

Unexpected Costs

Quantitative Research Report
17th December 2013



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Executive Summary

- The majority of households in the UK (71%) have experienced at least one unexpected cost in the past 12 months.
- The most prevalent unexpected costs were Car Repair/Replacement (29% of households experienced this), Opticians/ Glasses costs (15%), Technology Breakdown/Repair/Replacement e.g. TVs, computers (15%), Vet Bills/ Pet Costs (14%), Washing Machine Repair/Replacement (13%) and Lending to Family/ Friends (12%).
- There was quite a variation in the size of the bill depending on the type of unexpected cost experienced. The most expensive bills were associated with Car Repair/Replacement (£1342 on average per annum), Lending to Family/ Friends (£2482) and Tax Bills (£1110).
- On average respondents had experienced just under 2 unexpected costs (1.61) in their household in the past 12 months.
- A significant group of people (33%) have no savings or investments and are therefore more exposed to the impact of unexpected costs.
- The prospect of dealing with unexpected bills clearly is a concern for many people with 46% agreeing that they worry about how to pay for these. This rises to 66% amongst those who currently have no savings and 63% amongst those who say they currently have personal debt.
- A third of respondents (34%) agree that 'unexpected bills this year have had a big impact on their household finances'.
- A quarter of respondents agree that they face the prospect of having to go into debt or increase their debt level in order to pay for unexpected bills.

1. Objectives and methodology

1.1. Objectives

The Money Advice Service (MAS) helps people manage their money through providing a free and impartial advisory service. It is important for MAS to have a detailed understanding of the financial challenges faced by households in the UK in order to provide the right kind of advice and support. This piece of research will build on this knowledge base and will be used to help inform future MAS campaigns.

The overall objective of this piece of quantitative research is to:

“Understand the impact of ‘unplanned for’ costs on households in the UK.”

More specifically, the research aims to evaluate:

- The types, frequencies and size of unexpected household costs
- How households pay for these unexpected costs
- How well prepared households are for the unexpected
- The financial and emotional impact of unexpected costs

1.2. Methodology

2024 interviews were conducted on the Populous Online Omnibus.

- The interviews were conducted with a nationally representative online sample of GB adults 18+.
- Quotas were set on age gender and region and the data weighted to the profile of age, gender, region, social grade, and working status.
- Interviewing took place from 11th to 13th December 2013.

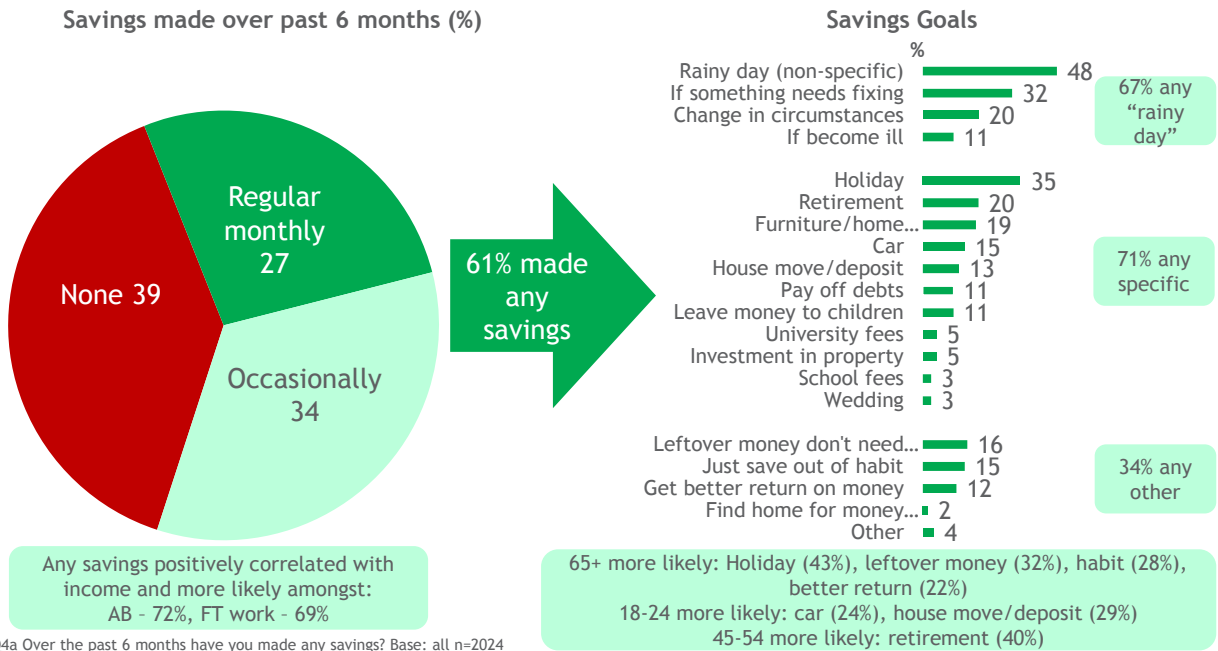
2. Household experiences of unexpected costs

2.1. How prepared are households to deal with unexpected costs?

The ability of households to be able to cope with any unexpected costs is obviously higher if they possess some savings to dip into if required. Two thirds (66%) of respondents claimed to have some savings or investments and the higher the household income of the respondent the more likely they were to have savings or investments. Other groups that were more likely to have savings or investments include the retired (84%), older age groups (65+ - 83%, 55-64 – 77%), married (73%), and those who said that they currently had no personal debt (77%).

A significant minority of almost 4 in 10 respondents (39%) had not made any savings over the past 6 months. However, of those that had been able to make some savings over the past 6 months (61%), preparing for the unexpected was high on their agenda. Two thirds (67%) claimed to be saving for any 'rainy day' type reasons with 32% saving in case something needs fixing, one in five (20%) for a change in circumstances (such as losing a job), one in ten in case they become ill and almost half (48%) saving for a rainy day (but not for a specific purpose).

Figure 1: Savings made over the past 6 months and savings goals



Q4a Over the past 6 months have you made any savings? Base: all n=2024
Q4b Are you currently saving for any of the following? Base: all who have made savings n=1189

So there is a significant group of people that are perhaps more exposed to the impact of unexpected costs because they have no savings or investments and/ or have not been able to make any savings in the past 6 months.

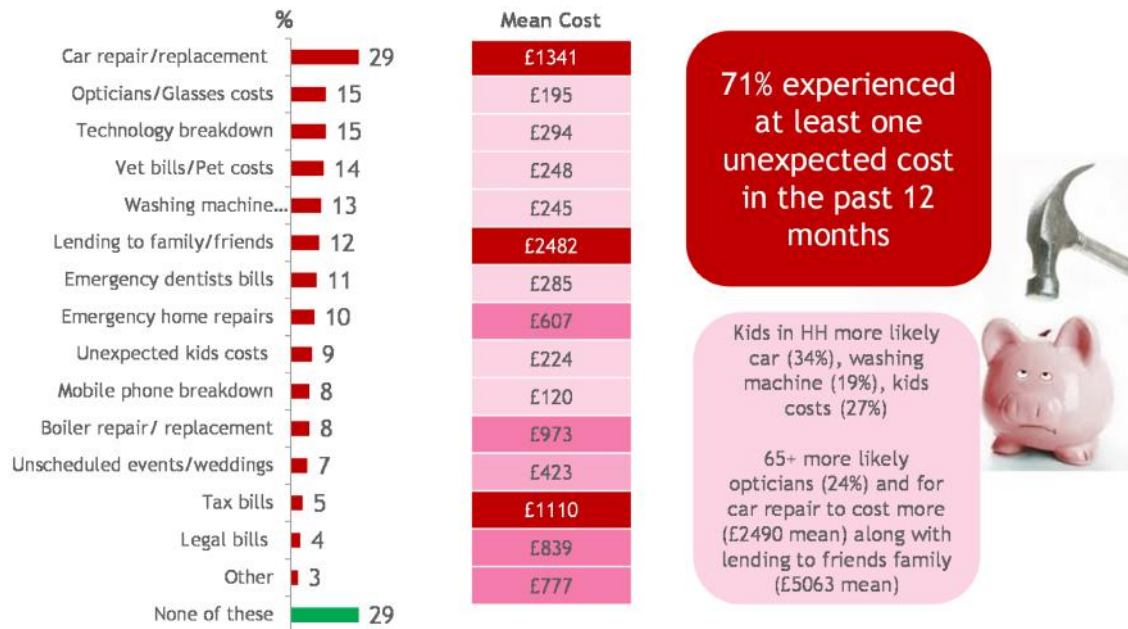
2.2. Types and frequency of unexpected costs

The majority of households in the UK (71%) had experienced at least one unexpected cost in the past 12 months.

