

R3 Personal Debt Snapshot: Over a quarter of British Adults spent more than they received in monthly income (May 2019)

Research by R3, the UK's insolvency and restructuring trade body, suggests over a quarter of British Adults ran a 'deficit budget' in the past month.

Key findings

The research, carried out by ComRes on behalf of R3, survey 2,000 British adults to give an insight into the current financial position of Britain's personal finances. The latest survey indicates that 28% of British adults spent more than they received in monthly income in the past month.

Struggling with finances

- One in six (17%) of British adults spent up to £100 more than they received in monthly income.
- 7% of British adults reported spending £100-300 more than they received in monthly income, while 3% of British adults spent £300 more than they received in income.
- 23% of 18-34 year olds and 20% of 35-54 year olds spent up to £100 more than their monthly income, compared to 10% of those aged 55 and over.
- Over a third of renters (35%) spent more than they received in monthly income, compared to 24% of homeowners.

Wider personal financial distress findings

- 40% of British adults reported that they were worried about their current level of debt.
 - Over half (53%) of 18-34 year olds and 52% of 35-54 year olds were concerned about their current level of debt, compared to 20% of over 55s.
 - 53% of British adults living in rented properties were worried about their current level of debt, compared to a third (33%) of homeowners.
 - Credit card debt remains the most concerning type of debt for British adults, as 48% of British adults who are worried about their current level of debt cite credit card debt as worrying.
 - 40% of those surveyed reported that they often struggled to make it to payday.
 - The cost of food remained the most common reason for those struggling financially leading up to pay day (52%), followed by household energy costs (42%).
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R3 Commentary



Mark Sands, Chair of R3's Personal Insolvency Committee said: "This is a worrying snapshot of British adults' personal finances.

"For some people, a month of deficit won't be an issue, as it may be a one-off, and they may be able to cover the overhang through using savings, or borrowing. However, for others, these options will be less readily available, leading to potential problems ahead if the deficit persists.

With our research finding that a large minority of British adults don't have any level of savings at all at the moment, it's worth sounding the alarm about people's ability – or otherwise – to cope with unexpected hits to

their finances. Debt issues can suddenly spiral due to changes in circumstances, and overspending each month does not leave any room for saving for a significant proportion of people.

For some, a monthly overspend is a more regular occurrence, and this group should seek advice on personal finances as soon as possible. Even a relatively small amount spent over budget in a month can add up to a much larger problem over the course of a year.”

Mark Sands added: “Young people’s incomes are generally lower, while the costs they pay for expenses like housing and transport have risen on average, leaving holes in their budgets. It’s no shock either that renters are more likely to have reported spending more than they received in income in the last month than homeowners, and with the number of people renting having grown significantly in the last decade, more people will be experiencing precarious finances.

Whether the overspending is funded through using existing savings or through formal or informal loans, it is a sign that all is not well, despite record levels of employment. A single month of a deficit budget isn’t necessarily a cause for panic, but if they’re happening with regularity or increasing in frequency, talking to a qualified and professional debt expert is a must. Taking no action will only see problems snowball.”

About R3: R3 is the trade association for the UK’s insolvency, restructuring, advisory, and turnaround professionals. From senior partners at global accountancy and legal firms to practitioners who run their own small and microbusinesses, our members have extensive experience of helping businesses and individuals in financial distress. If you have any queries, or would like a meeting to discuss insolvency trends in the UK please contact R3’s Policy Executive, Mira Lodhia, on 020 7566 4202 or mira.lodhia@r3.org.uk

ComRes surveyed 2,004 members of the GB general public online between the 29th and 31st March 2019. Data were weighted to be representative of GB adults by age, gender, region and socio-economic grade