Bumpy road to recovery

THE FINANCIAL WELLBEING OF UK HOUSEHOLDS IN MAY 2024

Findings from the 10th Financial Fairness Tracker Survey

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June 2024

abrdn Financial Fairness Trust has commissioned a periodic cross-sectional survey to track the financial situation of UK households since the start of the coronavirus pandemic in early 2020. The latest wave of this survey – conducted in May 2024 – gives insight into the nation's finances during the ongoing cost of living crisis and on the eve of the 2024 General Election. The findings are based on responses from nearly 6,000 households about their income, payment of bills, borrowing, savings and ability to pay for other essentials such as food. The survey was run by Opinium, while the analysis was conducted independently by the Personal Finance Research Centre at the University of Bristol.

KEY FINDINGS

- In May 2024, nearly two-in-five households (39%) were in 'serious financial difficulties' or 'struggling' financially. In April 2020, 28% of households were in this situation. This means that – since the start of the pandemic – an extra 2.9 million households now face significant financial problems.
- There has, however, been a slight improvement in the financial wellbeing of UK households since October 2023, so while over four million households remain in 'serious financial difficulties' (15%), this is around 700,000 fewer than in the previous wave (17%).
- This partial recovery has been uneven though: while middle-income households have seen a nine percentage point fall in the proportion 'struggling' or 'in serious difficulties' (from 39% to 30%), the lowest income households have seen just a one percentage point fall (63% to 62%).
- With inflation slowing, there has been an easing of cost pressures for the average UK household. However, households with fewer resources – those in lower income groups, renters, those in receipt of benefits, those living in more deprived areas and single parent families – are still finding it hard to afford everyday essentials – such as food, energy, housing and the costs of transport.
- There are some positive signs that households are having to cut back less and rely less heavily on consumer credit in order to make ends meet. Fewer households (38%) were shopping at cheaper food stores or buying cheaper food products because of concerns about cost, down from 45% in October 2023. And more households were paying off their credit cards in full, with four-in-ten (40%) of households with credit cards reporting 'always' or 'usually' paying off their cards, up from 35% in October 2023.
- Nevertheless, around one-in-eight households (13%) had faced some form of debt collection or enforcement action in the past six months. These debt collection activities mostly related to providers of unsecured credit (53% of those experiencing debt collection), followed by local authorities (37%), mortgage providers or landlords (27%) and energy providers (23%).
- Reflecting the small improvements in average living standards, confidence has been trending upwards in the last 12 months, from a low point in May 2023 (Wave 8) when only four in ten households (41%) felt confident about their future situation, up to 49% in October 2023 (Wave 9), and rising to 53% in May 2024 (Wave 10). This is still below the levels of confidence seen in October 2021, when six-in-ten (59%) of households felt confident about their future finances.
- Public spending and taxation will be high on the agenda for the incoming government. Twice as many Tracker respondents agreed that spending on public services (like the NHS) should be increased even if it meant tax rises for households like theirs (56%) than agreed that taxes should be reduced for households like theirs, even if it meant less spending on public services (24%).

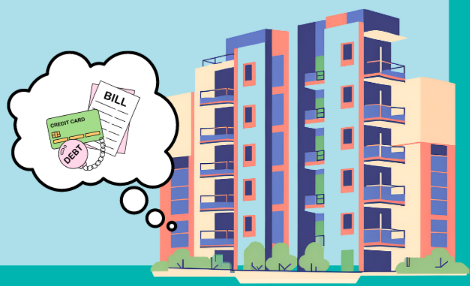
abrdn Financial Fairness Trust

University of Bristol

Despite a recent slight improvement in financial wellbeing in the UK...

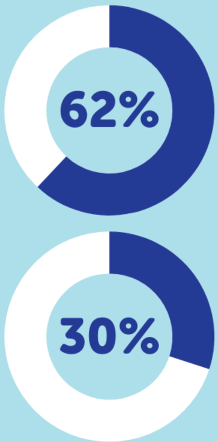
Over 4m households remain in serious financial difficulties

1.3m higher than autumn 2021 but around 700k fewer than in October 2023



Households with fewer resources are still struggling to afford food and energy

- Lower income groups
- In receipt of benefits
- Renters
- Living in deprived areas
- Single parent families



Progress has been uneven: 3 in 5 lowest-income households are struggling or in difficulty, compared to 3 in 10 middle-income households

There are some positive signs that households are having to cut back less and are relying less on credit to make ends meet

But 1 in 8

have faced some form of debt collection or enforcement action in the past six months

Debt collection activities mostly related to unsecured credit (53%), local authorities (37%), mortgage providers or landlords (27%) and energy providers (23%)

Cost of living, employment and productivity will be high on the agenda for the next government

2 in 10

households were actively looking for a new job in May 2024

87%

said they had encountered barriers during their job search

Tax and spending priorities identified among our respondents included

43%

reduced Council Tax

29%

cheaper energy tariffs for people on low incomes

28%

a reduction in the rate of Income Tax or NI contributions

27%

a reduction in taxes paid by motorists (e.g. fuel duty)

INTRODUCTION

The announcement that a General Election will be held on 4 July 2024 came hot on the heels of news that the cost of living (as measured by the Consumer Prices Index) rose at a slower pace in the 12 months to April 2024 (2.3%, down from 3.2% in the 12 months to March 2024). Prime Minister Rishi Sunak welcomed the inflation figures as a "major moment for the economy, with inflation back to normal". Falling gas and electricity prices were the biggest contributory factor in the downward monthly change in inflation; while the largest, partially offsetting, upward contribution came from motor fuels. While this will undoubtedly relieve some pressure on household finances, the Resolution Foundation reminds us that three consecutive years of historically high inflation means that “higher prices ‑ if not higher inflation ‑ will remain with us in the months and years ahead”, with prices around 15% higher than if inflation had consistently remained at 2%.

At the same time, the Bank of England base interest rate remained at its 16-year high of 5.25% - albeit with indications that it might come down in the near future given the reduced inflationary pressures. High rates mean better returns for savers (which is good for older people who are more likely to have savings) but higher costs for borrowers, particularly mortgagors (who are more likely to be working age). It is estimated that around 1.6 million households whose fixed rate mortgages end in 2024 face higher mortgage costs. Average private rent prices also continue to grow, so that in April 2024 the average rent in Britain was £1,254 per month – £103 higher than 12 months before.

In spite of higher consumer credit borrowing costs – with one source reporting an average APR on credit cards of 24% – Bank of England figures show steady growth in consumer credit lending (like personal loans, credit cards, and excluding student loans) since the pandemic. One reason for this growth is ‘desperation borrowing’: research commissioned by StepChange Debt Charity found that nine million UK adults (17%) who are struggling to keep up with bills and credit repayments had recently borrowed to pay for essentials. In other words, even with recent uplifts to household income (such as benefit uprating, reductions in income tax and wage rises, including the National Living Wage), many households continue to rely on consumer credit to balance their books. There are similar concerns that the continued growth of “phantom debt” – in the form of unregulated Buy Now Pay Later that does not appear on borrowers’ credit reports – is a sign of consumer stress.

This report marks the tenth wave of the abrdn Financial Fairness Tracker, over four years since the first wave of data was collected in April 2020, just a few months after the 2019 General Election. This tenth wave, conducted a matter of weeks prior to the 2024 General Election, provides a summary of the financial wellbeing of UK households across this parliamentary term. It highlights what has – and hasn’t – changed for UK households in this time, beginning with an overview of UK households’ financial wellbeing. We then consider which groups are faring better and worse, before exploring some of the key cost pressures facing households and the strategies that they are using to make ends meet. We conclude by delving into new questions on the policies that households feel the next UK government should pursue to improve their finances.

Key methodological details

Sample size:	Fieldwork dates:	Type of survey:
5, 572 householders (with some responsibility for bills / household finances)	26th April – 19th May 2024 (with 74% completing between 29th April and 2nd May)	Online, cross-sectional survey of Opinium’s nationally- and politically-representative panel

Our **Index of Financial Wellbeing** is a composite measure based on seven key questions, covering: households’ perceptions of their day-to-day finances and ability to meet bills, their number of missed payments or arrears, and their longer-term financial resilience (such as level of savings). The Index is a score from 0 to 100, with those scoring <30 being considered as ‘in serious financial difficulties’, those scoring 30-49 ‘struggling’, those scoring 50-79 ‘exposed’ and 80+ ‘financially secure’. For more information on this index please see the Technical Note on the back page.

THE FINANCIAL WELLBEING OF UK HOUSEHOLDS IN MAY 2024

Tentative steps forward, but pressures are far from over

Since wave 9 of the Tracker in October 2023, we have seen an overall slight improvement in the financial wellbeing of UK households; however, any improvements are yet to offset the significant worsening of the nation's finances since the beginning of 2022. As Table 1 shows, over four million households remain in 'serious financial difficulties' (15%), 1.3 million higher than post-lockdown in autumn 2021 (10%) but around 700,000 fewer than in the previous wave (17%). At the other end of the spectrum, an additional 1.2 million households have become financially 'secure' in the last six or so months but this is still nearly three million fewer than had been secure in 2021 prior to the cost of living crisis.

