

45.5% of People Have Suffered Financially as a Result of the Pandemic

Submitted by: Key Loans & Mortgages Limited t/a KIS Finance

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A recent survey

(<https://www.kisbridgingloans.co.uk/finance-news/over-45-percent-of-people-have-suffered-financially-as-a-result-of-the-pandemic>) by KIS Finance (<https://www.kisbridgingloans.co.uk/>) has revealed:

- 45.5% of people have had to take out some kind of finance facility, borrow money from family or friends, or sell assets because of the Coronavirus pandemic.
- 43.2% of people anticipate having to take out a further credit facility, or borrow money from family or friends, before the end of this year.
- Young adults, specifically those aged between 25 and 34 are struggling the most financially due to the pandemic.
- People living in London are the largest group to have taken out some kind of additional finance facility this year (compared to those in other UK cities).

In light of the ongoing pandemic and the toll it's taking on the British economy and the nation's finances, KIS Finance (<https://www.kisbridgingloans.co.uk/>) recently conducted a financial survey (<https://www.kisbridgingloans.co.uk/finance-news/over-45-percent-of-people-have-suffered-financially-as-a-result-of-the-pandemic>) which asked consumers whether they've had to take out any form of credit this year solely because of the pandemic.

The survey also focused on what types of credit people are turning to and whether they anticipate having to rely on any further borrowing before the end of this year.

45.5% of people have taken out credit solely because of the pandemic

Almost half of the survey respondents said that they've had to take out at least one form of credit, borrow money from family or friends, or sell assets this year which they wouldn't have had to do if it wasn't for the pandemic.

- 25.8% went into an arranged or unarranged overdraft
- 15.5% took out an additional credit card
- 10.5% received financial help from family or friends
- 7.7% took out a personal loan

- 6.4% had to sell assets

- 5.2% took out a payday loan

With the majority of people having to turn to short-term borrowing, this is leading to concerns over the numbers who will be left in large amounts of debt in the coming months. This is specifically the case for those using overdrafts, who face the prospect of APRs rising to nearly 40% and the removal of interest-free buffers over the next couple of months.

Young adults have been hit the worst financially

Percentage of people in each age group who have had to take out some form of credit, borrow money from family or friends, or sell assets because of the pandemic:

18 – 24 year-olds: 59%

25 – 34 year-olds: 66.1%

35 – 44 year-olds: 63.6%

45 – 54 year-olds: 38.7%

55 – 64 year-olds: 23.6%

65+ years old: 16%

Young adults, especially those aged between 25 and 34 have been struggling the most financially with 66.1% of this age group saying that they've taken out some kind of finance facility, borrowed money from family or friends, or sold assets because of the pandemic.

66.7% of this age group also anticipate having to take out further borrowing before the end of this year.

Those aged between 18 and 24 have also been hit particularly hard by the pandemic with 59% saying they've had to borrow already this year and 56% anticipating having to borrow more to get them to the end of 2020.

Young adults are most likely to have been furloughed

According to the Office for National Statistics, "younger workers and those working in accommodation and food services were most likely to be furloughed and were also less likely to have their pay topped up

by their employer when compared with other furloughed employees”.

With young people making up the largest proportion of workers in the hospitality sector, which has been hit hardest by the pandemic, it's not surprising that many have had to turn to additional borrowing to get by.

Londoners are struggling the most

Percentage of people in each city who have had to take out some form of credit, borrow money from family or friends, or sell assets because of the pandemic:

London: 61.3%

Manchester: 49.1%

Belfast: 46.2%

Leeds: 44.4%

Bristol: 44.2%

Edinburgh: 40.6%

Nottingham: 38.5%

Cardiff: 38.4%

Norwich: 38.3%

Birmingham: 37.7%

Liverpool: 33.6%

Newcastle: 32.5%

Southampton: 31.9%

Sheffield: 25.8%

Glasgow: 23.1%

The cities where most people had to rely on credit facilities this year were all in either tier 2 or tier

3 before the second national lockdown came into effect at the start of November. This suggests that these additional restrictions had a big impact on the finances of people living in these areas.

Those living in London have clearly struggled the most financially during the pandemic, with 61.3% of our respondents living in London saying that they've had to take out a credit facility, borrow money from family or friends, or sell assets, which they wouldn't have otherwise had to do.

59.6% of Londoners are also anticipating having to take out further credit to see them through to the end of 2020.

With unemployment rates in London reaching 6% between July and September (whilst the national average was 4.8%) it's not surprising that many are struggling.

Why people anticipate having to borrow before the end of this year

43.2% of the survey respondents said that they anticipate having to take out some kind of credit facility or borrow money from family or friends before the end of this year.

These are the reasons why;

- Fear of job loss/redundancy: 33.44%
- To cover the gap when payment holidays end: 27.98%
- To pay for Christmas: 25.34%
- To cover day-to-day living expenses: 18.65%
- To consolidate current debts: 12.14%
- To help out family members or friends financially: 7.04%

[ENDS]

Notes to Editors:

•Full report:

<https://www.kisbridgingloans.co.uk/finance-news/over-45-percent-of-people-have-suffered-financially-as-a-result-of-the-pande>

•All figures, unless otherwise stated are from a survey conducted with The Leadership Factor. The total sample size was 2,000. Fieldwork was undertaken between 12th November 2020 and 16th November 2020. The survey was carried out online.

Original survey data:

<https://www.kisbridgingloans.co.uk/finance-news/over-45-percent-of-people-have-suffered-financially-as-a-result-of-the-pande>

Further data sources:

Overdraft data -

<https://www.thisismoney.co.uk/money/saving/article-8896845/Overdraft-rates-hit-time-high-free-buffers-soon-disappear.html>

Furlough information -

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursa>

Unemployment data -

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/regionallabourma>

FCA data -

<https://www.fca.org.uk/news/press-releases/fca-highlights-continued-support-consumers-struggling-payments>

UK Finance data -

<https://www.ukfinance.org.uk/covid-19-press-releases/lenders-provide-over-one-million-repayment-deferrals-on-credit-cards>

Contact Details:

Alan Andrews

alan@kisfinance.co.uk

01884 820110