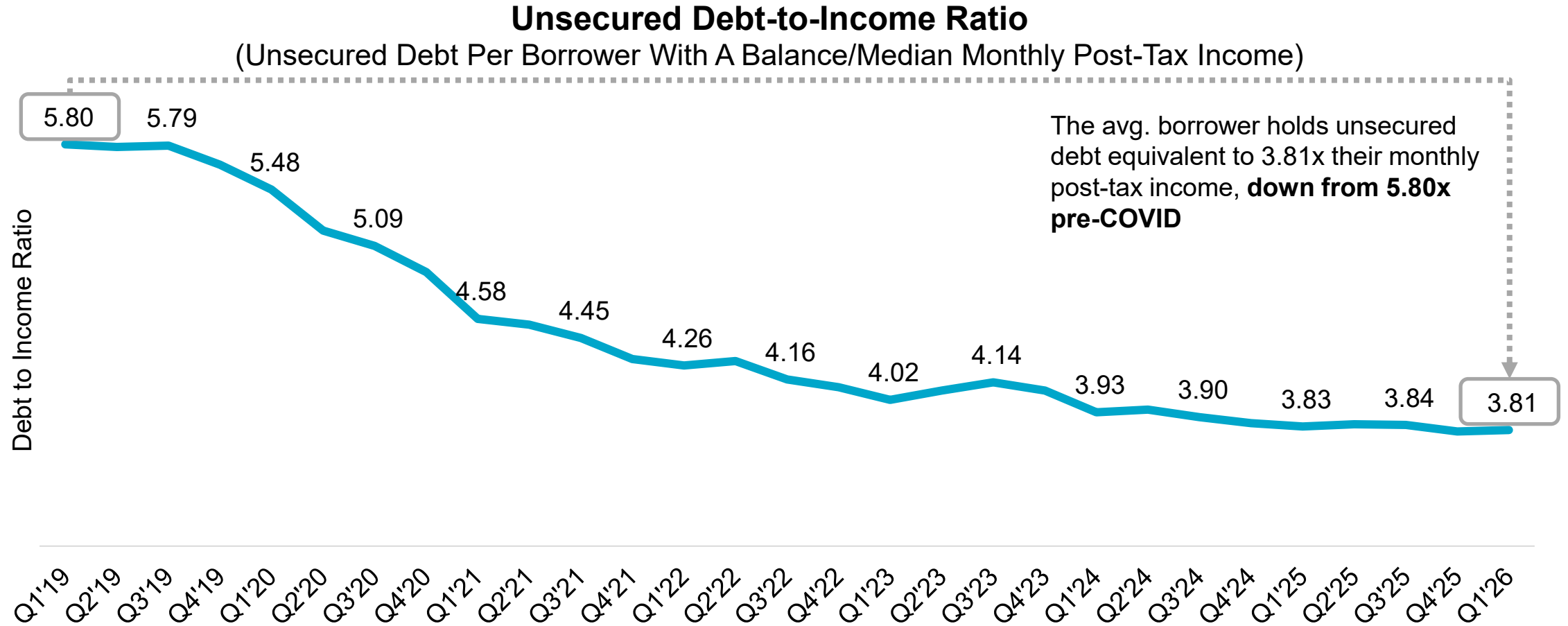
Credit card spend rose 9.3% YoY, continuing a multiyear trend of strong growth. This can be partly attributed to strong income growth.



Incomes grew notably across all income levels in recent years, with median income growth outpacing price inflation, boosting purchasing power