A wide array of different types of unexpected costs were experienced (see figure 2). The most prevalent unexpected costs were car repair/replacement (29% of households experienced this), opticians/ glasses costs (15%), technology breakdown/ repair/ replacement e.g. TVs, computers (15%), vet bills/ pet costs (14%), washing machine repair/ replacement (13%) and lending to family/friends (12%).

There was quite a variation in the size of the bill depending on the type of unexpected cost experienced. The most expensive bills were associated with car repair/replacement (£1342 on average per annum), lending to family/ friends (£2482) and tax bills (£1110).

Figure 2: Types of unexpected costs experienced in the past 12 months

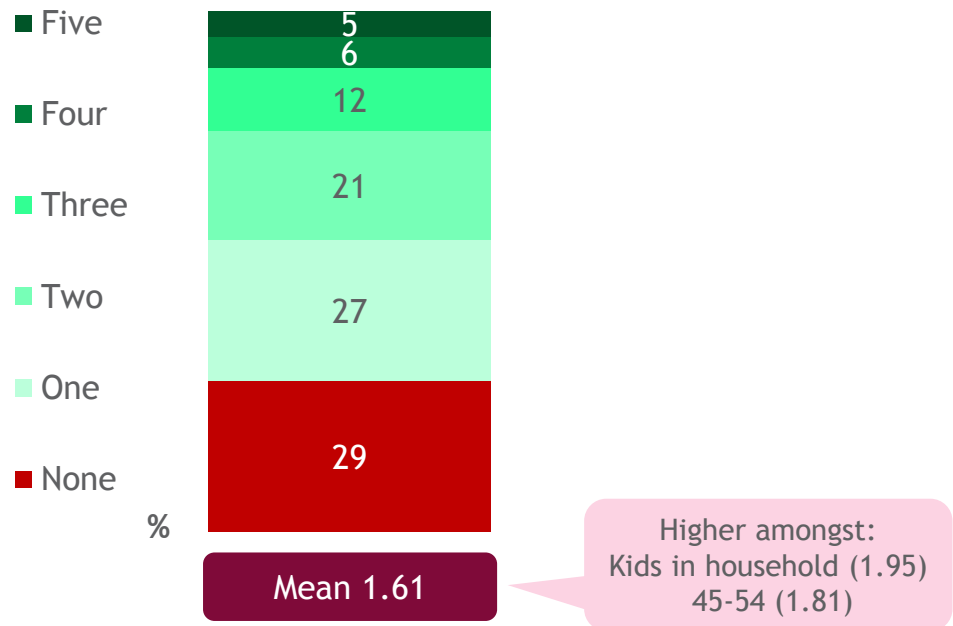


Q10 Has your household experienced any of the following 'unexpected costs' during the past 12 months? Base: all n=2024

Those of retirement age (65+) were more likely to experience unexpected opticians related costs (24%) and have to spend more on unexpected costs related to car repair/replacement (£2490 on average) or lending to friends or family (£5063).

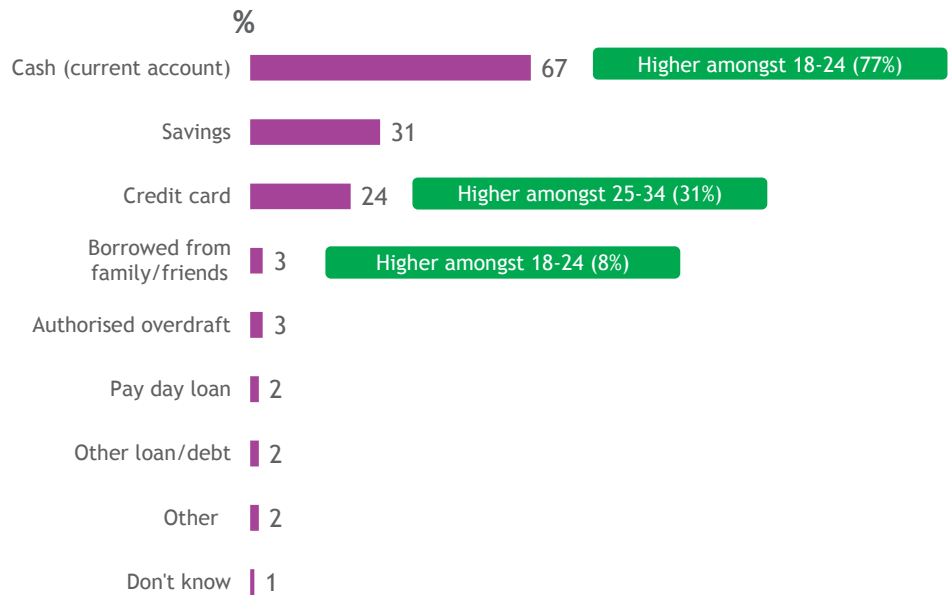
On average respondents had experienced just under 2 unexpected costs (1.61) in their household in the past 12 months. The presence of children in the household corresponded with a greater number of unexpected costs being incurred (1.95). Almost a quarter (23%) of respondents said their household had experienced 3 or more unexpected costs over the past year.

Figure 3: Number of unexpected costs experienced in the past 12 months



Q10 Has your household experienced any of the following 'unexpected costs' during the past 12 months? Base: all n=2024

Figure 4: Unexpected costs – main method of payment (overall)



Q13 What was the main method of payment used for the following unexpected costs?
 Base: all experiencing any unexpected cost (asked per cost then averaged) and paid themselves n=1317

When asked about the main method used to pay for unexpected costs, two thirds (67%) paid for the unexpected cost with cash (i.e. straight from their current account). Just under a third (31%) said they dipped into their savings and just under a quarter said they used their credit card to pay for the unexpected cost.

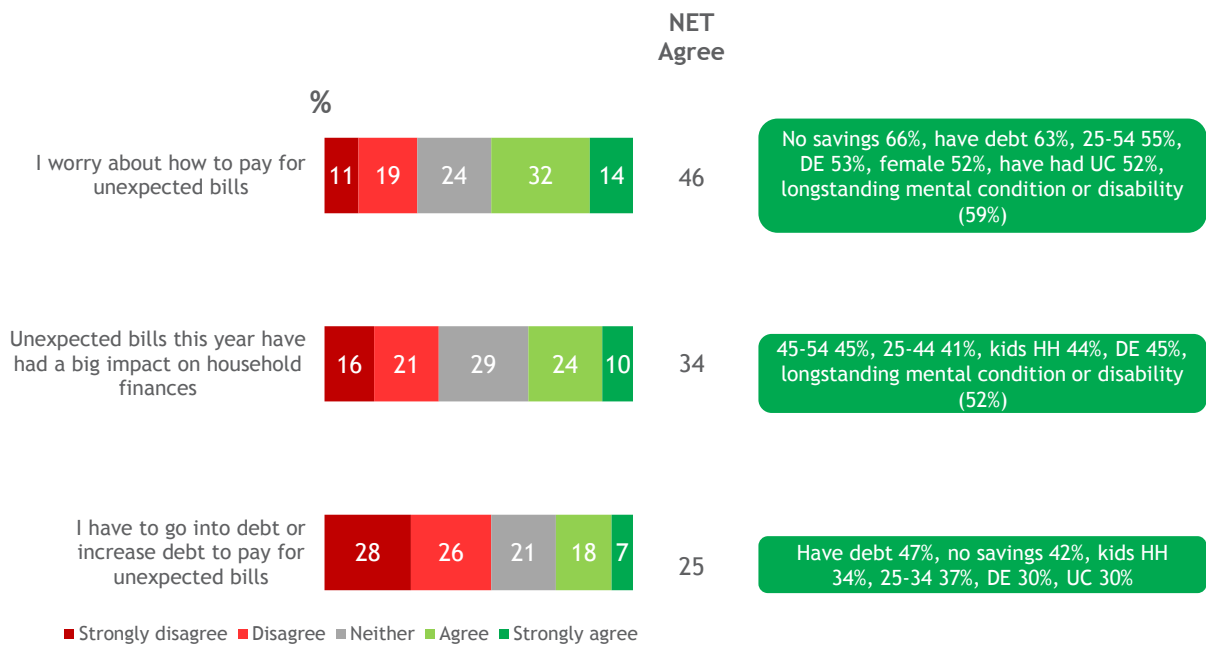
Younger people (18-24) who were the bill payers for unexpected costs were less likely to dip into savings (22%) and more likely to borrow money from family/ friends (8%) or use cash (77%). This is probably because they are less likely to have savings in the first place (53% of 18-24 year olds had savings versus 66% on average).