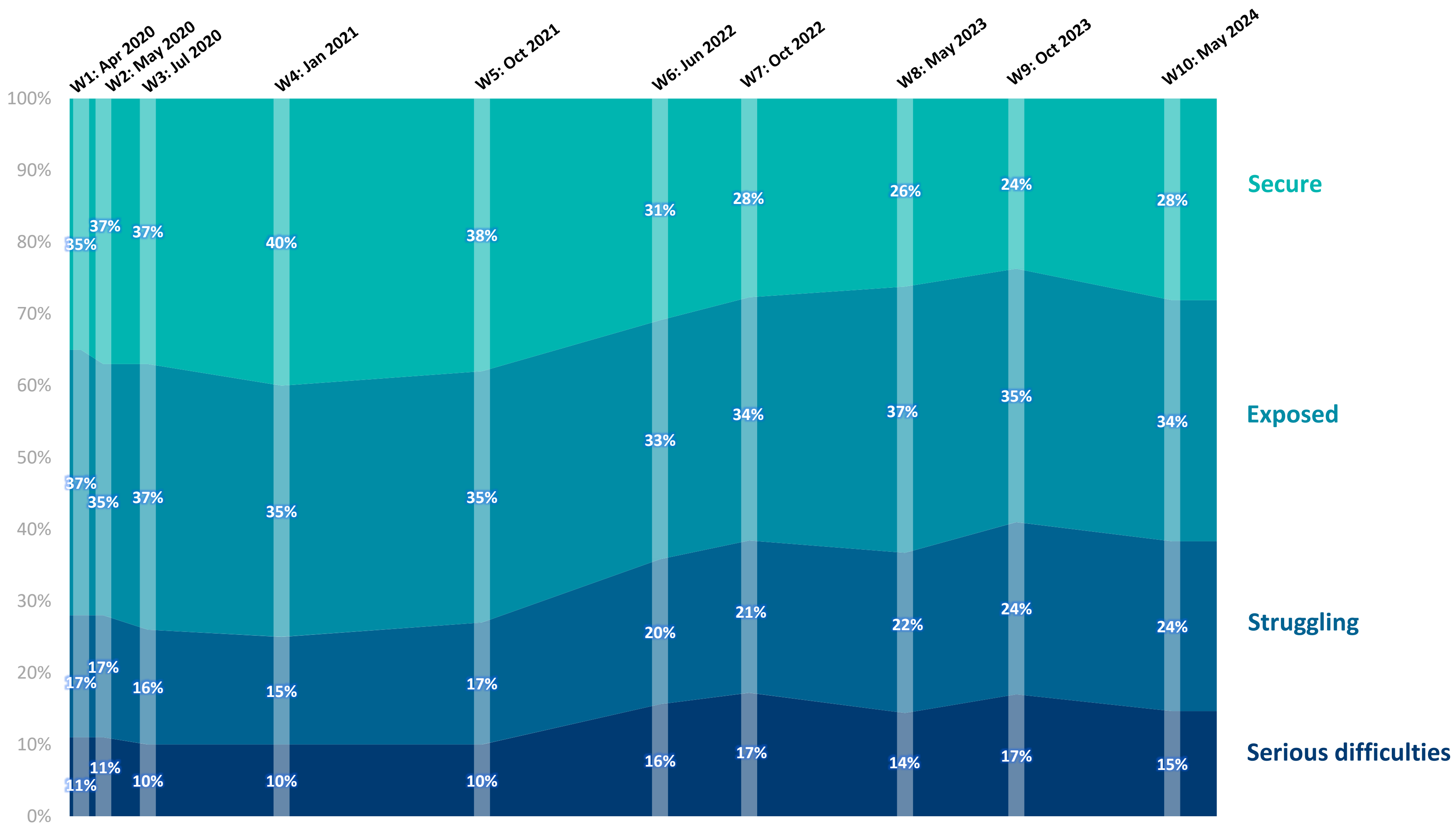
Table 1 – Percentage and number of UK households in each of our four financial wellbeing categories

Financial wellbeing category	Percentage of UK households in May 2024	Number of UK households in May 2024	Overall change since October 2023	Overall change since October 2021
Secure	**28%**	**7.9 million**	**+ 1.2 million**	**- 2.8 million**
Exposed	**34%**	**9.5 million**	**- 0.5 million**	**- 0.4 million**
Struggling	**24%**	**6.7 million**	**- 0.1 million**	**+ 1.9 million**
Serious difficulties	**15%**	**4.1 million**	**- 0.7 million**	**+ 1.3 million**

Notes: W10 sample size = 5,572. Calculations are based a total of 28.2 million households at all time points (in reality, this number will fluctuate).

Figure 1 gives a longer-term view of UK households' financial situation, presenting the headline figures for the first ten waves of the Tracker since it began tracking the nation's financial wellbeing in response to the coronavirus pandemic in April 2020. While periods of national lockdown were a time of significant financial anxiety for many – especially those ineligible for Government support (as identified in wave two) – on the whole, the level of financial difficulty remained relatively static. This was due to the combination of reduced spending pressures for households and large-scale policy intervention, such as the furlough scheme and uprating of benefits. Through 2022, however, financial wellbeing worsened drastically, with the number of 'secure' households shrinking by more than a quarter over the course of a year (from 10.7 million in October 2021 to 7.8 million in October 2022). 2024 appears to have brought some improvement, with the rate of inflation edging to within 0.3% of the Government's 2% target by April 2024, but – as noted above – the financial pressures facing UK households appear far from over.

Figure 1 – The financial wellbeing of UK households over the first ten waves of the abrdn Financial Fairness Tracker, from 2020 to 2024. Percentages indicate the proportion of UK households in each of our four financial wellbeing categories at each wave.



Notes: Sample sizes range from 5,572 to 6,108 per wave. Financial wellbeing categories determined based on seven key survey questions – please see technical note for additional details.

Box 1 – An overview of the four financial wellbeing categories

Secure

28% of households

Scoring 80+ on our financial wellbeing index

Most common financial situation:

How well meeting bills and credit commitments:	**'Without any difficulty'** (88%)
Number of months income in savings:	**12 months +** (71%)
Median annual pre-tax household income:	**£40-50k**
Income quintile (after housing costs):	**Top quintile**

Exposed

Scoring 50-79 on our financial wellbeing index

34% of households

Most common financial situation:

How well meeting bills and credit commitments:	**'Without any difficulty'** (49%)
Number of months income in savings:	**1-3 months** (37%)
Median annual pre-tax household income:	**£30-40k**
Income quintile (after housing costs):	**Third quintile**

Struggling

Scoring 30-49 on our financial wellbeing index

24% of households

Most common financial situation:

How well meeting bills and credit commitments:	**'Struggle from time to time'** (74%)
Number of months income in savings:	**No savings** (36%)
Median annual pre-tax household income:	**£20-30k**
Income quintile (after housing costs):	**Second quintile**

Serious difficulties

Scoring under 30 on our financial wellbeing index

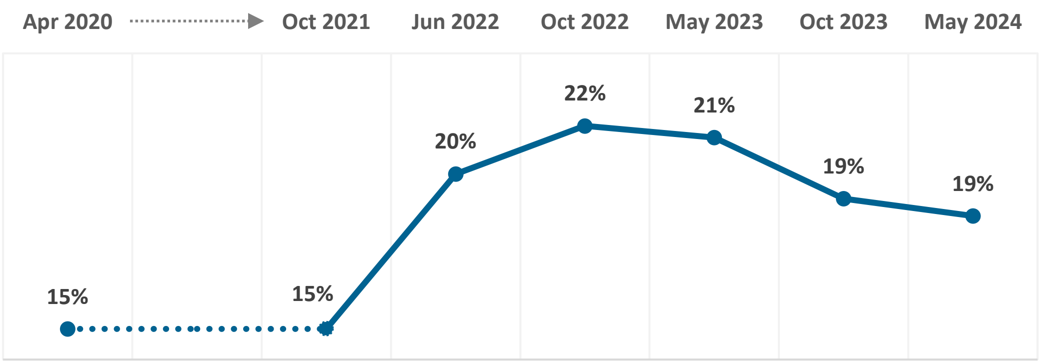
15% of households

Most common financial situation:

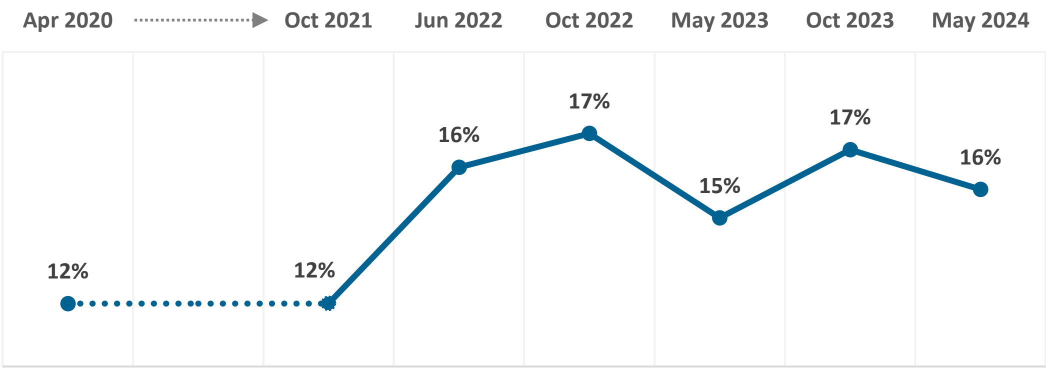
How well meeting bills and credit commitments:	**'Constant struggle'** (72%)
Number of months income in savings:	**No savings** (87%)
Median annual pre-tax household income:	**£10-20k**
Income quintile (after housing costs):	**Bottom quintile**

This broad story – of short-term, small improvements – is evident across a range of different indicators captured within the Tracker survey, as Figures 2a-c demonstrate. All suggest that between one sixth and one fifth of households still perceive themselves as struggling financially in some way, which is lower than the peak in 2022 but not yet down to levels seen in 2021 and before.