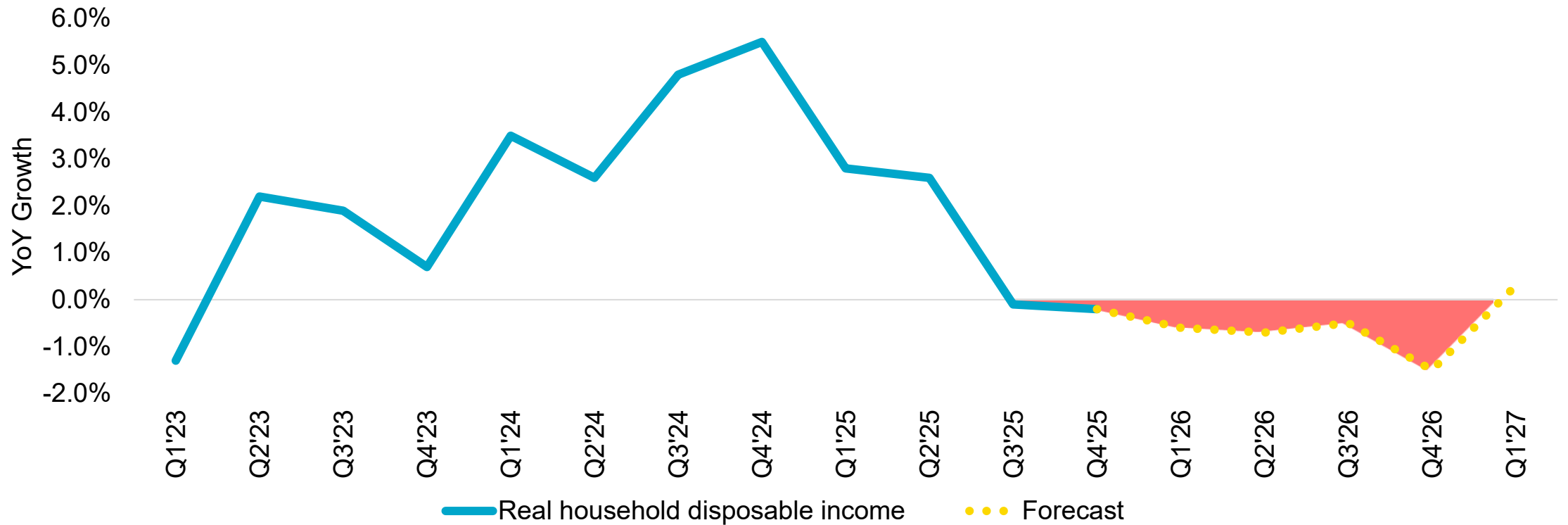


Despite rising debt balances, consumers weren't overstretched; stronger incomes kept debt-to-income ratios at the **lowest level seen in two decades**