2.3. Dealing with unexpected costs - attitudes

The prospect of dealing with unexpected bills was clearly of concern for many people with 46% agreeing that they worry about how to pay for them. This rises to 66% amongst those who currently have no savings, 63% amongst those who say they currently have personal debt, and 59% amongst those who have a longstanding mental condition or disability.

A third of respondents (34%) agreed that 'unexpected bills this year had had a big impact on their household finances'. Those who are middle aged (45-54 = 45%), have children in the household (44%) and those of social grade D/E (45%) or have a longstanding mental condition or disability (52%) were significantly more likely to agree that bills this year had a big impact.

Figure 5: Attitudes towards unexpected costs



Q15 Please indicate the extent to which you agree or disagree with each of the statements below by marking one box opposite each statement. Base: all n=2024

A quarter of respondents agreed that they faced the prospect of having to go into debt or increase their debt level in order to pay for unexpected bills. Agreement was significantly higher amongst those already in debt (47%) or without savings (42%), with children in the household (34%) or amongst social grade D/E (30%).

2.4. “In their own words” - Stories about unexpected costs

This section examines in detail the stories of respondents relating to specific types of unexpected costs experienced.

The 71% of respondents who had experienced any unexpected costs during the past year were asked to select one of these examples and tell the story of what happened by typing into an open text box. They were asked to consider the following:

What was the cause of the unexpected cost?

What was the impact on you or your household?

How easy or difficult was it to resolve?

Did it cause any financial hardship?

Was it stressful?

Responses were naturally varied and specific to individuals, but some common themes emerged and these are detailed along with some verbatim quotes in the following figures, which examine different categories of unexpected costs:

2.4.1. Car repair/ replacement stories



29%
experienced
in past 12
months

“Ageing car had to be replaced. Easy to resolve apart from searching for suitable replacement”

“Took the car for its MOT got a bill for £300 for new brake pipes and cost of MOT a lot of money when you are on a low paid job and I need my car to travel to and from work which is 40 mile return”

“Car Accident insurance excess charge, not very much impact, quite easy to resolve, no financial hardship, getting the repairs done within a reasonable time was quite stressful”

Car needed £900 worth of repairs to get it through MOT. Considered getting rid of the car but it is useful for family visits to sick relatives. Had this money in savings account but wiped out these savings

Q14 Please select one of the unexpected costs that your household incurred in the past year and tell us the story of what happened...

- Breakdowns
- Failing MOT/MOT costing more than expected
- Failure of parts due to age of car
- Accidents and having to pay for all/part/excess
- Accidents and age/state of car meant it had to be replaced rather than repaired

The inconvenience of being without the car can be more of an issue than the cost but may be knock on financial effects...

“I was unable to travel to work for three days. Further costs were needing to arrange transport for my wife to be able to get to her work. Parts for the repair were reasonable but repairs took time. The financial hardship cost around £400 in earnings, £100 in extra travel costs and the parts for the repair came to £75. The stress of not being able to earn any money caused repercussions for 2-3 months in general finances”

Car repair/replacement was the most commonly experienced unexpected cost incurred by households, with 29% experiencing this impact in the past 12 months. The associated cost of unexpected car related bills could be very large, averaging £1341 per annum. This encompassed a variety of issues, including breakdowns, MOT repairs, accident damage, insurance excess payments and cars failing due to old age. The size of these car

related bills clearly led to a stressful period for some financially, with stories of savings being wiped out. People are often reliant on their vehicle and having it out of action can lead to inconvenience and knock on financial effects such as, for example, not being able to commute to work.

2.4.2. Optician/glasses costs stories



15%
experienced
in past 12
months

“Broke my glasses, which I need to wear to drive so had to buy replacements immediately. As I budget to the penny each month, this purchase had to be put on credit card. Unable to pay off in full”

“New glasses due to cataract operations, cost more than anticipated”

“Old glasses got broke and had to be replaced as they could not be repaired, we found it difficult to find the money but we just managed”

“Annual test at opticians - required stronger lens”

“I broke my existing glasses and had to buy a replacement pair. I went for a reasonably-priced optician’s own-brand pair so as to minimise cost. I was able to resolve the matter during a scheduled week off work, making the process less stressful”

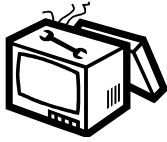
- Glasses broken
- Change in prescription e.g. following annual test
- Wider health issue and longer term cost implications for some:

“I was not expecting to have to change my glasses prescription when I visited the optician earlier this year and was shocked to learn that I have cataracts in both eyes. I was told that the cataracts were not bad enough yet for me to be referred for surgery and that strengthening the prescription of my left eye would be the way to go. I had no choice but to agree to this and wonder how many more times I will have to change my glasses at big cost to myself before I can be referred for cataract surgery. This is likely to be an ongoing, high, cost”

Q14 Please select one of the unexpected costs that your household incurred in the past year and tell us the story of what happened...

Opticians/ glasses related costs can also take people by surprise. Disproportionately affecting older people (24% of the over 65s had experienced this cost in the past 12 months compared to 15% on average), the average unexpected cost was £195. Broken glasses and changing prescriptions were the main causes of the unexpected costs. For a few, eyesight problems were part of wider health issues and these people expected related costs to rise accordingly in future.

2.4.3. Technology breakdown stories



**15%
experienced
in past 12
months**



“Two televisions died within two weeks of each other, not too difficult to resolve. Annoying because money used depleted my savings, the dividends from these are what supplements my pension so loss of any capital has a knock-on effect by reducing my income permanently”

“Cause of laptop breaking down was old. Needed it for work and school for children. Difficult to resolve without borrowing from grandparent. It did cause financial hardship and it was of course stressful”

“I have to have a laptop for work but it broke down, so I had to pay for a new one”

“PC died. Had to replace with a new laptop. I am self-employed & do a lot of my work online, so it was essential to replace PC”

TV inconvenient but not “life or death”

“Main TV set broke down just outside its warranty. Since it could not be repaired, their was no choice but to replace it. This was hardly a life and death emergency, but we do watch the TV daily so wanted to replace it quickly. It was easy to resolve since I had the money available to buy a replacement without worrying about going into debt or sacrificing other things, so did not cause me any hardship”

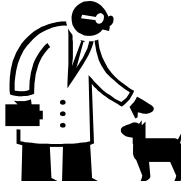
Laptops/PC breakdown have additional stress of losing access to work, schoolwork, Internet or loss of personal data

“My old laptop stopped working and could not be repaired. It was very annoying to not have access to a computer or the internet at home. Fairly easy to resolve, once I had found it could not be repaired. It did not cause too much financial hardship, as I found a company selling reconditioned business laptops so could get one reasonably cheaply. It was quite stressful, but not too bad”

Q14 Please select one of the unexpected costs that your household incurred in the past year and tell us the story of what happened...

People increasingly have complex technology such as smart TVs, computers and tablets in their home. Technology breakdown/ repair/ replacement is one of the more commonly experienced unexpected costs with 15% of household having faced this in the past 12 months. The average unexpected technology related bill was £294. TVs breaking down were seen as an inconvenience but computer breakdown could cause more stress if there was associated loss of data. In this situation repair or replacement was required quickly, regardless of the financial implication or hardship.

2.4.4. Vet bills and pet costs stories



14%
experienced
in past 12
months

“Dog developed a problem that required some surgery and treatment at vets. I could not afford it so family member helped me. Was quite easy to resolve. Did not cause financial hardship but would have if family member had not helped. It was stressful”

“The vets bill was quite unexpected and at about £600 was a nasty surprise but caused no lasting stress. I did, however, take out pet insurance as a result”

“My dog cut himself while jumping a fence leaving a nasty gash under his armpit. It took multiple trips to the vets including a sedation and stitch up. It ended up costing over £300 on the pet insurance but I had to pay the first £150

“The family dog required an unexpected surgery. We didn’t know the cost of the surgery until it was completed. We had to seriously cut down spending for a few months afterwards”

Q14 Please select one of the unexpected costs that your household incurred in the past year and tell us the story of what happened...