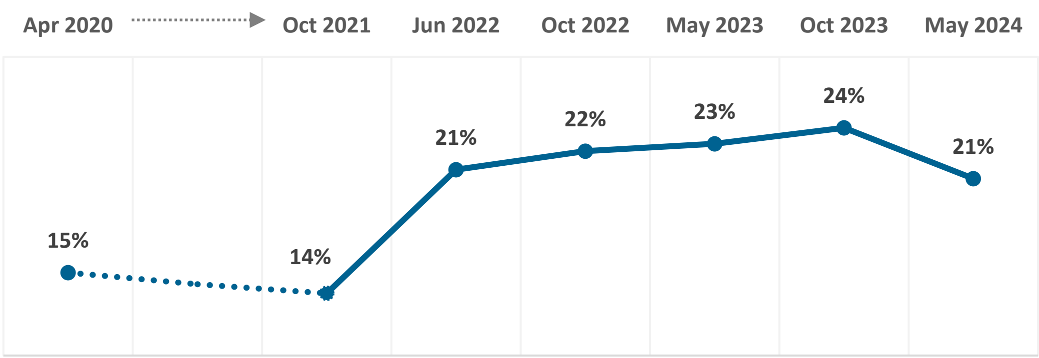
Figures 2a-c – Proportion of UK households struggling on various indicators of financial wellbeing (April 2020, and October 2021 to May 2024)



A. Current financial situation = 'Very bad / bad'



B. 'Constant struggle' to meet bills and credit commitments

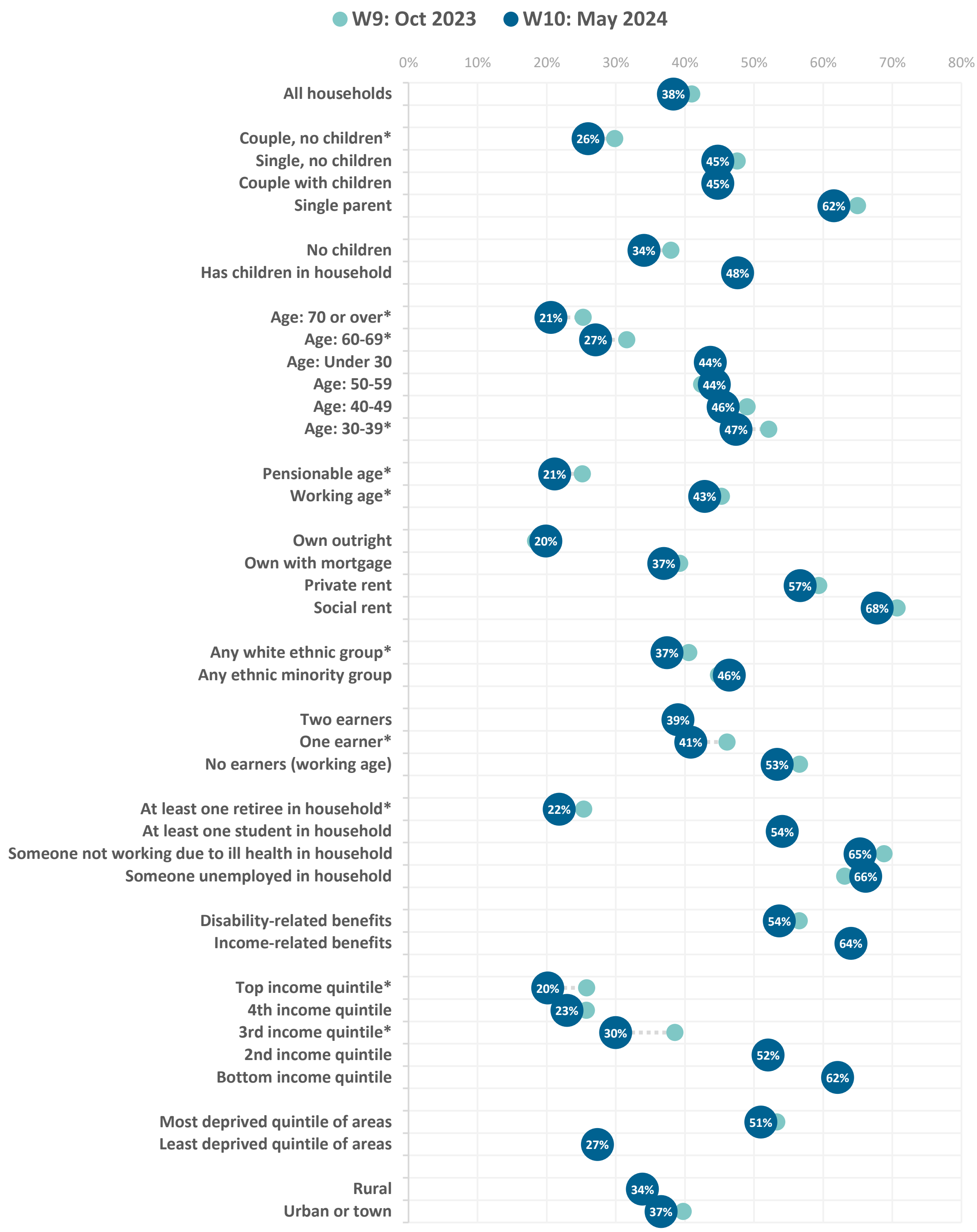


C. "Struggling to pay for food and other necessary expenses" = "Fits very / fairly well"

Notes: Sample sizes range from 5,572 to 6,108 per wave.

WHICH GROUPS ARE FARING BETTER OR WORSE?

Figure 3 – Percentage of households in serious difficulties or struggling by wave and household characteristics



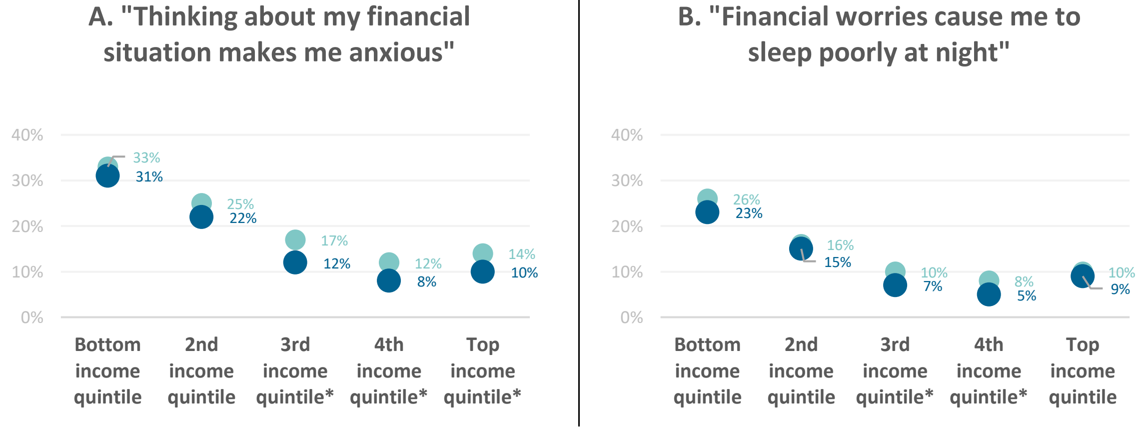
Notes: Sample sizes range from 85 (W10: 'at least one student in household') to 4,752 (W10: 'any white ethnic group'). Income quintiles are based on household income after housing costs and adjusting for household composition. Statistically significant changes from W9 to W10 are indicated by asterisks (* = p<0.05). Age-related groupings are based on the age of the respondent and caution should be used when interpreting the results for the under 30 group because our methodology focuses on those with responsibility for paying household bills, which can lead to an under-representation of under 30s living in the family home in our analysis.