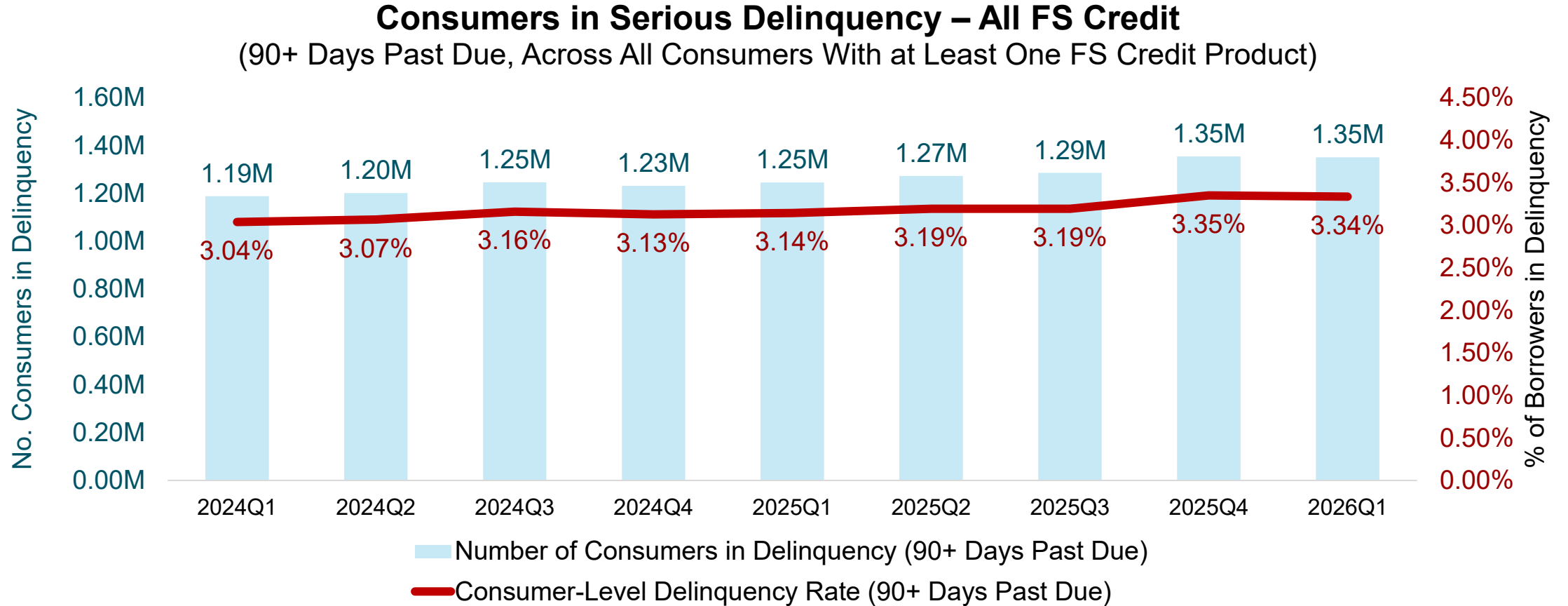


Consumers weathered the 2022–2024 inflation shock with a tight jobs market and strong wage growth. This latest shock won't have the same mitigating support.

Real Household Disposable Income, YoY Growth (i.e. income growth adjusted for price inflation)

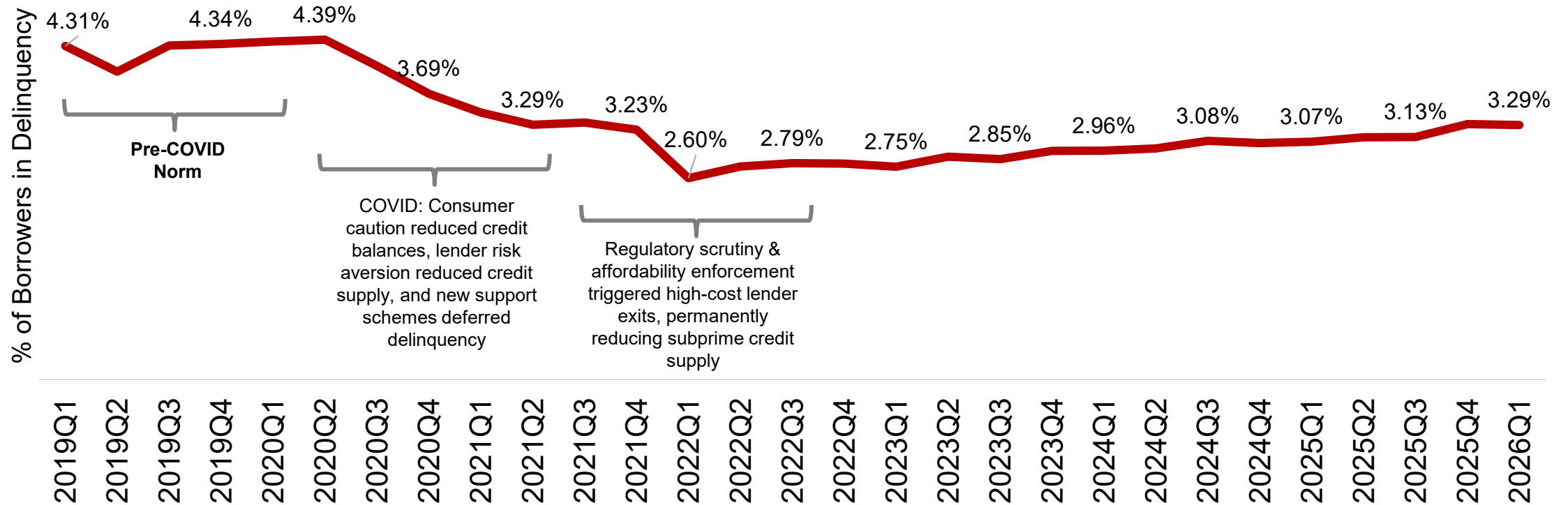


The volume and proportion of consumers with at least one product in serious delinquency remained relatively stable, tracing a slow upward trend