- Pets having accidents
- Pets developing illnesses or needing surgery
- Pet insurance can reduce the burden for some, but excess may still need paying

“Vet bills. Fortunately I have pet insurance but I do have to pay fees up front and then claim for them. I have to pay a £70 excess”

- Emotional impact can be greater than financial one

“When a pet gets ill there is NO option but seek the best care for them. When our cat suddenly became very ill the vets bills totalled just over 400 pound sadly the cost included having to have him put to sleep after tests proved he was terminally ill. However emotional and stressful it is cost does not come into it if one of my pets needs it. It just means we cut back on a few luxuries”

In 2013 it is estimated that 13 million (45% of) households have pets¹ and of course from time to time they need treatment from the vet. The causes experienced by respondents included accidents, illnesses and the need for operations. The cost involved was often significant, with the average annual unexpected pet related bill being £248. Even if pet insurance was in place, there were still often insurance excess fees to be paid. People are often very attached to their pets and will seek out the best care available, often at any cost.

¹ PFMA 1013 Pet Population Report. <http://www.pfma.org.uk/pet-population/#sthash.tRbxKDdR.dpuf>

2.4.5. Washing machine repair stories



13%
experienced
in past 12
months

“The seal around the door went, so we had to get someone in to replace as we need the washing machine as I cant wash clothes by hand as I suffer with joint issues. the issue was easy to get sorted but the cost caused us some worry as we had to use money ear-marked for other bills and we worried how to get this other money together again”

“The washing machine stopped working correctly. Needed to use it daily as small children in household. Had to buy a new machine as soon as possible, got it delivered within 4 days. Took a large amount of savings, which was towards holiday. Stressful as the washing started piling up and no family near to do it in the meantime”

“Washing machine packed up unexpectedly and I had to buy a new one which I had to pay out of savings. Could have done without it so close to Christmas”

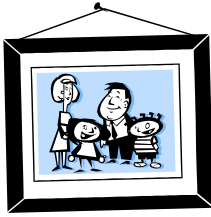
- Repairs or replacement after breakdown (sometimes repair not worth the cost so full replacement necessary)
- Heavily used appliance in most households, notably families
- Very inconvenient, and can be stressful as the washing mounts up in addition to costs

“Washing machine broke down. Had to wait 2 weeks for a new one to be delivered, my wife had to go round her mums to do our washing, easy to resolve but hassle waiting two weeks. Were fortunate to have money put aside to pay for it”

Q14 Please select one of the unexpected costs that your household incurred in the past year and tell us the story of what happened...

Washing machines are expensive and often heavily used (especially in family households) appliances. They clearly go wrong with some regularity as 13% of households had experienced a washing machine related unexpected cost in the past year. This rose to 19% for households with children. The average cost of repair was £245. In some cases repair was not possible or cost effective and these households were then hit with the cost of urgent replacement.

2.4.6. Lending money to family/ friends stories



12%
experienced
in past 12
months

“Had to lend money for mortgage deposit to daughter. Withdrawn from savings . She does pay some interest but it will be a long time before we can be repaid. We are retired early and do not have any pension income”

“I found out that there were debts which had mounted up so I offered to lend the money interest free”

“A granddaughter going to university needed a deposit for the rental of a house which had to be paid before student grant was available. It was comparatively easy for us to help from our savings”

“Our son left his wife of 21 years and needed help towards deposit for a flat. Had to use savings. Will have to be careful for next few months”

“Lending money to daughter with severe debt. Having to forego holiday this year”

- Helping children/grandchildren get on property ladder or with housing costs
- Helping with education fees e.g. university
- Helping with debt

Q14 Please select one of the unexpected costs that your household incurred in the past year and tell us the story of what happened...

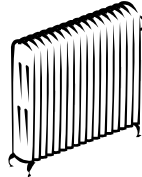
Unexpectedly lending of money to family/ friends was undertaken by 12% of households. Of all the unexpected costs that might be experienced, informal lending involved the highest amounts of money (£2482 on average). The retired generation (aged 65+) were the group that tended to lend the highest amounts to friends/ family (£5063 on average).

The reasons given for this type of lending were mainly to do with helping children or grandchildren with housing related costs, helping with education related fees and helping friends or family deal with debt. In most cases people seemed happy to lend the money, and had made a conscious decision to do so even knowing that they may face hardship themselves (e.g. no holiday that year) need to tighten their own belts and be careful with money or take a long time to recover the money (e.g. in the case of mortgages).

2.4.7. Home or Boiler repair stories



10% + 8%
experienced
in past 12
months



“Roof leaked. First repair proved not to be effective and alternative roofer had to be employed. It is also stressful as more repairs may be needed and it is impossible to know what should be done and how much might cost”

“A boiler breakdown that was leaking through the second floor ceiling, which not only cost the repair for the boiler but also the entire ceiling”

“After 15 years, my gas boiler died. Although, we knew it hadn't been working properly for a couple of years we decided to leave replacing it until we were in a better financial position. Like any major expense it does cause financial hardship. Living without heating or hot water is considerably stressful.”

“Boiler broke down for the third time and the repair costs were not worth it for an old boiler, so we had a new one fitted”

- Roofing/water leak issues

“The shower area of the bathroom had water leaks, the tiles had to be replaced and the whole made good. We used some of our “rainy day” savings to cover the cost”

- Boiler breakdown often bad enough to require replacement which is a serious cost (some shocked by it); evidence of people leaving old boilers as long as possible to avoid this
- Lack of heating or hot water (especially in the colder months) can be very stressful if tradespeople are busy

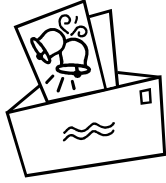
“Boiler breakdown, no hot water or heating during the very cold November spell last year, quite difficult to resolve because all tradesmen very busy that time of year”

Q14 Please select one of the unexpected costs that your household incurred in the past year and tell us the story of what happened...

10% had experienced the unexpected costs of home repairs, and 8% boiler repairs or replacement in the past year. Leaking water or roof repair were common issues which were both expensive and essential to fix. The average spend on emergency home repairs was £607.

Boiler breakdowns could be incredibly stressful, particularly if they came during colder months when tradespeople were likely to be busy and households were likely to really suffer the loss of hot water and heating. The costs associated with repairing but particularly replacing boilers were high, the average cost being £973. There was some evidence of people holding on to aging boilers until they truly failed, in anticipation of the cost of a new one.

2.4.8. Unscheduled events stories



**7%
experienced
in past 12
months**

“Just had a lot of events happening this year and you feel pressure not to let people down and the peer pressure to buy food/drink etc. when you’re out which is money you don’t want to spend”

“Buying the material and making the bridesmaid dresses for my step-daughter’s wedding, plus travel expenses and cost of B+B. Up to the wire before payday, quite stressful”

“My brother came over from South Africa to have a party for his 60th birthday. I had to pay fares, accommodation, a present etc.”

“A last minute 60th birthday party was arranged, even though we knew we couldn’t afford it, we didn’t want to let the family down. So we had to book accommodation, boat fare from island to mainland, petrol, new outfits for party x 4 people, and of course cash to spend there. As it wasn’t planned it put us right out of pocket”

- Invitations to weddings
 - Paying for weddings or having a role in a wedding e.g. bridesmaid
 - Parties e.g. birthdays, anniversaries
 - Funerals (esp. if long distance)
 - If events long distance or overseas then costs escalate. Costs difficult to avoid so as not to let friends/family down
 - Weddings in particular can involve a multitude of costs:
- “Invited to a wedding where the reception venue was quite a distance from the church so we had to pay for taxis to the venue then back home which were very expensive due to the distance. At the venue drinks were very expensive as it was quite a high class hotel and we had the expense of getting new outfits. We had to take out a payday loan to help with the cost which caused us to have less money when we had to pay the loan plus interest so we have had to borrow from family just to pay bills so the payday loan has meant we have been in debt for the last four months as every month we have been short of cash”*