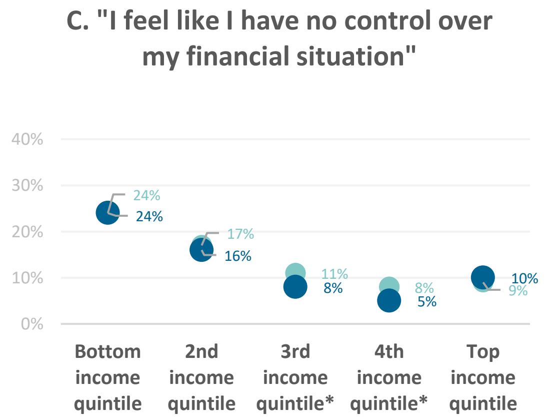
Figure 3 shows the proportion of different groups of households who were categorised either as 'struggling' or 'in serious difficulties' on our measure of financial wellbeing. It reveals many of the patterns that we have seen consistently in previous waves of the tracker: for example, the much higher levels of financial difficulty among those in lower income groups, those in social or private rented housing, those in receipt of benefits, those living in more deprived areas and single parent families. It also illustrates the generally higher levels of financial wellbeing enjoyed by older adults in comparison to most of the working age population.

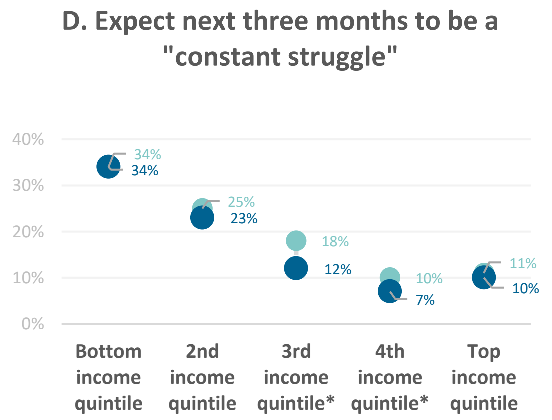
The chart also reveals the positive news that none of the groups we investigated saw statistically significant *increases* in difficulty since October 2023. Some did see a slight increase in the proportion 'in serious difficulties' or 'struggling' (including the unemployed, those aged 50-59, outright homeowners, couples with children, minority ethnic groups and those in receipt of income-related benefits); however, none of these were statistically significant increases. Most therefore saw some form of decline in levels of difficulty since last Autumn, with the following groups seeing statistically significant improvements: couples without children, those aged 30-39 or 60 or over, those of white ethnicity, and those in the middle- or top-income quintiles. This latter finding on income suggests inequalities emerging in the rate of recovery from the cost of living crisis. While we see falls in the proportion of higher income quintiles who are 'struggling' or 'in serious difficulties' – from 26% to 20% for the top income quintile, from 26% to 23% for the 4th income quintile and from 39% to 30% for the middle income quintile – such falls are yet to materialise for the second (53% to 52%) or bottom income quintiles (63% to 62%).

This trend is also evident when looking at other questions on households' worries about their finances (Figures 4a-d). These show statistically significant declines in worries about finances, predominantly for the 3rd and 4th income quintiles but not for those on the lowest incomes. For example, the percentage of those in the 3rd income quintile who agreed that thinking about their finances makes them feel anxious fell from 17% to 12% (a statistically significant decrease) between October 2023 and May 2024; whereas the drop was just two percentage points (from 33% to 31%, a non-statistically significant fall) for households in the bottom income quintile. This leaves us with a situation where the bottom income quintile are more than three times more likely to feel anxious thinking about their finances than the top income quintile. Similarly, we find a six percentage point reduction since October 2023 in the proportion of middle income quintile households who expect the next three months to be a 'constant struggle' to meet their financial commitments (from 18% to 12%), but no such reduction for the bottom income quintile (34% in both waves).

Figures 4a-d – Proportion of households in each household income quintile that are worrying about their finances. Comparison of wave 9 (Oct 2023) and wave 10 (May 2024).







Notes: sample sizes range from 870 to 957. Income quintiles are based on household income after housing costs and adjusting for household composition. Statistically significant changes from W9 to W10 are indicated by asterisks (* = p<0.05).

WHICH COSTS ARE HOUSEHOLDS STRUGGLING WITH?

Housing is a key component of the cost of living crisis

As Figure 3 previously highlighted, housing tenure is a key differentiator for financial wellbeing, with just 20% of outright homeowners being in serious difficulties or struggling, compared to 37% of mortgagors, 57% of private renters and 68% of social renters. We see a similar pattern across a range of indicators of financial problems, as shown in Table 2: outright owners consistently fare best, followed by mortgagors, with social and private renters lagging further behind.

Table 2 – Proportion of households within each tenure group who are struggling, using different indicators of financial wellbeing

Indicator of financial wellbeing	Own outright	Own with mortgage	Private rent	Social rent
Borrowed money for daily living expenses in past six months	18%	28%	38%	32%
Used money from savings for daily living expenses in past six months	29%	35%	41%	37%
Very or quite worried about meeting housing costs in next three months	18%	29%	42%	43%

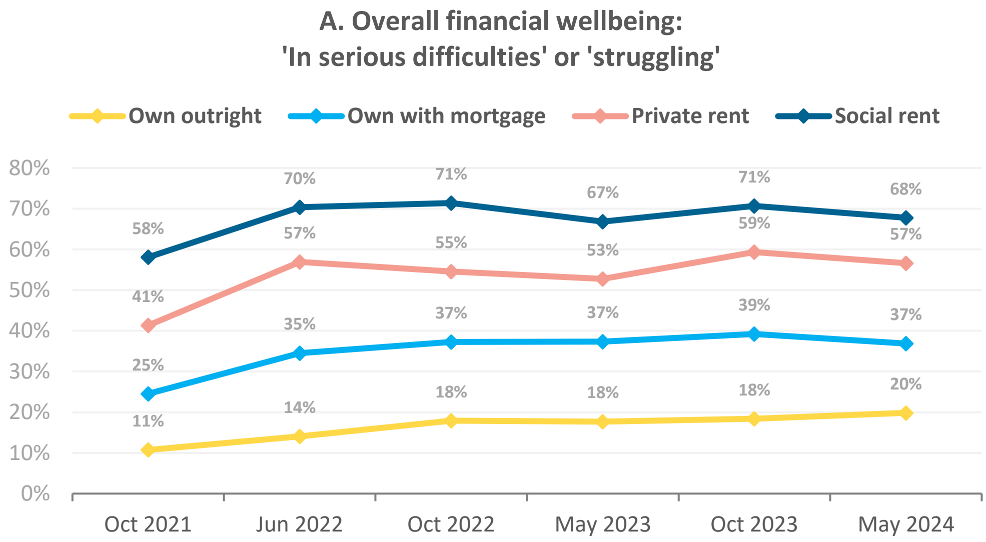
Notes: sample sizes as follows: own outright = 2,299; own with mortgage = 1,463; private rent = 820; social rent = 770. Other housing tenures not shown.

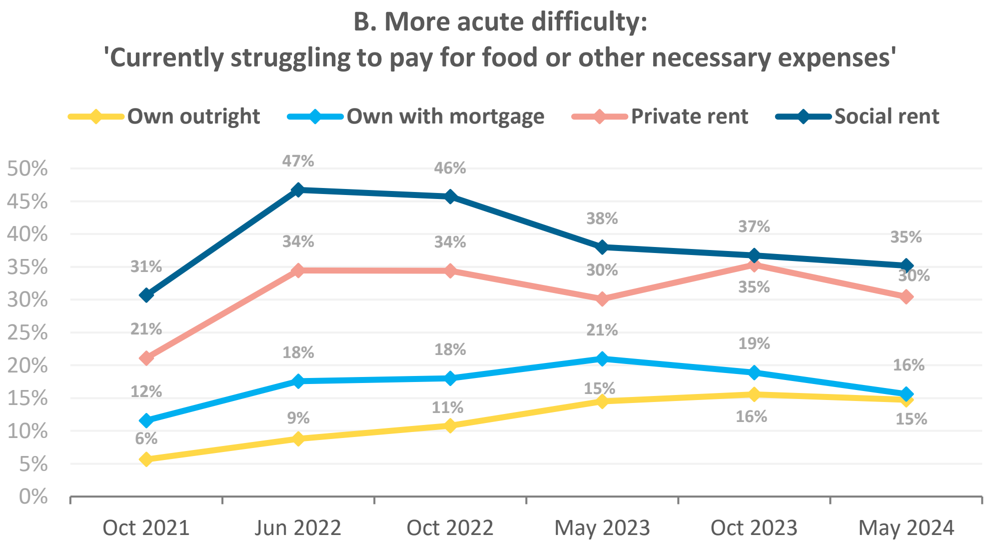
Looking at trends over time, in Figures 5a and 5b, we see that financial difficulties remain elevated in comparison to 2021. First, Figure 5b gives the overall proportion of each tenure group 'in serious difficulties' or 'struggling' (a relatively wide definition of difficulty). It shows that, for private and social renters, the percentages increased throughout 2022 and have largely plateaued since then.

For mortgagors – and to a lesser extent, outright homeowners – the level of difficulties appears to have grown more slowly, peaking later. This is most likely a result of mortgagors coming off fixed-term deals over time, though may also reflect these groups initially having higher levels of savings to draw upon if needed. The trend for outright homeowners is interesting though, as levels of difficulty are higher in May 2024 than they have been in any other survey wave.

