

## Consumer Attitudes towards Debt - UK - July 2017

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"Cheap loans and attractive credit card deals have fuelled a boom in unsecured lending since the recession. However, the economic fallout from Brexit means consumers are already feeling the squeeze of a combination of rising prices and slow wage growth.

– **Rich Shepherd, Senior Financial Services Analyst**

This report looks at the following areas:

- **Surge in micro-debts points to the first signs of difficulty**
- **On balance, Brexit is expected to cause problems for borrowers**
- **Will Open Banking make it easier for challengers to compete?**

Unsecured credit has boomed in the last few years, and total consumer credit gross lending reached £250 billion in 2016. Record-low interest rates, boosted further by the reduction to the base rate in August 2016, have incentivised consumers to take advantage of the current climate to fund big-ticket purchases. Despite this, consumers remain generally averse to using debt if they can avoid it, with most consumers looking to reduce the amount that they owe in the near future.

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## Table of Contents

### Overview

What you need to know

Definitions

### Executive Summary

The market

Low rates mean credit is still attractive despite gathering clouds

Figure 1: UK interest rates, January 2012 – May 2017

Figure 2: Annual inflation rate, RPI and CPI, Q3 2007 – Q1 2017

Consumer confidence is starting to fall

Figure 3: The financial confidence index, January 2016 – May 2017

Gross consumer credit lending reached £260.2 billion in 2016

Figure 4: Annual gross and net credit card lending, not seasonally adjusted, 2010-2016

Figure 5: Annual gross and net other consumer credit lending, not seasonally adjusted, 2010-2016

The consumer

61% of consumers have outstanding unsecured debts

Figure 6: Credit product ownership, May 2017

Micro-debts have increased in the last year

Figure 7: Amount owed on unsecured credit products, May 17

Paying off debt is the priority for most

Figure 8: Plans for credit use/repayment in the next two years, May 2017

Consumers are largely undecided on the impact of Brexit

Figure 9: Anticipated effects of Brexit on credit markets, May 2017

Cost is key when choosing a credit product but brand is still a factor

Figure 10: Attitudes towards debt, May 2017

Credit cards are the favoured form of credit

Figure 11: Preferred form of credit for different purchases, May 2017

What we think

### Issues and Insights

Surge in micro-debts points to the first signs of difficulty

The facts

The implications

On balance, Brexit is expected to cause problems for borrowers

The facts

The implications

Will Open Banking make it easier for challengers to compete?

The facts

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The implications

## The Market – What You Need to Know

Low rates mean credit is still attractive despite gathering clouds

Consumer confidence is starting to fall

Gross consumer credit lending reached £260.2 billion in 2016

Mortgage lending is expected to slow

Write-offs and bankruptcies fell again last year

## Economic Outlook

GDP growth fell to 0.2% in Q1 2017

Figure 12: Gross domestic product, quarterly change (seasonally adjusted), Q1 2012 – Q1 2017

Rising prices put the squeeze on consumers...

Figure 13: Annual inflation rate, RPI and CPI, Q3 2007 – Q1 2017

...as wage growth fell last year

Figure 14: Annual wage growth, UK, 2007-2016

Interest rates remain attractive for borrowers

Figure 15: UK interest rates, January 2012 – May 2017

Unemployment fell throughout 2016

Figure 16: UK unemployment rate, Q3 2007 – Q1 2017

A note on Brexit

## Consumer Financial Well-being

Inflation has hit financial well-being

Figure 17: The financial well-being index, January 2016 – May 2017

Figure 18: Current financial situation, May 2017

Most consumers' finances are about the same as last year...

