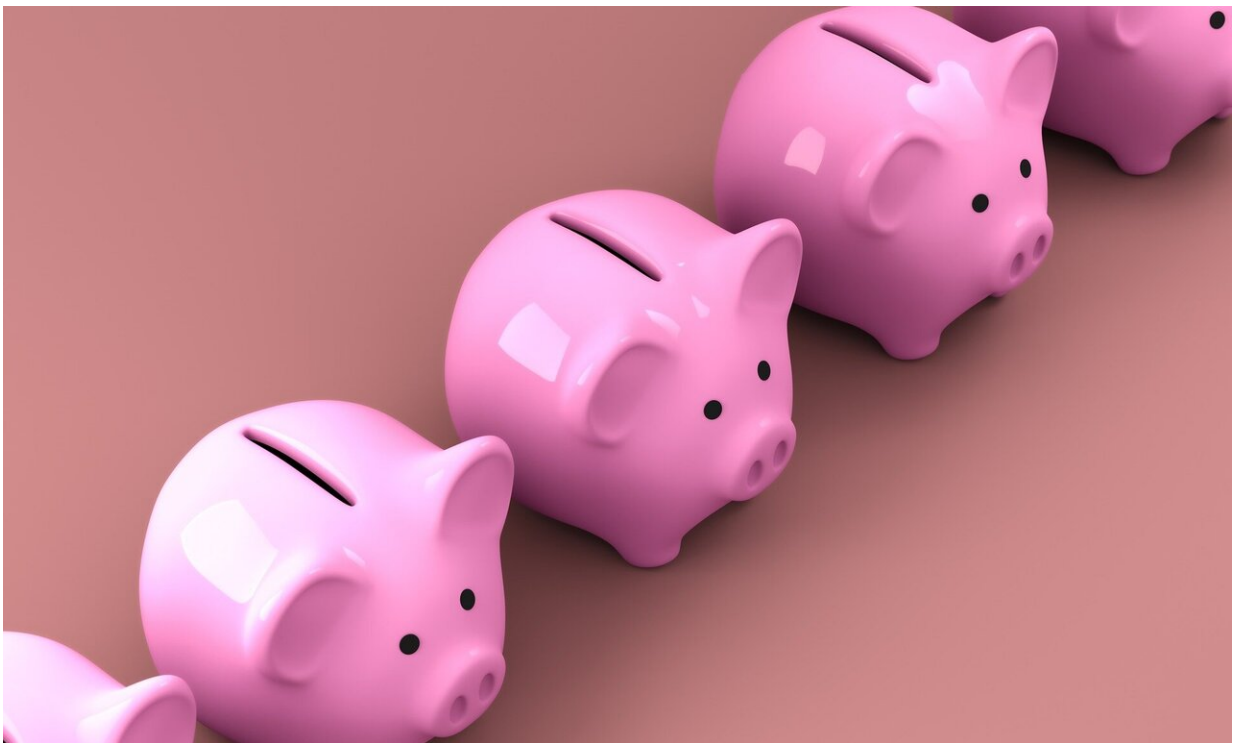


# COVID-19: Half of UK households believe they will struggle to meet their financial commitments over the next 3 months

May 1 2020

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In the first three weeks after the UK government introduced the 'lockdown', an estimated 7 million households—a quarter of all households in the UK—had lost either a substantial part or all of their

earned income as a consequence of the Coronavirus pandemic.

This included people who had either been laid off temporarily and received no way, become unemployed or lost all of their self-employed income, or had seen a big drop in earned income. Some had been hit in more than one way.

These are the findings from a national COVID-19 financial impact tracker published today by Standard Life Foundation, which shows that 50 percent of UK households believe they will struggle to meet their financial commitments over the next three months. Researchers also found that, for many, their financial situations were not in a good state prior to the pandemic, with the crisis understandably causing widespread financial anxiety.

Each month, researchers question 6,500 people across the UK on how their personal and household finances have been affected by the crisis and the likely impact it will have over the coming months.

The findings were analysed by a team from the University of Bristol, led by Emeritus Professor Elaine Kempson, who is an honorary member of the University's Personal Finance Research Centre.

Professor Kempson will be leading the series of monthly surveys, designed to track the ongoing impact of the COVID-19 crisis on household economies. The analysis and reporting is being undertaken by Bristol in collaboration with other researchers, including academics at Oslo Metropolitan University.

Government support will go some way to mitigating income losses. Around four in ten of those who had lost a substantial part of their income as a result of the crisis said that they expected to have some of their (or their partner's) earned income replaced by the Coronavirus Job

Retention Scheme (employee furlough). And two in ten thought that they might be eligible for the Self-employment Income Support Scheme (the grant to self-employed people).

7.9 million households (28 percent of the UK) are currently experiencing financial difficulties. This includes around 3.1 million households in 'serious financial difficulty' and a further 4.8 million households who were identified as clearly 'struggling to make ends meet'. A further 10.4 million households were found to have little financial resilience and were potentially exposed to financial shocks. The remaining 10 million households (35 percent) were relatively financially secure.

Looking to the near future, 28 percent of households anticipate some fall in [income](#) over the next three months. One in five have used credit to pay for food and other essentials during the crisis. But just 1 in 10 have sought financial or money advice.

The tracker found stark differences between different age groups; six percent of those in serious financial difficulty were retired, but this age group made up 44 percent of all those who were financially secure. There were also differences between family types: those with dependent children (especially lone parents) and single adults were more likely to be in financial difficulties; and couples with no children or adult children living with them were less likely to be in financial difficulties.

Despite the early announcement of mortgage holidays to help households, it was found that those who rent were at greater risk with 64 percent of those in serious financial difficulty being renters compared with 31 percent of home owners. 86 percent of those who were financially secure were home owners. Disabled people were disproportionately affected—more than twice as likely to be in 'serious financial difficulties'. Those working in the private sector were more likely to be facing 'serious [financial difficulties](#)'.

Professor Kempson, the report's lead author, said: "The pandemic is hitting people's finances harder and faster than the last economic downturn. Unlike previous economic downturns it is affecting people in all parts of the country equally. The swathe of people hit by this recession is going to be larger than we've seen before, and affect groups who have not been hit by previous recessions."

Alistair Darling, Chair of Standard Life Foundation, said: "We know that whilst everyone will be affected by the virus we will not all be affected equally. This is shown by the disproportionate number of renters, disabled people, the self-employed, and those with dependent children in serious financial difficulty. Not only do we need to ensure that the inequalities which existed before the pandemic are not made worse by it, the government needs to take action to deal with this growing problem by putting appropriate policies in place."

Provided by University of Bristol

Citation: COVID-19: Half of UK households believe they will struggle to meet their financial commitments over the next 3 months (2020, May 1) retrieved 18 April 2024 from <https://phys.org/news/2020-05-covid-uk-households-struggle-financial.html>

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