Figure 5b focuses on a more acute measure of financial difficulty: the proportion saying that they are 'currently struggling to pay for food or other necessary expenses'. This suggests that 2022 was felt most severely by social renters, while other tenure groups saw difficulties peak in 2023. As homeowners comprise the majority of the population, this meant that the UK's overall financial wellbeing was therefore also at its lowest point in 2023, with some improvement in 2024.

Figures 5a-b – Financial difficulty, by housing tenure and survey wave (Oct 2021 – May 2024)

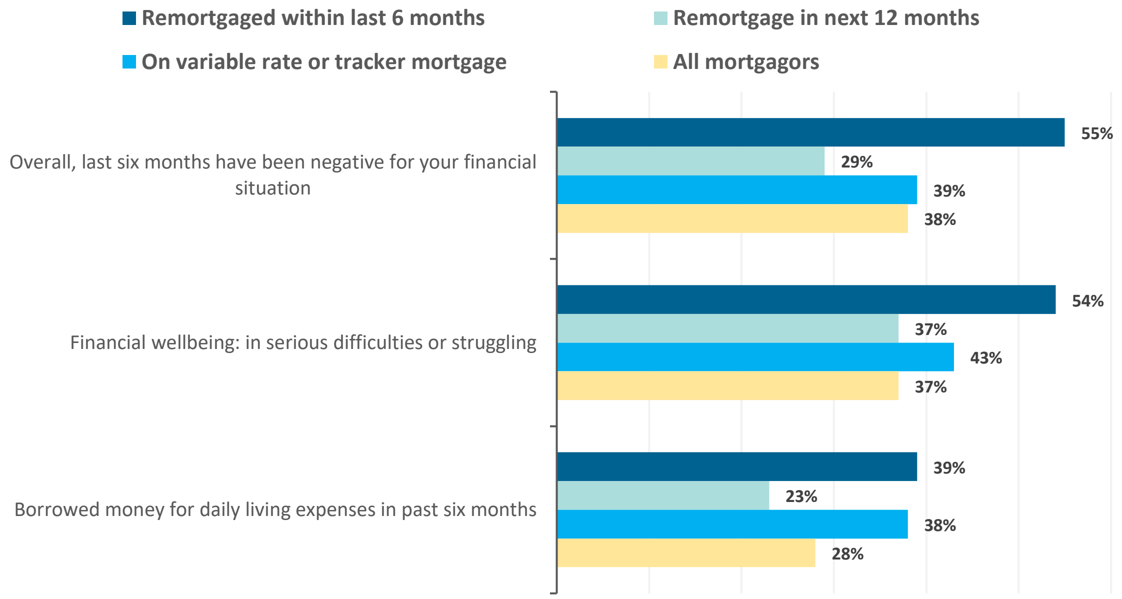




The challenges facing renters and mortgagors have not abated in 2024. Over half of social renters (58%) and two-in-five private renters (39%) reported that their landlord or housing provider had increased their rent, leading to an increase in housing costs over the past six months. For social renters, this represents a higher figure than at the previous wave (41%), while the proportion is largely unchanged for private renters (36%). This likely reflects the fact that social rents typically go up every April, so would be fresh in the memory of such survey respondents, while private rent increases are less likely to be concentrated at any particular time of the year. The majority of those facing a rent hike saw an increase of up to £100 per month (83% of social renters and 61% of private renters). Nearly a third of private renters (30%) were paying an extra £100 to £300 each month, while nearly one-in-ten (9%) had to pay an additional £300 or more. This is in line with ONS data suggesting that UK private rents rose by 8.7% in the 12 months to May 2024. Mortgagors had also faced extra housing costs, with one-in-seven (14%) describing increased costs (typically of £100 to £300) as a result of remortgaging after their fixed term came to an end and 11% as a result of being on a variable rate or tracker mortgage.

Those who had remortgaged in the past six months were considerably more likely than other mortgagors to be 'in serious difficulties' (18% vs 12%) or 'struggling' (29% vs 25%) (Figure 6). They were also more likely to describe the past six months as overall having been negative for their financial situation (55% vs 38% of all mortgagors) and were more likely to have needed to borrow money to meet daily living expenses in this period as well (39% vs 28%). Those on tracker or variable rate mortgages tended to fare slightly worse than the average mortgagor. Interestingly, this group were significantly less likely in May 2024 to describe the past six months as negative (39%) than they had been in October 2023 (55%), suggesting some improvement in affordability despite interest rates remaining at somewhat elevated levels. Households due to remortgage in the next 12 months as their fixed term comes to an end tended to fare better than all other groups, but it is likely that they will face some level of financial readjustment as and when they come to remortgage.

Figure 6 – Comparing the financial situation of those who remortgaged in the past six months with other mortgagors and those due to remortgage in the next 12 months



Notes: sample sizes as follows: remortgaged within last 6 months = 208; remortgage in next 12 months = 226; on variable rate or tracker mortgage = 195; all mortgagors = 1,463.

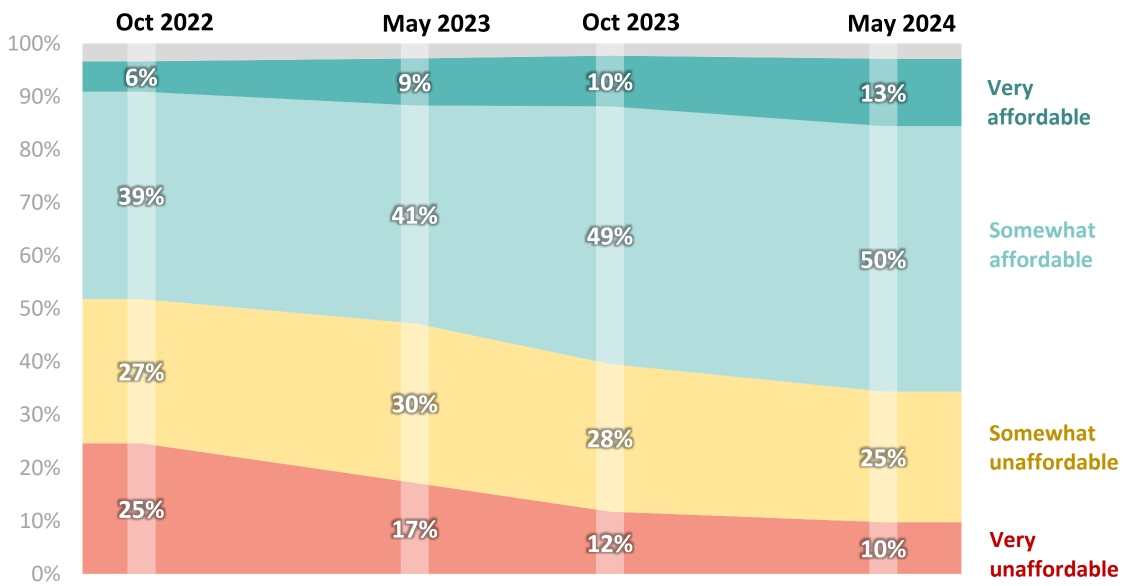
A small but important minority had fallen behind on their housing costs: 4% of mortgagors, 6% of private renters and 10% of social renters. These were all marginally lower than they had been in the previous survey in October 2023, but not sufficiently so to represent a statistically significant improvement. Data from the Regulator of Social Housing (RSH) revealed an 8.4% rise in rent arrears to housing associations in 2023, while UK Finance reported a 3% rise in homeowner mortgages in arrears in the first quarter of 2024.

Many households – especially in the private rented sector (PRS) – are putting up with low quality accommodation and poor conditions. Over two-in-five (43%) private renters felt that their home has problems with condensation, damp or mould (compared to 29% of all households), and this rises further to 48% among private renters on the lowest incomes. Social renters were marginally less likely to report such conditions, at 38% and 47% respectively. Those in the PRS, however, were more likely to report having looked for cheaper housing elsewhere (13%, compared with 4% of social renters) and this rises to one-in-six (16%) of low-income private renters.

Energy affordability is easing, but lower income households continue to struggle

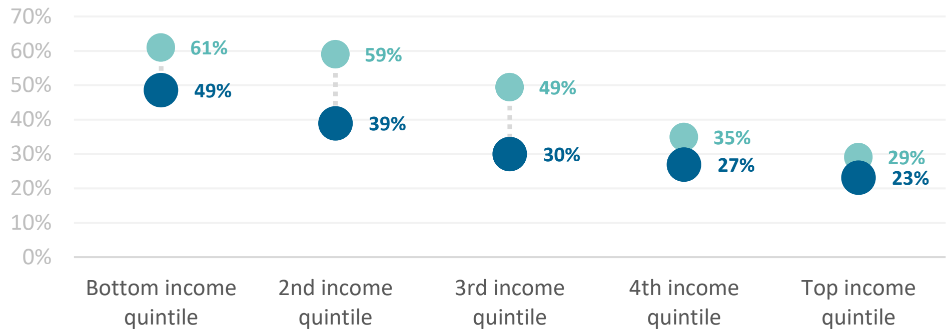
Over the past four waves of the Tracker, since October 2022, we've seen a gradual easing of households' concerns about the affordability of energy bills. This is in line with reductions in the energy price cap, while households may also have benefitted from winter 2023/24 being the warmest on record. As Figure 7 shows, the proportion describing their energy bills as 'somewhat' or 'very' unaffordable has dropped from 52% to 35% between late-2022 and May 2024. This recovery has, however, been somewhat unequal. The biggest improvements over the past year have taken place among those in the second and third income quintiles, while the bottom income quintile has seen a smaller improvement (Figure 8). This leaves half of those in the lowest income quintile still feeling their energy bills are unaffordable (49%), down from 61% in May 2023 but with no further statistically significant improvement since October 2023 (53%). Two-in-five (41%) of those using a prepayment meter to pay for their energy also feel this way about their energy bills, again suggesting that for many the energy crisis is far from over.

