

R3 Personal Debt Snapshot (January 2016)

R3's latest Personal Debt Snapshot looked at British adults' financial planning and savings behaviour. The research shows that British adults monitor their own financial situation closely and most tend to plan ahead financially. However, the majority of adults do not save for their retirement and have never consulted an Independent Financial Advisor.

The research also shows that fewer British adults say they are struggling from payday to payday than at any point in the last six years. Just over a third (36%) of British adults say they often or sometimes struggle to payday. This is well down from a record high of 51% in May 2012.

A joint record low of 39% of British adults say they are at least fairly worried about their current level of debt. The last time debt worries were this low was in January 2012.

Key findings

Financial planning

- 80% of British adults say they check the balance on their current account(s) at least weekly and 66% say they go through their recent spending at least monthly. 14% say they never go through their recent spending.
- 64% of British adults say they never put spare money aside to save for retirement in the last 12 months.
- 41% of British adults say that they put money aside for specific necessities at least monthly in the last 12 months.
- Only 28% of British adults say they have ever consulted an Independent Financial Advisor.
- Almost a quarter of British adults (23%) say they have no savings at all at the moment.
- Women are more likely than men to say:
 - That they have never put money aside to save for retirement (67% to 62%).
 - That they have never put money aside to save for a rainy day (33% to 28%).
- Older people (aged 55+) are more likely than younger people (18-44) to say they have never:
 - Reached the limit on an overdraft for one of their current accounts (89% to 65%).
 - Reached the borrowing limit on credits cards (91% to 73%).
 - Received a penalty charge for late payment of a bill (88% to 68%).

Personal debt

- Two in five (39%) British adults say that they are at least fairly worried about their current level of debt.
- This represents a decline in debt worries: 41% in August 2015, 46% in March 2015, and the same level as January 2012 (39%).
- Women (42%) continue to be more likely to than men (36%) to say that they are worried about their current debt level.
- Younger British adults are more likely than older British adults to be worried. Half of 18-44 year olds (50%) say they are worried, compared to a third of 55-64 year olds (34%) and one in six of those aged over 65 (17%).

Struggling to payday

- More than a third (36%) of British adults say they often or sometimes struggle to make it to payday, the lowest level since tracking began in 2010.
- Women (42%) are considerably more likely than men (31%) to report that they struggle.
- The rising cost of basic expenses continues to be the main problem cited by those that struggle, particularly food (49%) and household energy (37%).

- The proportion of those struggling due to recent cuts in welfare benefits (12%) has remained stable since August 2015.
- Only 5% of British adults say they are likely to seek a payday or other short-term, high interest loan in the next six months, a slightly lower proportion than observed over the previous year (6% in August 2015, 8% in March 2015).

Financial situation and outlook

- British adults continue to be more likely to expect their personal finances to improve (26%) than to worsen (15%) over the next six months.
- Economic pessimism stands at a record low and remains at same level as August 2015.
- Younger adults are twice as likely to be optimistic as older people, with a third of 18-44 year olds (34%) expecting their financial situation to improve, compared to 17% of those aged over 55.

R3 commentary



“Smart phones and online banking have made it much easier for people to keep on top of their finances. This does make it easier to prevent spending from getting out of control. There is a big difference, however, between making budgets and sticking to them.”

“Younger people are more likely to hit borrowing limits, but they are not particularly worse than others when it comes to planning. This is down to two factors: on the one hand, younger people have less financial room for manoeuvre than older generations do; and on the other, they tend to have a more relaxed attitude to debt. Getting into debt seems to be part and parcel for financial planning for younger generations.”

“Looking more broadly, low inflation, low interest rates, and some real wage growth have helped British personal finances into an increasingly better shape. We’re seeing record low levels of economic pessimism and struggles to payday. Debt worries are down too.”

“But the same problems remain. Although numbers are at a record low, at least a third of British adults struggle to make it from payday to payday. Similarly, around two-fifths of British adults, equivalent to nineteen million people, are worried about their debts.”

“Although personal insolvencies have fallen back to pre-recession levels, they are still well above where they were before 2003 when insolvency numbers started to grow rapidly. With so many people worried about their debts or struggling financially, relatively high numbers of personal insolvencies are not surprising.”

Phillip Sykes

R3 President

Method: ComRes interviewed 2,013 British adults online between 8th and 10th of January 2016. Data were weighted by age, gender, region and socio-economic grade to be representative of all British adults. ComRes is a member of the British Polling Council and abides by its rules. Full data tables are available at www.comres.co.uk

About R3: R3 is the trade body for the UK insolvency profession. From senior partners at global accountancy and law firms to practitioners who run their own small and micro-businesses, our members have extensive experience of the personal and corporate debt landscape. *For more information please contact James Jeffreys (Public Affairs and Policy Officer) on 020 7566 4220 or james.jeffreys@r3.org.uk www.r3.org.uk. Follow us @R3PressOffice*