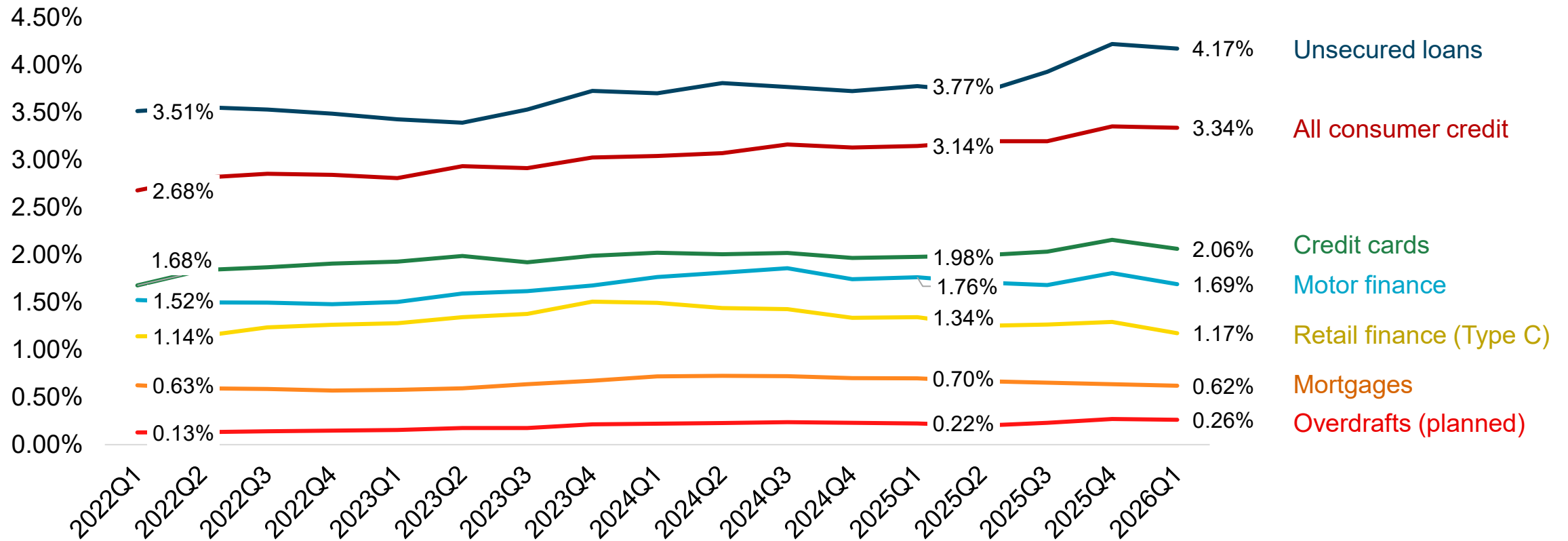
The proportion of consumers experiencing serious delinquencies remained relatively low compared to historic standards but is trending upward

Consumers in Serious Delinquency – Unsecured Credit
 (90+ Days Past Due, Across All Consumers With At Least One FS Credit Product)



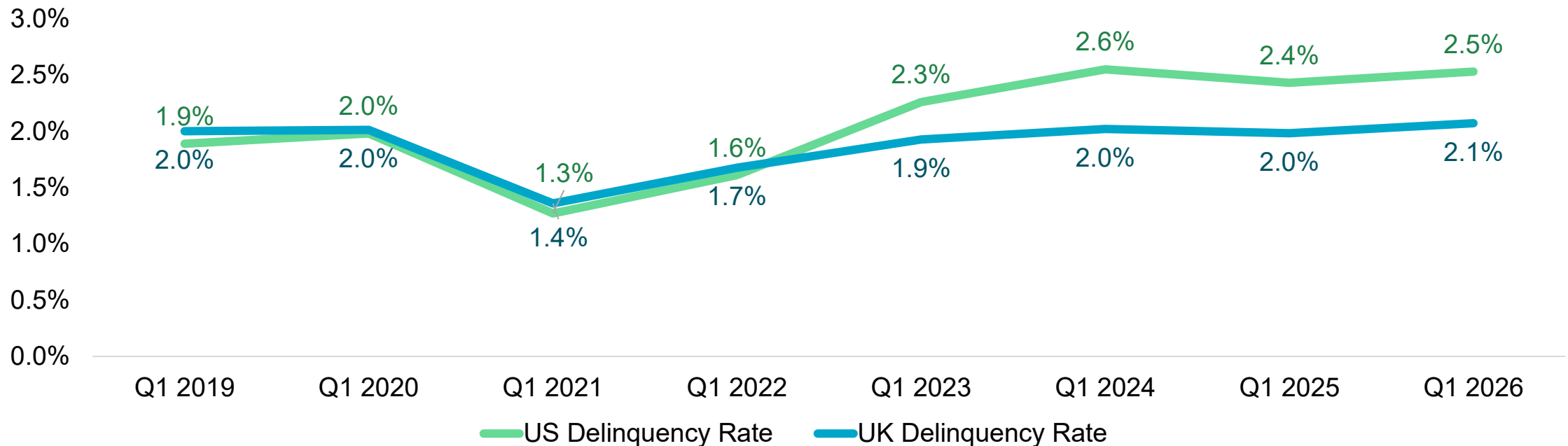
A slight uptick in unsecured loans delinquency rates was observed in Q3 and Q4 2025, though the trend appeared to have stabilised in Q1 2026