Figure 7 – Affordability of energy bills, by survey wave (October 2022 to May 2024)



Notes: sample sizes as follows: October 2022 = 6,108; May 2023 = 5,766; October 2023 = 5,594; May 2024 = 5,572.

Figure 8 – Percentage of households describing their energy bills as ‘somewhat’ or ‘very’ unaffordable, by income and wave. Comparison of wave 8 (May 2023) and wave 10 (May 2024).



Notes: sample sizes in wave 8 range from 937 to 938, while in wave 10 they range from 867 to 948. Income quintiles are based on household income after housing costs and adjusting for household composition.

Many households continue to report being mindful about how they use energy. The majority (78%) reported regularly taking at least one action over the past six months to try and cut their energy bills – for example, wearing more clothes than usual to keep warm indoors (43%) or turning the heating on less than usual (48%). This represents a statistically significant fall since October 2023, when 84% reported taking at least one action. In particular, there have been significant declines in the proportion reporting cutting back spending on food to afford energy bills (from 25% to 21%), reducing the number of baths or showers that they take (from 28% to 24%) and reducing the use of the cooker or oven (from 35% to 30%). One-in-six (17%), however, report being unable to afford to keep their home warm and comfortable over the past six months (down from 21% in October 2023).

Unsurprisingly, many of these coping techniques are exacerbated among lower-income groups. We see, for example, that 87% of those in the bottom income quintile had taken at least one of the actions to mitigate energy bills in the past six months, including a third who had cut back spending on food (34%) or were reducing the number of baths and showers they take (34%). Over a quarter of the lowest-income households (28%) said they had been unable to keep their home warm and comfortable (compared to 9% of those on the highest incomes).

Despite lower inflation, food costs remain high

The Office for National Statistics (ONS) reported that the rate of inflation on the price of food in April 2024 was the lowest it had been since November 2021. While this is undoubtedly welcome news for consumers, the scale of inflationary pressures in recent years has left scars: food prices rose by around 25% between January 2022 and January 2024, whereas they had risen just 9% in the ten years prior to this. The legacy of these price rises is evident in the following findings from the Tracker for May 2024:

- a third (36%) of all households and three-in-five of those on the lowest incomes (60%) felt that they had been unable to afford a balanced and healthy diet. These figures represent a small improvement since the previous wave (40% and 62% respectively).
- one-in-five (21%) households report that they are “currently struggling to pay for food or other necessary expenses”, rising to 41% of those in the lowest income quintile. In the previous wave, these figures were 24% and 42% respectively.
- one-in-twenty (6%) reported having not eaten for a whole day on three or more occasions in the past four weeks because there wasn’t enough money for food, rising to 14% of the lowest-income households. These figures remain largely unchanged compared to the previous wave (6% and 13% respectively).

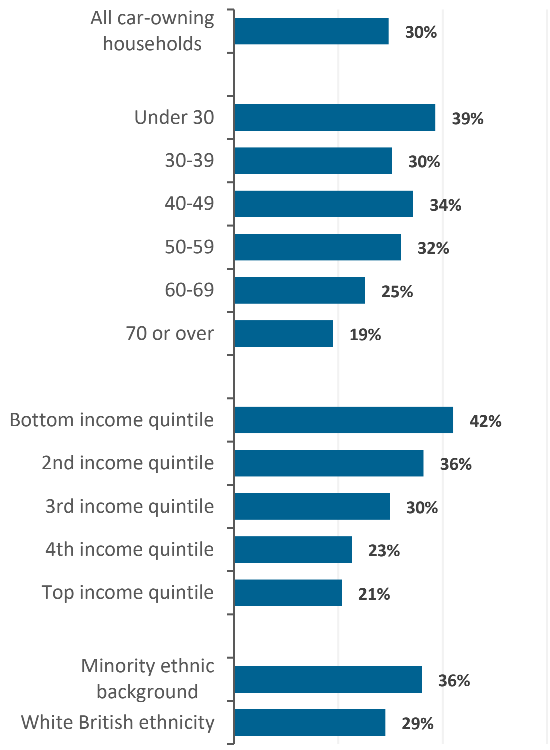
Collectively these findings illustrate how cost of living pressures can lead both to broad but shallow impacts for a large section of the population and also to narrow but deep impacts for a smaller subset of the population who are in more extreme difficulty.

Younger and lower-income motorists are struggling with the costs of running a car

The majority of households in our sample (82%) had access to at least one car. Overall, these households tended to fare better financially than non-car owners, with just 12% of car owners being in serious financial difficulties – compared to 29% of those without a car. This relates to differences in the socio-demographic profile of each group, with non-car-owning households being more likely to comprise a single adult without children, renters (private and social), and households where someone is disabled.

Among those who had taken out or were repaying motor finance in the past six months (equivalent to 11% of car-owners or 9% of all households[1]), there were slightly higher levels of serious financial difficulty (14% vs 12% of car owners overall) and considerably higher rates of households 'struggling' financially (32% vs 23%).

Figure 9 – Proportion of car-owning households who describe their insurance premiums as 'unaffordable', by age and income quintile



Notes: sample sizes range from 413 (under 30) to 4,546 (all car-owning households).

Overall, the majority of car owners described their car insurance premiums as either 'very' or 'somewhat' affordable (63%, comprised of 14% 'very' and 49% 'somewhat' respectively); however, around three-in-ten (30%) felt that they were unaffordable. Of these, 21% described them as 'somewhat unaffordable' and 8% 'very unaffordable'. As expected, we see that those on lower incomes, in younger age groups and from minority ethnic backgrounds were more likely to find their car insurance unaffordable – as shown in Figure 9. For example, car insurance premiums were viewed as unaffordable by 39% of under 30s, 36% of those from a minority ethnic background and 42% of those in the bottom income quintile, but just 19% of over 70s, 21% of those in the highest income quintile and 29% of White British respondents.

Due to concerns around cost, 18% of all households reported reducing their car use (or use of other forms of transportation) in the past six months (rising to 20% of car owners and falling to 8% of non-car owners). This represented a statistically significant decrease on October 2023, when 21% of all households reported reducing their use of transport to save money. Again, we see income-related differences, with 29% of car owners on the lowest incomes reducing car use, compared to 11% of high-income car owners.

[1] The FCA report that 12% of all UK adults hold motor finance (or have done in the past 12 months): Financial Lives 2022 survey: Credit and loans selected findings (fca.org.uk)

New to this wave of the Tracker, we also asked about barriers to job search. Among all non-retired households actively seeking a new job, a quarter (24%) said that transport issues (e.g. lack of car or unsuitable public transport) were a barrier to their job search, rising to four-in-ten (42%) of non-car owning job-seeking households. A third (35%) of job-seeking respondents with multiple disabilities said that transport issues were a barrier to finding a new job.

HOW ARE HOUSEHOLDS MAKING ENDS MEET?

Households are cutting back a little less than they were

With financial pressures on household finances somewhat easing, this wave of the Tracker also shows small positive changes in average household living standards. We asked about a range of actions that households might have taken to make ends meet in the past six months, and generally saw fewer households taking each action (Figure 10). Statistically significant changes included:

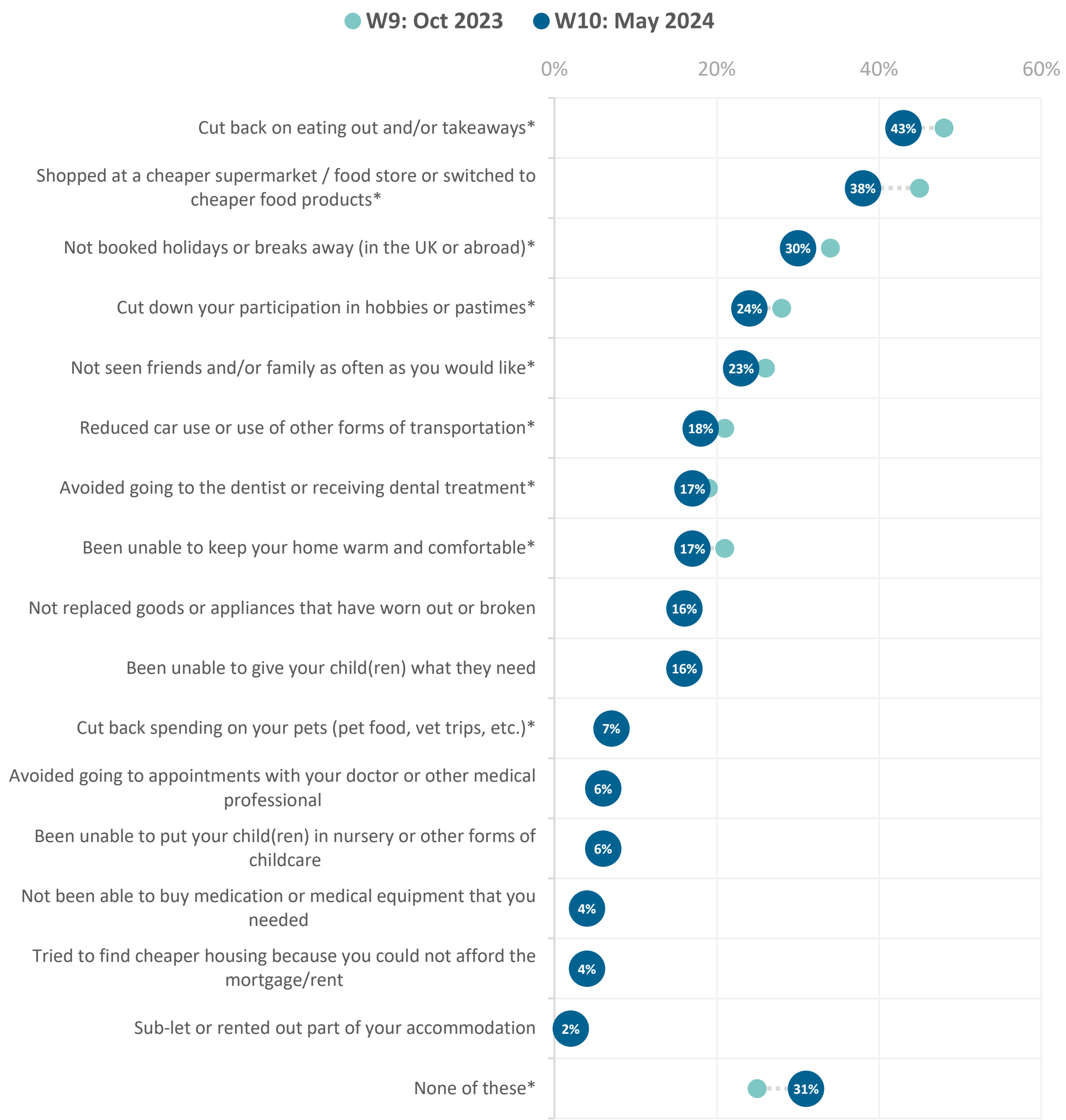
- **Shopping**: Fewer than four-in-ten households (38%) said they had shopped at a cheaper supermarket / food store or switched to cheaper food products in the last four weeks because of concerns about cost, down from 45% in October 2023.
- **Transport**: The number of households who had reduced car use or other forms of transport because of concerns about cost dropped from 21% in October 2023 to 18% in May 2024.
- **Dental care**: While nearly two-in-ten households (19%) in October 2023 said they had avoided going to the dentist or receiving dental treatment for reasons of cost, by May 2024 this had fallen to 17%.

With the average household seeing an easing of concerns about cost, there is also less need for them to cut back on the social participation and leisure activities that are known to be important for wider wellbeing. We therefore saw a small but statistically significant drop in the number of households saying they had not seen family and friends as often as they would like for reasons of cost (23% in May 2024, down from 26% in October 2023); and a similar picture with regards to cutting back on hobbies and pastimes (24% in May 2024, down from 28% in October 2023), not booking holidays or breaks away (30% in May 2024, down from 34% in October 2023), and cutting back on eating out/takeaways (43% in May 2024, down from 48% in October 2023).

As described elsewhere in the report, we see differences in the extent of cutting back between income groups. For example, 48% of those on the lowest incomes were shopping at a cheaper supermarket or choosing cheaper food products (compared to 38% overall), and more than a quarter (26%) of low-income parents weren’t able to give their children things that they need (compared to 16% of all parents).

As alluded to earlier, financial pressures cause significant strain on people’s mental and physical health. Over a third (34%) of respondents said that they felt their “financial situation was making [their] mental health worse”, rising to more than half (53%) of those on the lowest incomes; and nearly three-in-ten (29%) felt their finances negatively impacted their physical health – again increasing significantly (to 45%) for those in the lowest income quintile.

Figure 10 – Proportion of all UK households that have been taking certain actions to make ends meet in the past six months



Notes: sample sizes = 5,594 for wave 9 and 5,572 for wave 10, with exception of questions related to children which are re-based to include parents only, leading to bases of 1,747 for wave 9 and 1,641 for wave 10. Statistically significant changes from waves 9 to 10 indicated by asterisks ($p < 0.05$).

Households may be relying less heavily on consumer credit as a safety net

In Wave 9 of the Tracker, we reported a statistically significant rise in the proportion of households that owed money as a result of missing payments on consumer credit commitments (from 11% in May 2023 to 16% in October 2023). While overall credit use at a national-scale remains relatively low compared to its historical average, this result chimes with research since published by others: data from debt collection firm Lowell Financial and Opinium, for example, suggests that the proportion of adults in default rose from 12.6% in quarter one of 2023 to 15.2% by the end of the year, while average credit use was at its highest point since the start of the pandemic.

As of Wave 10, however, we may be beginning to see signs of this trend reversing. While the proportion of UK households who owed money as a result of missing credit commitments was largely unchanged (from 16% to 15%), other findings suggest that, overall, households are relying slightly less heavily on products such as credit cards and overdrafts to manage the high costs of living. Among the statistically significant changes between Wave 9 and Wave 10 of the Tracker:

- **More households are credit-free**: Four-in-ten (38%) of households in May 2024 report having no outstanding credit commitments, compared with a third (35%) of households in October 2023. This was especially true among households in the second and third income quintiles who saw the proportion credit-free grow from 29% to 35% and from 31% to 39% respectively (whereas the bottom income quintile remained relatively unchanged, at 31% and 30% respectively).
- **More households are paying off credit cards in full**: Four-in-ten (40%) of households with credit cards report 'always' or 'usually' paying off their cards, up from 35% in October 2023.
- **Fewer households took out new borrowing in the past six months**: There was a small drop in the number of households taking out new borrowing, down from 44% in October 2023 to 42% in May 2024. However, new borrowing among households in serious difficulties remains concerning – with six-in-ten of these households (61%) saying they had taken out new credit in the previous six months.
- **Fewer households in serious financial difficulties are credit-stressed**: In May 2024, just over a quarter (27%) of households in serious financial difficulties said they were behind with credit payments, down from three-in-ten (31%) in October 2023. We also saw a fall in the number of households in serious financial difficulties that were borrowing money for daily living expenses – down from a third (35%) in October 2023 to just over a quarter (28%) in May 2024.

Nevertheless, around one-in-eight households (13%) had faced some form of debt collection or enforcement action in the past six months. 6% had been contacted by debt collectors in writing or over the phone, while 3% had been visited at home by bailiffs and another 3% had received a court summons. These debt collection activities mostly related to providers of unsecured credit (53%), followed by local authorities (37%), mortgage providers or landlords (27%) and energy providers (23%), with 14% saying the debts were owed to another type of organisation not listed. In terms of utilities debts, 4% of all households had had their phone, internet, gas or electricity cut-off, while 3% had a prepayment meter installed or their smart meter converted to prepay mode. 2% either saw their vehicle repossessed or were forced to sell it, while a final 2% had been evicted from their home. Unsurprisingly, many of these debt collection activities were experienced more by those in serious financial difficulties, with 29% of those in this category facing some form of debt collection activity in the past six months. One-in-five (19%), for example, had been contacted by a debt collector.

Table 3a demonstrates how use of different credit products varies by household income, while Table 3b gives the results of a new question asked for wave 10, about being declined for different forms of credit. It suggests that 16% of all households have been declined for some form of credit in the past six months, rising to 26% of the lowest income households. The most common credit product that respondents had been declined for was credit cards (6% of all households and 10% of the bottom income quintile), followed by personal loans (4% and 7% respectively).