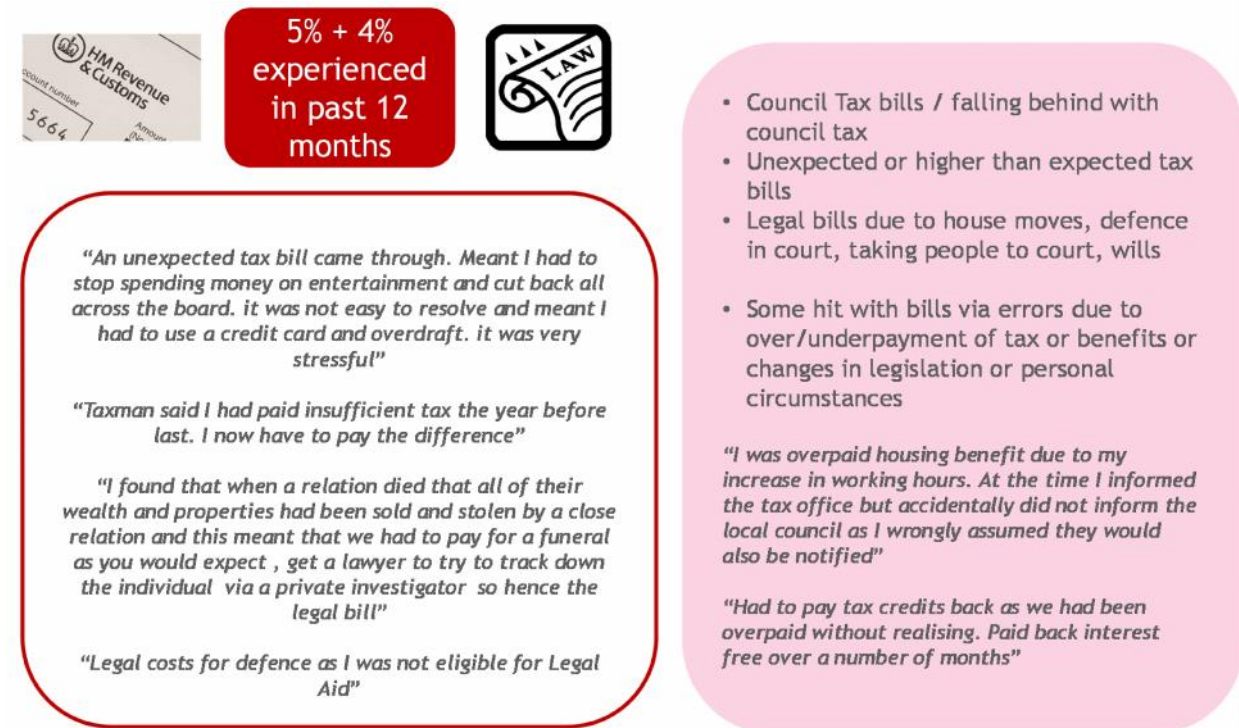
Q14 Please select one of the unexpected costs that your household incurred in the past year and tell us the story of what happened...

The unexpected costs of unscheduled events had impacted on the lives of 7% of those surveyed. These included invitations to weddings and parties (e.g. birthdays, anniversaries) and family gatherings (including funerals), some of which had been long-distance or even overseas.

These costs although onerous to some, were difficult to avoid in order not to offend friends or family and averaged £423.

Weddings in particular (notably if you were in some way involved e.g. bridesmaid, or organising) had the potential to rack up many associated costs in terms of travel, accommodation, outfits, presents, drinks etc.

2.4.9. Tax bill or Legal bill related stories



Q14 Please select one of the unexpected costs that your household incurred in the past year and tell us the story of what happened...

The figure above looks at the 5% who experienced unexpected costs associated with tax bills, and 4% who had some kind of legal bills to pay in the past year. For some this was related to falling behind with Council Tax, for others it was unexpected tax bills (e.g. income tax), or bills that were higher than expected. Some had been hit with bills as a result of issues related to over/underpayment of tax or benefits or changes in legislation or personal circumstances.

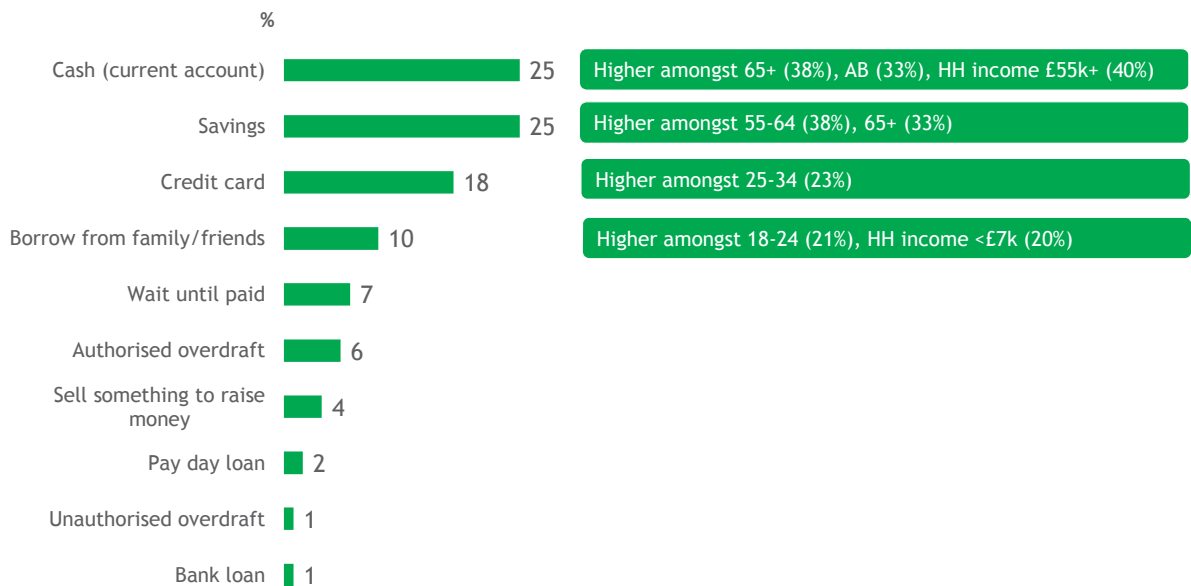
Legal bills included those related to house moves, disputed wills, taking people to court or defending oneself in court.

These bills could be quite high with tax bills being £1110 on average and legal bills being £839 on average per annum.

2.5. Meeting unexpected costs in the future

When asked what they would most likely do if they needed £300 to cover an unexpected future bill a quarter said that they would use Cash (i.e. their current account) and a further quarter said they would dip into Savings. This was followed by using a Credit Card (18%). Borrowing from Family/ Friends (10%), Waiting Until They Get Paid (7%) and Using an Authorised Overdraft (6%). Younger people (aged 18-24) and those on the lowest household incomes (<7k pa) were twice as likely compared to average to Borrow from Family/ Friends. Those aged 25-34 were most likely to put the cost on a Credit Card (23%). Higher income groups were most likely to say they would pay for it out of ready cash.

Figure 6: How most likely meet unexpected costs in future



Q17 What would you most likely do if you suddenly needed £300 to cover an unexpected bill in the future?
 Base: all n=2024

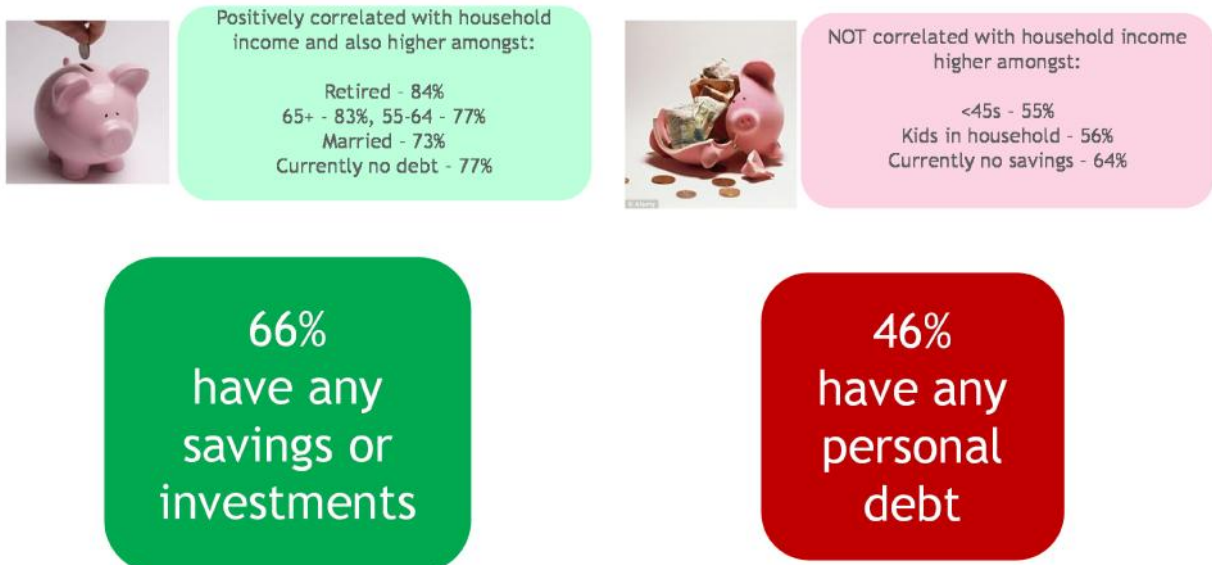
3. Financial profiling

Respondents were asked if they currently had any savings or investments (Figure 7) and two-thirds (66%) claimed to have these. Those aged 55+ and retired people were more likely to have savings or investments, as were married people and those currently without any personal debt.

