

15/05/2013

UNDER EMBARGO UNTIL 00:01 ON 15 May 2013

ALMOST HALF OF HOUSEHOLDS WOULD STRUGGLE TO FIND AN EXTRA £99 A MONTH FOR BILLS

26% would be stretched by an increase in monthly outgoings of up to £49, with 13% struggling to find just £24 extra

Low wage inflation and increases in the cost of goods and services mean UK households are now at full stretch financially, with almost half (46%) admitting they would find it difficult to cope if their monthly outgoings increased by up to £99, according to research from Halifax.

The generations being stretched the most are those in their 40s (51%) and 50s (53%), with 18% of both these age groups now so close to the edge they would find it difficult to cope with an increase in expenditure of just £24 a month.

Middle generations hit hardest by higher bills

One explanation is because this group has seen an above average increase in spending on essential bills. On average 26% of UK households reported higher spending on fuel and energy bills in the last 12 months, but this rose to 29% for those in their 40s and 50s.

Similarly, 9% of households reported higher mortgages/rental payments, but for those in their 40s this rose to 11%. And while 8% of households reported an increase in food costs, it was 9% for those in their 40s.

Anthony Warrington Director, Personal Current Accounts, Halifax, comments:

"Rising prices are putting disposable income under increasing pressure, but with essentials such as mortgages/rental payments, food, and energy/fuel bills taking up the largest chunk of household spending it leaves some households with little room for manoeuvre. Those in their 40s and 50s are most likely to have family living at home, which means their food and energy bills are likely to be higher.

"There is no quick way to ease the squeeze on households and many are already cutting back where they can. With so many households at full stretch it's even more important to make strict budgets and keep on top of finances and outgoings."

Gloomy forecast for next 12 months

There is little optimism that household finances will improve in the next year and 40% of households expect their general financial situation to worsen in the next 12 months, with pessimism highest among those in their 50s (56%).

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Looking at the year ahead and 62% of UK households are either very or fairly concerned specifically over their ability to save for the future. In addition, more than half (53%) express fears about having enough money to cover future living costs and bills. And a third (32%) are worried about paying their rent/mortgage.

Concerns for the next 12 months	Age					
	20s	30s	40s	50s	60s	70-75
Concerned about their ability to pay off debts (e.g. credit cards or loans)	41%	45%	40%	35%	22%	18%
Concerned about having enough income to cover living costs and bills?	51%	53%	60%	57%	46%	42%
Concerned about their ability to save money for the future?	62%	73%	68%	66%	51%	36%
Concerned about their ability to pay the rent/mortgage repayments?	36%	37%	39%	31%	17%	10%

Source: Halifax/Ipsos Mori

Out of all the generations those in their 30s and 40s are the most anxious about their finances in the next 12 months, with 39% of those in their 40s concerned about meeting their mortgage/rental payments, and 60% worried about having enough income to pay their living costs and bills – more than any other generation.

Those in their 30s are the generation most concerned about their ability to save money for the future (73%), and also the most stressed about their ability to pay off debts (e.g. credit cards or loans) (45%).

Anthony Warrington Director, Personal Current Accounts, Halifax, comments:

"Money worries can be a major headache, but tackling these concerns by keeping on top of your finances can help you to feel more in control. Halifax has a range of tools to help monitor your spending and stick to budgets, but even simple things such as paying bills by Direct Debit means you can't forget to pay and possibly be penalised, and can even result in discounts from some firms."

Ends

Editors' notes

- Ipsos MORI interviewed a sample of 2,016 members of the British public aged 16-75
- Interviews were carried out online
- Fieldwork was conducted between 15th – 18th March 2013
- Data are weighted to be representative of the British population aged 16-75
- Respondents were asked to answer the survey thinking about their household i.e. all adults aged over 16 living together permanently in their main accommodation. Those renting privately and sharing accommodation with other people/sharing bills were asked to take household to mean themselves and no-one else.

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