Consumer Level Delinquency Rates (90+ DPD)



Despite the slight upward trend in delinquencies, UK consumer finances remained relatively robust compared to pre-COVID levels and other regions

Credit Card Consumer-Level Delinquency Rates (90+ Days Past Due)

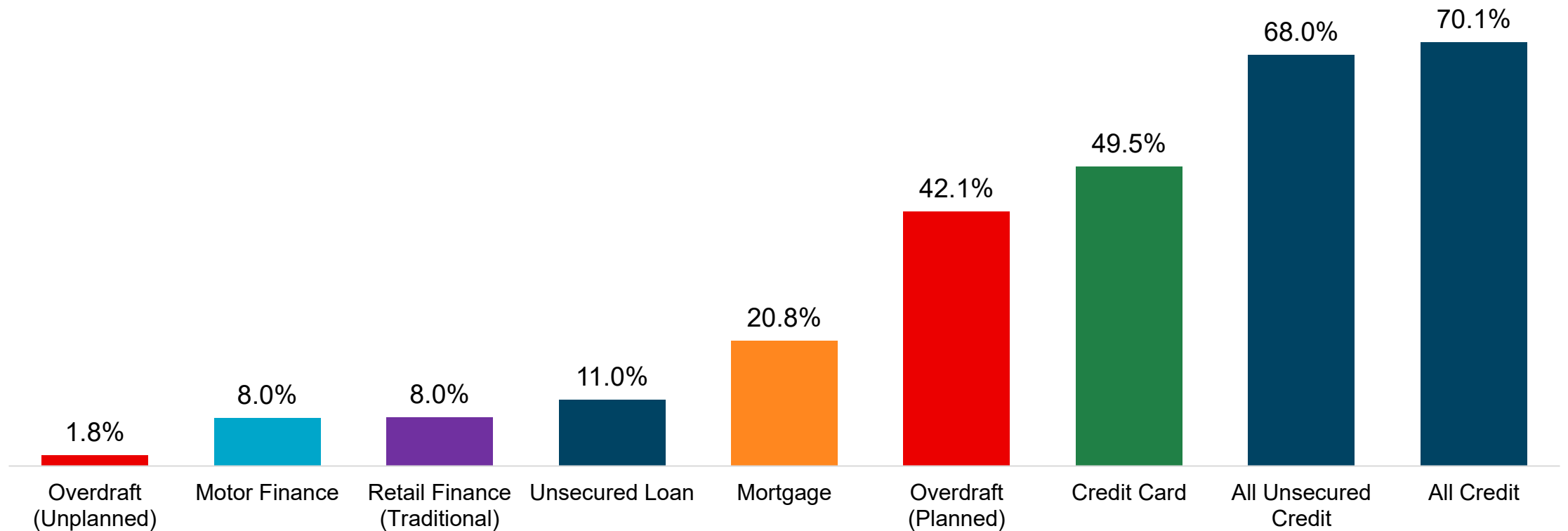


Context: The US observed higher risk appetites and a significantly higher growth in consumer indebtedness. By contrast, the UK's relative stability reflects more conservative lending practices and lower risk appetite despite many lenders easing risk thresholds in 2025. This gives lenders headroom to grow and selectively take on new risk, despite recent pressure on business and consumer confidence.



Of UK consumers, 70% hold credit products and 56% carry an active balance. This is relatively conservative compared to the 97% holding credit in the US.

% UK Adults Holding Credit by Product Type



Wrap Up: The Near-Term Outlook

Consumers still stable, but pressure is building

- Debt burdens remained relatively contained, with unsecured debt-to-income still well below pre-COVID levels.
- However, inflation re-accelerated, confidence weakened and a softer labour market is likely to place household finances under greater strain in the coming quarters.