There was a positive correlation between having savings or investments and household income levels. Only 39% of those in the lowest income bracket (<£7,000) claimed to have savings or investments compared with 87% of those in the top bracket (>£55,000), and rising incrementally in between.

Personal debt however seems relatively unrelated to household income levels. Respondents were asked if they had any of a number of types of personal debt (not including mortgages) and just under half (46%) said they had some personal debt. Levels of personal debt were higher amongst those aged under 45 (55%), those with children in their household (56%) and those currently without any savings or investments (64%).

Figure 7: Savings and debts



Q2 Do you currently have any savings or investments? Base: all n=2024
 Q8 Not including mortgages, do you currently have any of the following types of personal debt? Base all n=2024

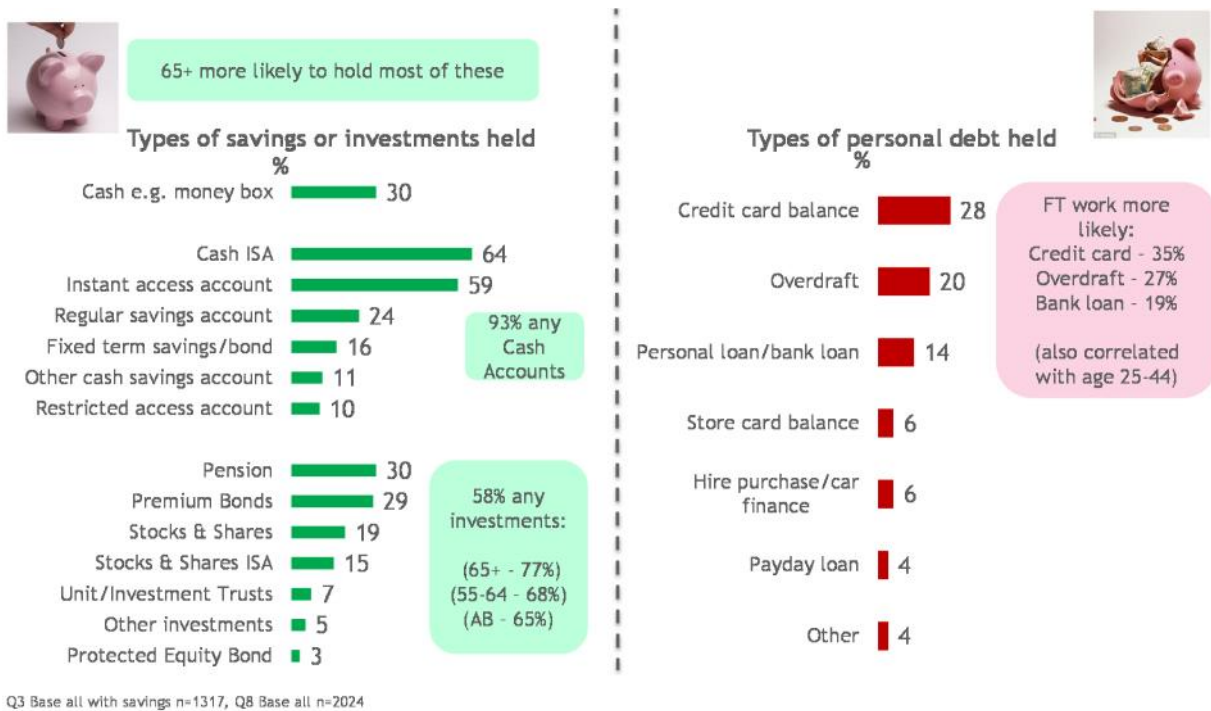
Figure 8 looks at the types of savings, investments and personal debt held by respondents.

93% held any kind of cash accounts, with cash ISAs (64%) or instant access accounts (59%) the most likely products held. 58% held any investment products, with around one in three having a pension or premium bonds and around one in five stocks and shares. Just under a third (30%) kept some cash in the household (e.g. in a money box, jam jar or tin).

Over 55s and A/B respondents were most likely to hold any investment products, and over 65s more likely than others to hold most of the individual types of savings or investment products listed.

Looking at types of personal debt, a carried over credit card balance (28%) or an overdraft (20%) were the most common, and a further 14% had a personal loan or a bank loan. Those in full time employment were more likely to have any of these three types of personal debt.

Figure 8: Types of savings and debts



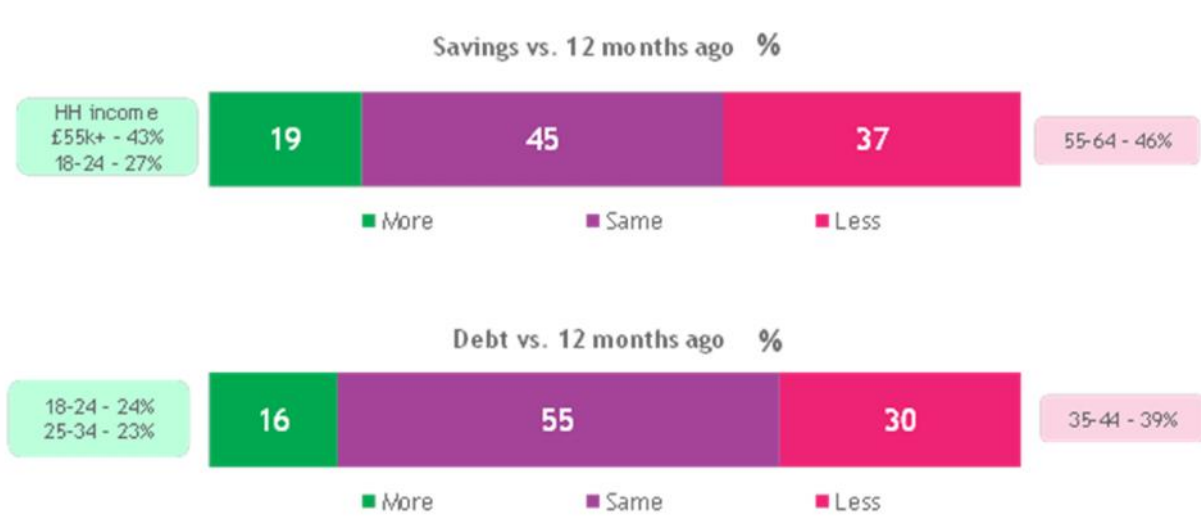
Respondents were asked to estimate whether over the past 12 months their levels of savings or personal debt had increased, decreased or stayed the same.

More than one in three (37%) said they had less savings (46% amongst those aged 55-64), 45% said they had the same level and around one in five (19%) had more. Those with the highest levels of household income (£55,000 or more) were significantly more likely to say they had more savings (43%).

Just under one in three (30%) claimed to have less personal debt than they had last year (higher amongst 35-44 year olds – 39%). More than half said levels of personal debt were about the same as last year and 16% claimed to have more debt.