Figure 19: Changes in household finances, January 2016 – May 2017

Figure 20: Changes in household finances, May 2017

... but confidence for next year is dropping

Figure 21: The financial confidence index, January 2016 – May 2017

Figure 22: Consumer sentiment for the coming year, May 2017

## Consumer Credit Lending

Gross lending continues to grow

Figure 23: Monthly gross and net unsecured lending to individuals, excluding the Student Loans Company, not seasonally adjusted, January 2010 – April 2017

Credit card balances increased by £5.5 billion in 2016

Figure 24: Annual gross and net credit card lending, not seasonally adjusted, 2010-2016

Growth in loan lending is expected to slow

Figure 25: Annual gross and net other consumer credit lending, not seasonally adjusted, 2010-2016

## Mortgage Market Lending

Mortgage lending was boosted by a surge in BTL sales in 2016

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Figure 26: Gross and net mortgage lending, not seasonally adjusted, 2012-16

Mortgage approvals fell after the EU referendum

Figure 27: Quarterly number of mortgage approvals, by purpose, not seasonally adjusted, Q1 2012 – Q1 2017

## Write-offs, Repossessions and Insolvencies

Write-offs fall despite credit card rise

Figure 28: Value of write-offs to loans to individuals, not seasonally adjusted, 2012-16

Mortgage arrears and repossessions stable through 2016

Figure 29: Quarterly repossessions and mortgage arrears (at least 2.5%), Q1 2012 – Q1 2017

Rise in IVAs fuels increase in all insolvencies

Figure 30: Individual insolvencies in England and Wales, by type, not seasonally adjusted, 2012-16

Online bankruptcies help to remove stigma

Figure 31: Individual bankruptcies in England and Wales, by petition type, not seasonally adjusted, 2012-16

## The Consumer – What You Need to Know

61% of consumers have outstanding unsecured debts

Micro-debts have increased in the last year

Paying off debt is the priority for most

Consumers are largely undecided on the impact of Brexit

Cost is key when choosing a credit product but brand is still a factor

Credit cards are the favoured form of credit

## Credit Product Ownership

61% of consumers have outstanding unsecured debts

Figure 32: Credit product ownership, May 2016 vs May 2017

25-44-year-olds are the most likely to have unsecured debt

Figure 33: Credit product ownership, by age, May 2017

Hard-up consumers most likely to use an overdraft or borrow from peers

Figure 34: Ownership of selected unsecured credit products, by current financial situation, May 2017

Half of those with unsecured debt only have one type of product

Figure 35: Unsecured credit product ownership, repertoire analysis, May 2017

Figure 36: Unsecured credit product ownership, by number of unsecured credit products owned, May 2017

## Level of Outstanding Unsecured Debt

Micro-debts have increased in the last year

Figure 37: Amount owed on unsecured credit products, 2012-17

More well-off consumers more likely to have larger unsecured debts

Figure 38: Amount owed on unsecured credit products, by gross annual household income, May 2017

## Expected Debt Situation in the Next Two Years

Paying off debt is the priority for most

Figure 39: Plans for credit use/repayment in the next two years, May 2017

Card users are less sure about their plans for credit use

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Figure 40: Plans for credit use/repayment in the next two years, by amount owed on unsecured credit products, May 2017

Figure 41: Plans for credit use/repayment in the next two years, by unsecured credit product ownership, May 2017

## Anticipated Effects of Brexit

Consumers are largely undecided on the impact of Brexit

Figure 42: Anticipated effects of Brexit on credit markets, May 2017

Three in ten say Brexit will make it harder to repay debt

Interest rates considered more likely to go up than down...

... but credit should be freely available still

## Attitudes towards Debt

Cost is key when choosing a credit product...

... but brand is still a factor

Figure 43: Attitudes towards debt, May 2017

Half would be interested in borrowing guidance from their bank

Most consumers' borrowing plans are unaffected by Brexit...

Figure 44: Response to the statement "Uncertainty associated with Brexit is putting me off borrowing money", by age, May 2017

... but current debt users are more wary

Figure 45: Response to the statement "Uncertainty associated with Brexit is putting me off borrowing money", by unsecured credit product ownership, May 2017

A third of Millennials would prefer to rent than buy with credit

Figure 46: Response to the statement "I would prefer to rent/hire expensive items (eg car, furniture) rather than taking out credit to pay for them", by generation, May 2017

## Future Use of Credit Products

Credit cards are the favoured form of credit for almost all needs...

Figure 47: Preferred form of credit for different purchases, May 2017

... but consumers are generally reticent to use credit

Under-44s are more open to using credit for non-essentials

Figure 48: Future use of credit products - "Any type of credit", by age, May 2017

## Appendix - Data Sources, Abbreviations and Supporting Information

Abbreviations

Consumer research methodology

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