Growth was lender-led, aligning with previously unmet consumer demand

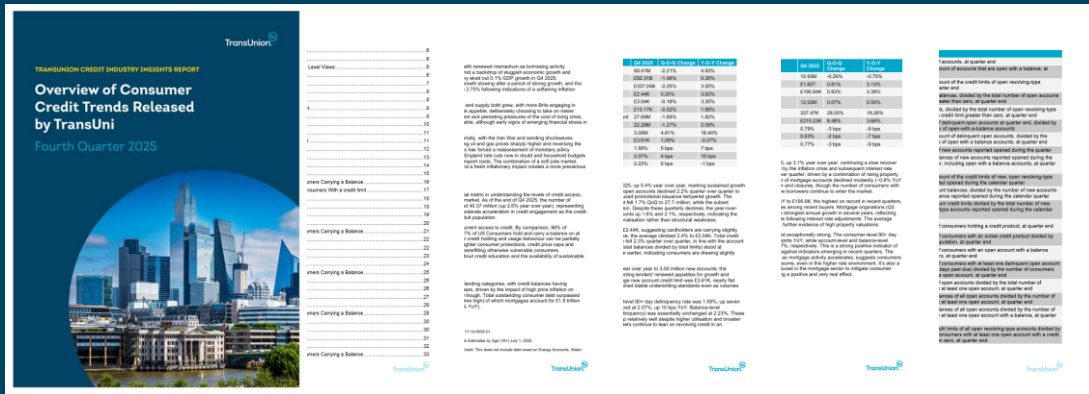
- Credit growth in 2025 was driven mainly by stronger competition, rising originations and a clear increase in lender risk appetite.
- That was most evident in cards and unsecured loans where non-prime originations rose sharply — while retail finance risk mix was broadly stable.

Arrears expected to drift higher, but risk remains manageable

- The higher risk appetite in 2025 and higher consumer pressures will inevitably cause portfolio delinquency rates to edge up.
- However, overall risk levels remained near historic lows, and most consumers weren't yet overstretched.

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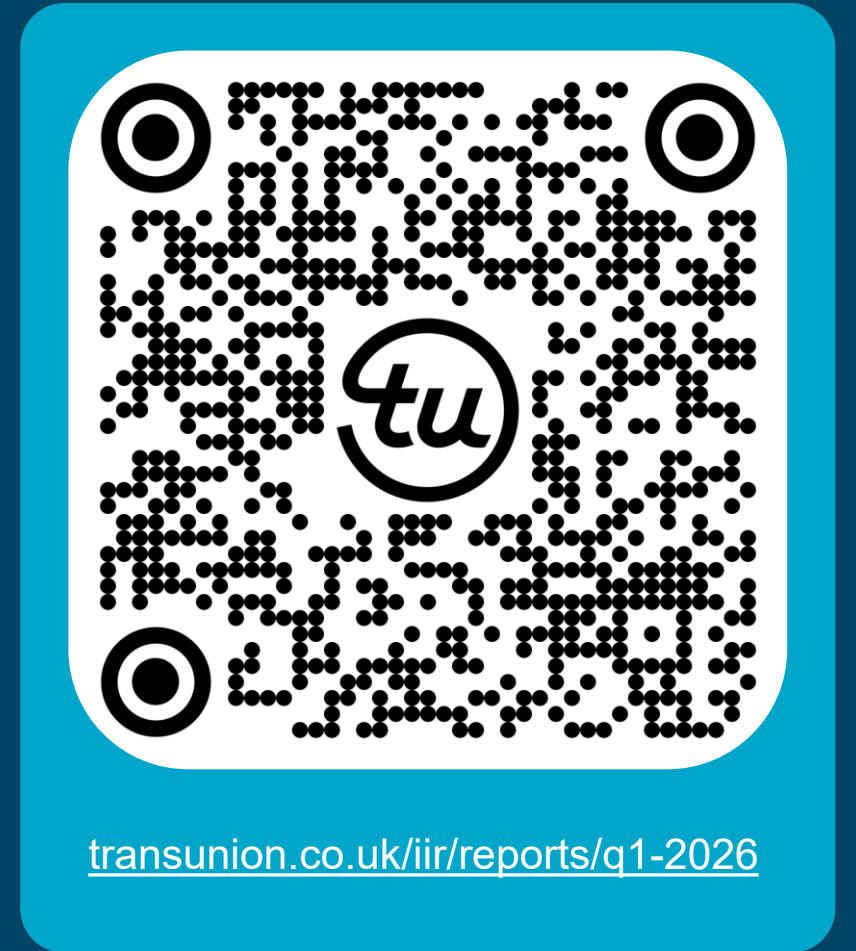
Executive Summary – Download Now!



Chartbook – Available upon request*



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