18-24 year olds were more likely to say that both savings (27%) and personal debt (24%) had increased

Figure 9: Savings and debts – net change over past 12 months



Q.7/Q.9b Compared to 12 months ago do you have more savings/debt, less savings/debt or about the same?
 Base: all rF 2024

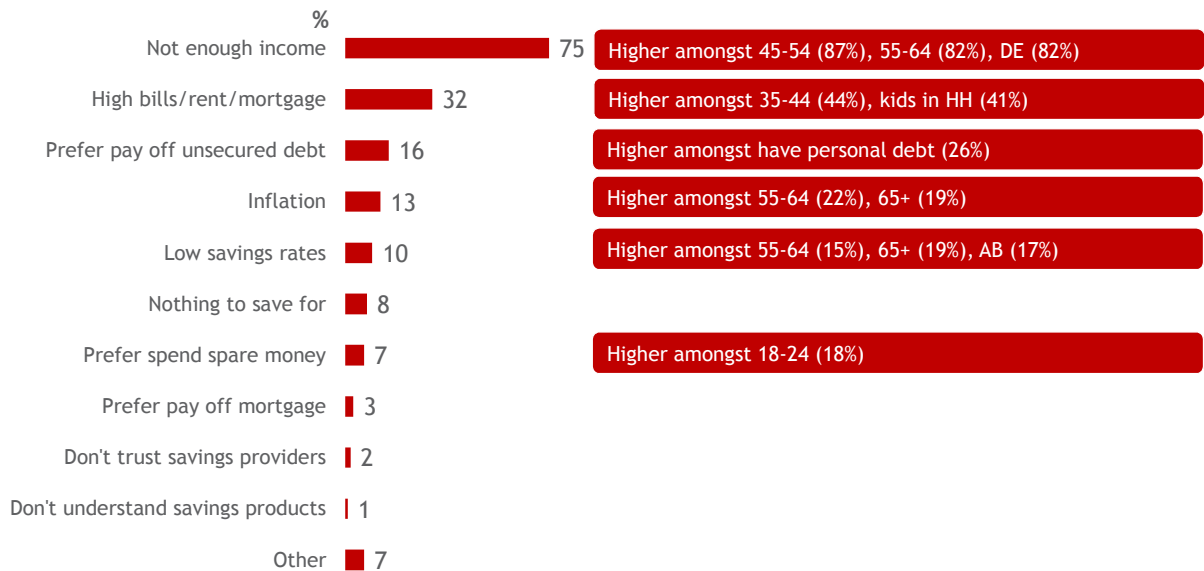
When asked for reasons why those without current savings had been unable to make any over the past 6 months (Figure 10), three-quarters said it was due to a lack of income, rising to more than eight in ten of DE and those aged 45 or older.

High bills or rent/mortgage commitments was a reason for almost a third (32%), rising to two-fifths of those aged 35-44 and those with children in the household.

More than one in ten said they preferred to pay off unsecured debt before making savings, blamed inflation or low savings rates (these latter two having a higher proportion amongst those aged 55+).

18-24 year olds were more likely to say they preferred to spend than save their spare money (18% gave this as a reason compared with 7% of non-savers overall).

Figure 10: Reasons for not being able to make any savings over the past 6 months

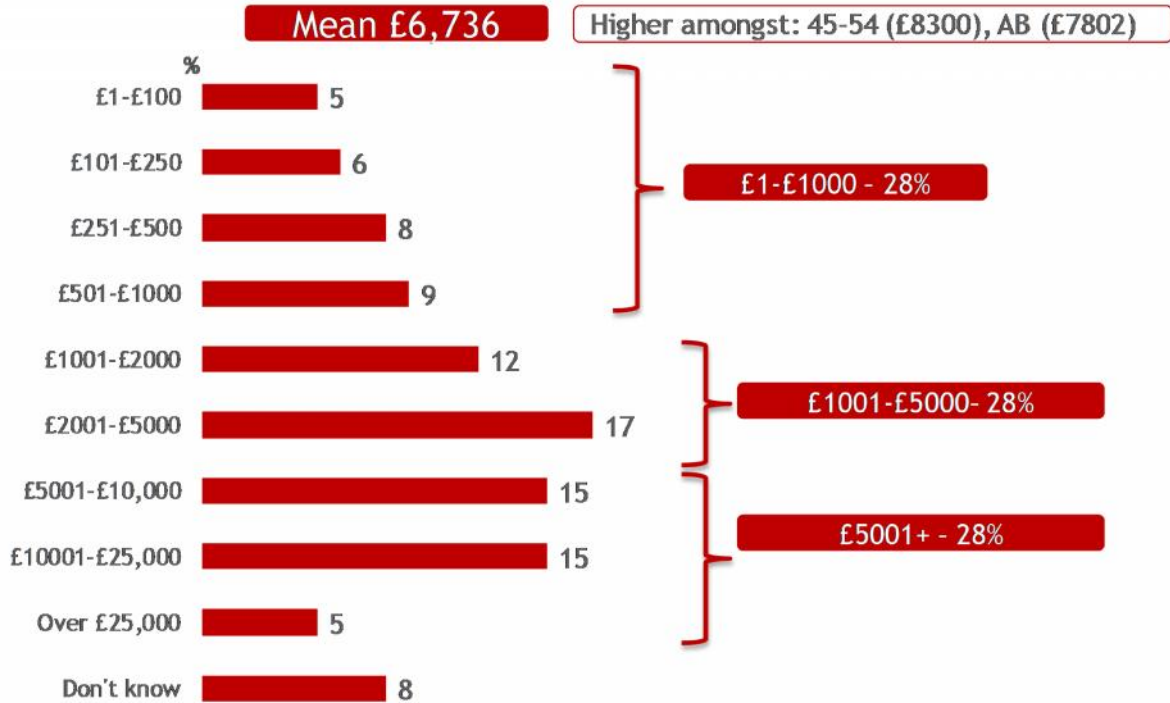


Q5 Why haven't you been able to make any savings over the past 6 months? Base: all not making savings n=835

Those with any personal debt were asked to give an approximate figure for the amount of debt they had outstanding. Figure 11 shows that on average, those with personal debt of any kind (credit/store cards, loans, overdrafts etc.) owed £6,736. This was higher amongst AB (£7802) and those aged 45-54 (£8300).

More than one in three (36%) had personal debt in excess of £5000.

Figure 11: Personal debt levels



Q9a Not including mortgages, approximately how much debt do you have outstanding? Base: all with personal debt n=922

Respondents were asked if they held any of a list of general insurance products (Figure 12). Home contents and buildings insurance were the most likely of these, with 69% and 56% respectively. 21% had free guarantees (from recent purchases) and 17% legal protection. Incidence of all four of these products was higher amongst those aged 55+, AB and those with any savings currently.

18-24s were more likely to have mobile phone insurance (26% compared with 16% overall), and 65+ to have appliance insurance (22% vs. 15%) or health insurance (20% vs. 14%). Those on lower incomes were most likely to hold none of the insurance products on the list.

Figure 12: General insurance products held



Q16 Do you have any of the following general insurance products in your household? Base: all n=2024

Appendices

A. Questionnaire

UNEXPECTED COSTS QUESTIONNAIRE

FINAL

DEMOGRAPHICS

The following demographic variables are collected as standard on the Omnibus:

- Age
- Gender
- Government office region
- Social Grade
- Taken a foreign holiday in the last 3 years
- Tenure
- Number of cars in the household
- Working status
- Disability
- Educational level
- Main grocery shopper
- Ethnicity
- Religion
- Urban/Rural
- Public / private sector worker
- Kids in the household
- TV Region
- Marital Status
- Household income (before tax)
- City

SECTION A - FINANCIAL PROFILING
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The next few questions are all about household bills.

- ASK ALL**
- Q1 Do you have responsibility for paying the household bills in your household? (eg. gas, electricity, council tax, water rates, home maintenance, food and clothing etc.)
- SINGLE CODE**

1. I have sole responsibility for paying the household bills
2. I have joint responsibility for paying them with others
3. I occasionally make contributions when I can
4. Someone else always pays them
5. Other

- ASK ALL**
- Q2 Do you currently have any savings or investments?
- SC**

1. Yes
2. No

- ASK IF Q2=1**
- Q3 Which of the following methods do you use to save money?
- MC**

- 1 In cash (eg. jam jar, tin or money box)

Cash Savings Accounts

- 2 Instant access savings account
- 3 Restricted access savings account - where you have to give notice before you can withdraw money or you are allowed a limited number of withdrawals
- 4 Fixed term savings account or 'bond' - where you are unable to access the money until the end of the term (or access is subject to a significant penalty)
- 5 Cash ISA
- 6 Regular savings account - where you have to make payments on a monthly basis
- 7 Other cash savings account

Investments

- 8 Protected Equity Bond (PEB) (sometimes called Guaranteed Equity Bond (GEB) or Investment Bond)
- 9 A pension
- 10 Stocks and shares (not part of an ISA or Trust)
- 11 Stocks & Shares ISA (sometimes called Equity ISA or Investment ISA)
- 12 Premium Bonds
- 13 Unit Trusts or Investment Trusts
- 14 Other investments (including OEICs, Gilts etc.)
- 15 None of the above

ASK ALL
 Q4a Over the past 6 months have you made any savings?
 SC

- 1 Yes, I have made regular monthly savings
2. Yes - I have occasionally made some savings
3. No I haven't made any savings at all

ASK IF Q4a=1 OR 2
 Q4b Are you currently saving for any of the following? Please select all that apply
 MC

Saving for a rainy day

1. In case something needs fixing (eg. with the car or house)
2. In case of a change in circumstances (e.g. I lose my job)
3. In case I become ill
4. Save for a rainy day (but not for a specific purpose)

Saving for a specific purpose

5. Holiday
6. Car
7. House move/ deposit
8. For retirement
9. For education - school fees
10. For university - university fees
11. To pay off debts
12. For a wedding
13. To leave money to my children
14. For new furniture/ home improvements
15. An investment in property - such as a second home/property to let

Other reasons for saving

13. To find a home for money I have recently come into
14. I don't have any particular goals - I just save out of habit
15. I have money left over that I don't need to spend
16. To get a better return on my money
17. Other reason

ASK IF Q4a=3
 Q5 Why haven't you been able to make any savings over the past 6 months?
 MC

- 1 Not enough income
2. High bills/ rent/ mortgage
3. Low savings rates offered by providers
4. Inflation
5. I prefer to spend any spare money I have
6. I prefer to pay off my mortgage
7. I prefer to pay off unsecured debt (eg. Credit cards, personal loans, overdrafts)
8. I don't understand enough about savings products
9. I don't trust savings providers
10. I've nothing to save for
11. Other reason

ASK IF MADE SAVINGS (Q4a=1 OR 2)
 Q6 In an average month how much money are you be able to save on average?

SHOW:

Please type the amount in the box (TO THE NEAREST £)

THE AMOUNT YOU SAVE EACH MONTH =

ASK ALL
 Q7 Compared to 6 months ago and 12 months ago, do you have more savings, less savings or about the same?

SC

	A10a	A10b
More savings.....	1.....	1
Same amount of savings	2.....	2
Less savings	3.....	3

ASK ALL
 Q8 Not including mortgages, do you currently have any of the following types of personal debts?
MC, ROTATE

1. Store card balance carried over at the end of the month
2. Hire purchase/ car finance
3. Overdraft
4. Personal Loan/ bank loan
5. Payday loan
5. Credit card balance carried over at the end of the month
6. Other
7. I don't have any personal debt

ASK IF CODES 1-6 CODED AT Q8
 Q9a Not including mortgages, approximately how much debt do you have outstanding?
 SC

- | | |
|----|-------------------|
| 1 | £1 - £100 |
| 2 | £101 - £250 |
| 3 | £251 - £500 |
| 4 | £501 - £1000 |
| 5 | £1,001 - £2,000 |
| 6 | £2,001 - £5,000 |
| 7 | £5,001 - £10,000 |
| 8 | £10,001 - £25,000 |
| 9 | Over £25,000 |
| 10 | Don't Know |

ASK ALL
 Q9b Compared to 6 months ago and 12 months ago, excluding mortgages, do you have more outstanding debt, less outstanding debt or about the same?

SC

	A10a	A10b
More debt.....	1.....	1
Same amount of debt.....	2.....	2
Less debt	3.....	3

ASK ALL

Q10 Has your household experienced any of the following ‘unexpected costs’ during the past 12 months? These are costs that you were not expecting or had planned for as opposed to regular bills or purchases.

MC

1. Boiler repair/ replacement
2. Washing machine repair/replacement
3. Car repair/replacement
4. Mobile phone breakdown/ loss/ repair/ replacement
5. Technology breakdown/ repair/ replacement (eg. TVs, computers etc.)
6. Unexpected kids costs e.g. school trips, uniforms, parties
7. Emergency home repairs (not covered by insurance)
8. Emergency dentists bills
9. Attending unscheduled events/weddings
10. Lending to family/friends
11. Legal bills
12. Opticians/Glasses costs
13. Vet bills/Pet costs
14. Tax bills
15. None
16. Other [SPECIFY]

ASK IF A SELECTION MADE AT Q10 (ANY CODES 1-14,15)

Q11 And how much was the unexpected cost during the past 12 months for each of the following? **ALLOW THE RESPONDENT TO ENTER COST FOR EACH CATEGORY SELECTED AT Q10. PIPE IN ENTRY AT OTHER SPECIFY**

Please type the amount in the box (TO THE NEAREST £)

Don't Know

ASK IF A SELECTION MADE AT Q10 (ANY CODES 1-14,15)

Q12 And who paid for these unexpected costs in your household?

ROWS: SHOW ALL SELECTIONS FROM Q10

COLUMNS, SC

1. I paid for all of it
2. I paid for part of it
3. Someone else paid for it
4. It hasn't been paid for yet

ASK IF A SELECTION MADE AT Q10 (ANY CODES 1-14,15) AND PAID FOR (Q12 FOR THAT SELECTION = 1 OR 2)

Q13 And what was the main method of payment used for the following unexpected costs?

ROWS: SHOW ALL SELECTIONS FROM Q10

COLUMNS. SC

1. Cash (i.e. money in your current account)
2. Savings
3. Credit card
4. Pay day loan (e.g. Wonga etc.)
5. Money borrowed from parents/grandparents/family members/partner/friends, etc.
6. Authorised overdraft facility
7. Unauthorised overdraft facility
8. Some other form of loan/debt
9. Other (not loan/debt)
10. Don't know/ can't remember

ASK IF A SELECTION MADE AT Q10 (ANY CODES 1-14,15)

Q14 Please select one of the unexpected costs that your household incurred in the past year and tell us the story of what happened in the box below...

*What was cause of the unexpected cost?
 What was the impact on you/ your household?
 How easy/ difficult was it to resolve?
 Did it cause any financial hardship?
 Was it stressful?*

Please note that if you have a specific story about any of the unexpected costs that you're happy to share then it may be used in marketing materials, but your name will remain anonymous.

ASK ALL

Q15 Please indicate the extent to which you agree or disagree with each of the statements below by marking one box opposite each statement.

If you are not sure please mark "Neither Agree Nor Disagree" and go to the next statement.

ROTATE ORDER OF STATEMENTS. SC.

5. Strongly agree
4. Agree
3. Neither agree nor disagree
2. Disagree
1. Strongly disagree

Unexpected bills this year have had a big impact on our household finances
 I worry about how to pay for unexpected bills
 I am worried about my finances
 I'd rather spend my money today than save it for tomorrow
 I am confident that I can make good financial choices

I am a saver rather than a spender
I have to go into debt or increase my debt in order to pay for unexpected bills

ASK ALL
Q16 Do you have any of the following general insurance products in your household? **MC**

1. Free Guarantees (on any recent purchases)
2. Extended Warranties (on any products you may own)
3. Home buildings insurance
4. Home contents insurance
5. Mobile phone insurance
6. Pet insurance
7. Health Insurance including dental or optical
8. Appliance Insurance (covers most white goods)
9. Legal protection insurance(can get sold as an add-on to your home insurance)
10. Other

ASK ALL
Q17 < **SHOW IF Q2=2**> You mentioned that you don't have any savings or investments.>
What would you most likely do if you suddenly needed £300 to cover an unexpected bill in the future?
SC

1. Use cash (i.e. money in your current account)
2. Dip into my savings
3. Use my Credit card
4. Use a short term/ pay day loan (e.g. Wonga etc.)
5. Borrow money from friends/ family
6. Use an authorised overdraft facility
7. Use an unauthorised overdraft facility
8. Take out a loan from a bank
9. Sell something to raise the money
10. Wait until I get paid
11. Other [SPECIFY]



www.jigsaw-research.co.uk

Jigsaw Research Ltd.
4th Floor, 1-2 Berners Street
London W1T 3LA

Tel: +44 (0)20 7291 0810
Fax: +44 (0)20 7291 0811
Email: info@jigsaw-research.co.uk

USA Office
Tel: +1 352 224 5994
Email: jknox@jigsaw-research.us.com

Netherlands Office
Tel: +31 6 3029 3267
Email: whoogakker@jigsaw-research.nl