Tables 3a-b – Proportion of households a) using, and b) declined for, different forms of credit product in the past six months

3a – Forms of credit used in past six months (new borrowing or existing repayments)

Type of credit	Bottom income quintile	2nd income quintile	3rd income quintile	4th income quintile	Top income quintile	All households
Credit card	37%	39%	41%	40%	40%	37%
Buy-Now-Pay-Later	21%	18%	14%	12%	11%	14%
Personal loan	12%	15%	13%	16%	15%	13%
Overdraft	17%	16%	12%	9%	9%	11%
Goods bought on credit	12%	14%	12%	9%	11%	11%
Motor finance/leasing	8%	8%	9%	11%	12%	9%
Borrowing from family and friends	16%	12%	7%	6%	8%	9%
Credit from a retailer	9%	7%	6%	7%	7%	7%
Store card	10%	6%	5%	4%	6%	6%
Loan from a payday lender	6%	2%	2%	3%	3%	3%
Home collected credit	4%	2%	2%	1%	4%	2%
No new borrowing or repayments	35%	40%	45%	44%	41%	44%

3b – Forms of credit declined for in past six months

Type of credit	Bottom income quintile	2nd income quintile	3rd income quintile	4th income quintile	Top income quintile	All households
Credit card	10%	7%	6%	5%	5%	6%
Personal loan	7%	4%	4%	3%	4%	4%
Overdraft	6%	3%	3%	2%	3%	3%
Credit from a retailer	4%	2%	2%	2%	3%	2%
Buy-Now-Pay-Later	4%	3%	2%	2%	3%	2%
Borrowing from family and friends	4%	2%	1%	1%	4%	2%
Loan from a payday lender	4%	2%	2%	2%	2%	2%
Goods bought on credit	3%	2%	2%	1%	3%	2%
Store card	3%	1%	1%	1%	3%	2%
Motor finance/leasing	3%	3%	1%	1%	2%	2%
Home collected credit	2%	1%	1%	1%	2%	1%
None of these	74%	83%	87%	89%	82%	84%

Notes: sample sizes as follows: bottom income quintile = 867; 2nd = 934; 3rd = 948; 4th = 943; top = 919; all = 5,572. Please note that those who did not provide their income are not included within the income quintile categories but are included in the ‘all households’ column; these households were typically older and relatively well-off, so tended to have fewer credit commitments. Income quintiles are based on household income after housing costs and adjusting for household composition.

Most job-seeking households face barriers getting new work

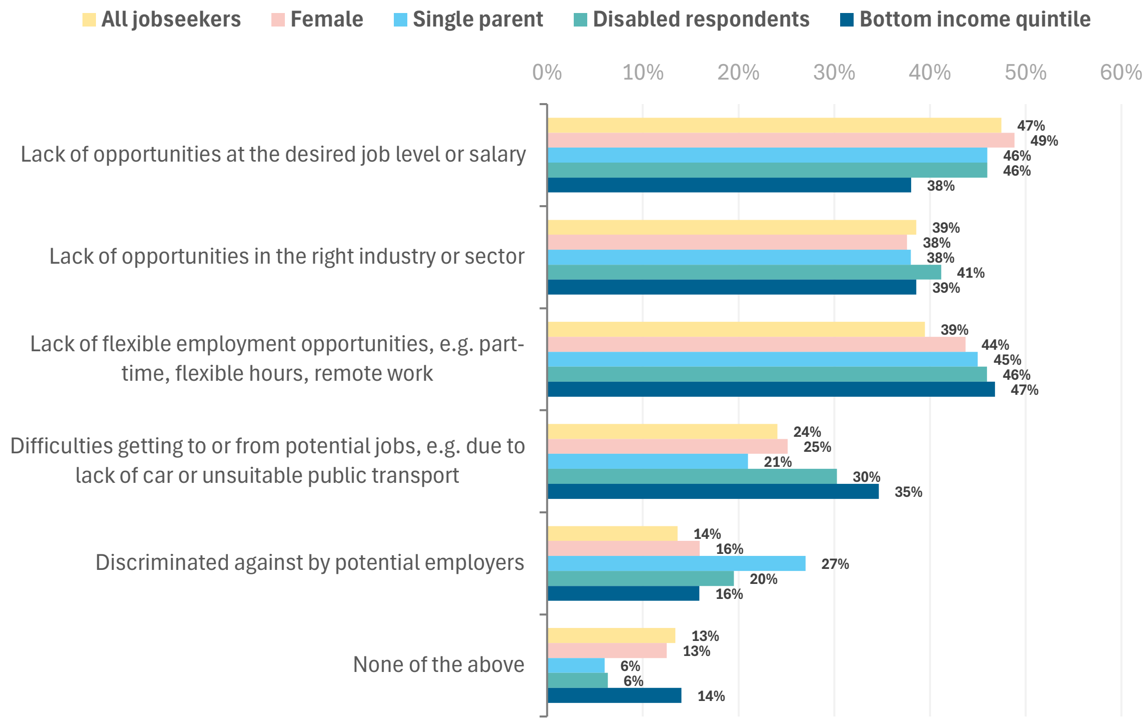
Households might seek to improve their financial situation, and thereby ease household financial pressures, by moving into work or finding a better job. Two-in-ten (22%) of all non-retired households said they were actively looking for a new job in May 2024. Unsurprisingly, the number was much higher among households where someone was unemployed, with three-quarters of this group (74%) actively job-seeking. Four-in-ten households (39%) who had experienced a negative income shock in the past six months (such as job loss, pay cut or sick leave) were looking for a new job, as were three-in-ten of households headed by someone under 40 (31% among those under 30 and 29% among those aged 30-39). Households in the bottom income quintile after housing costs were also more likely to be looking for a new job (32%).

The majority (87%) of active job-seekers said they had encountered barriers during their job search. As Figure 11 shows, half of them (47%) said there was a lack of opportunities at their desired job level or salary. Lack of opportunities in the right industry or sector was a barrier for four-in-ten (39%) job-seekers; as was a lack of flexible jobs (39%). As previously mentioned, a quarter of job-seekers (24%) saw transport difficulties as an obstacle to getting a new job. One-in-seven (14%) cited discrimination by potential employers as a barrier.

There were some significant variations in households' barriers to getting a new job, particularly in relation to flexible employment and employer discrimination:

- **Lack of flexible employment opportunities**: Households that were significantly more likely to cite lack of flexible jobs (e.g. part-time, flexible hours, remote work) as a barrier to getting a new job included those headed by someone aged 30-39 (48% cf. 39% of all job-seeking households); households where someone was disabled (47% cf. 36% non-disabled households); households with children (46% cf. 34% with no children); and women householders (44% cf. 35% men).
- **Discrimination by potential employers**: Households that were significantly more likely to report discrimination by potential employers as a barrier included those headed by a single parent (27% cf. 12% couples with children); households headed by someone aged 60-69 (25% cf. 10% of those aged 40-49); and households where someone was disabled (21% cf. 10% non-disabled households).

Figure 11 – Barriers jobseekers have encountered, by household or respondent characteristics



Notes: sample sizes as follow: all jobseekers = 926; female jobseekers = 495; single parent jobseekers = 73; disabled jobseekers = 361; bottom income quintile jobseekers = 189.

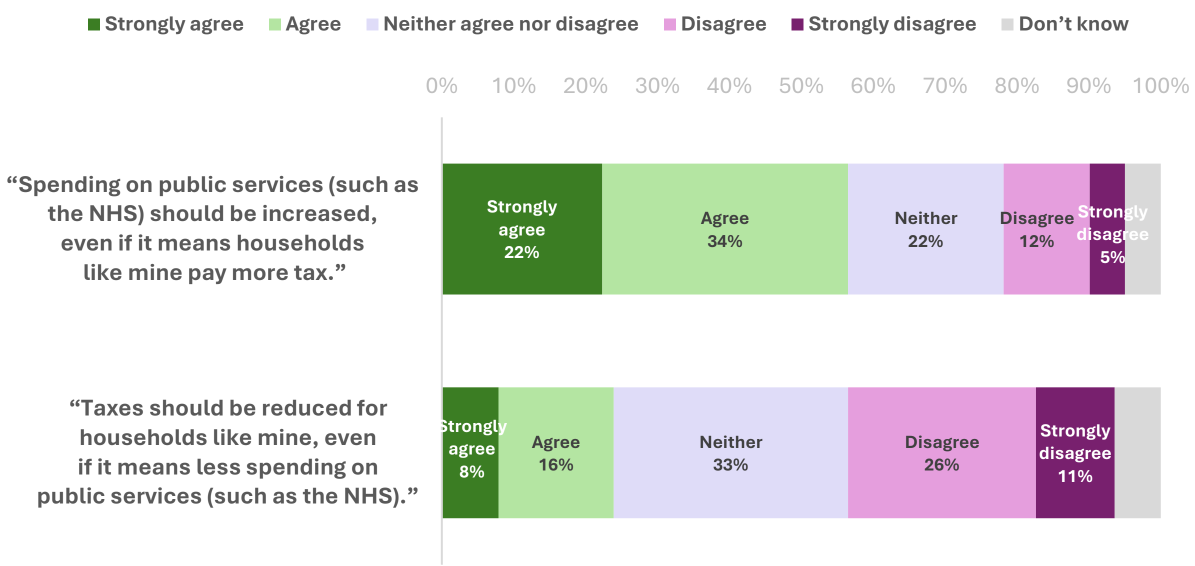
PUBLIC ATTITUDES TO TAXATION AND GOVERNMENT SPENDING

In anticipation of a General Election, in this wave of the Tracker we tested a suite of policies related to financial wellbeing, including attitudes to public spending and taxation. The findings illustrate that people in the UK have more nuanced views on these topics than the media headlines would sometimes have us believe; and understand there are trade-offs between what is good for their own household finances and what is good for the country overall.

There is strong support for investment in public services

The UK's public services are always a key electoral battleground. As Figure 12 shows, twice as many Tracker respondents agreed that spending on public services (like the NHS) should be increased even if it meant tax rises for households like theirs (56%) than agreed that taxes should be reduced for households like theirs, even if it meant less spending on public services (24%).[2] This mirrors findings from the most recent British Social Attitudes survey, which found that over half of people think government should increase taxes in order to spend more on health, education and social benefits.

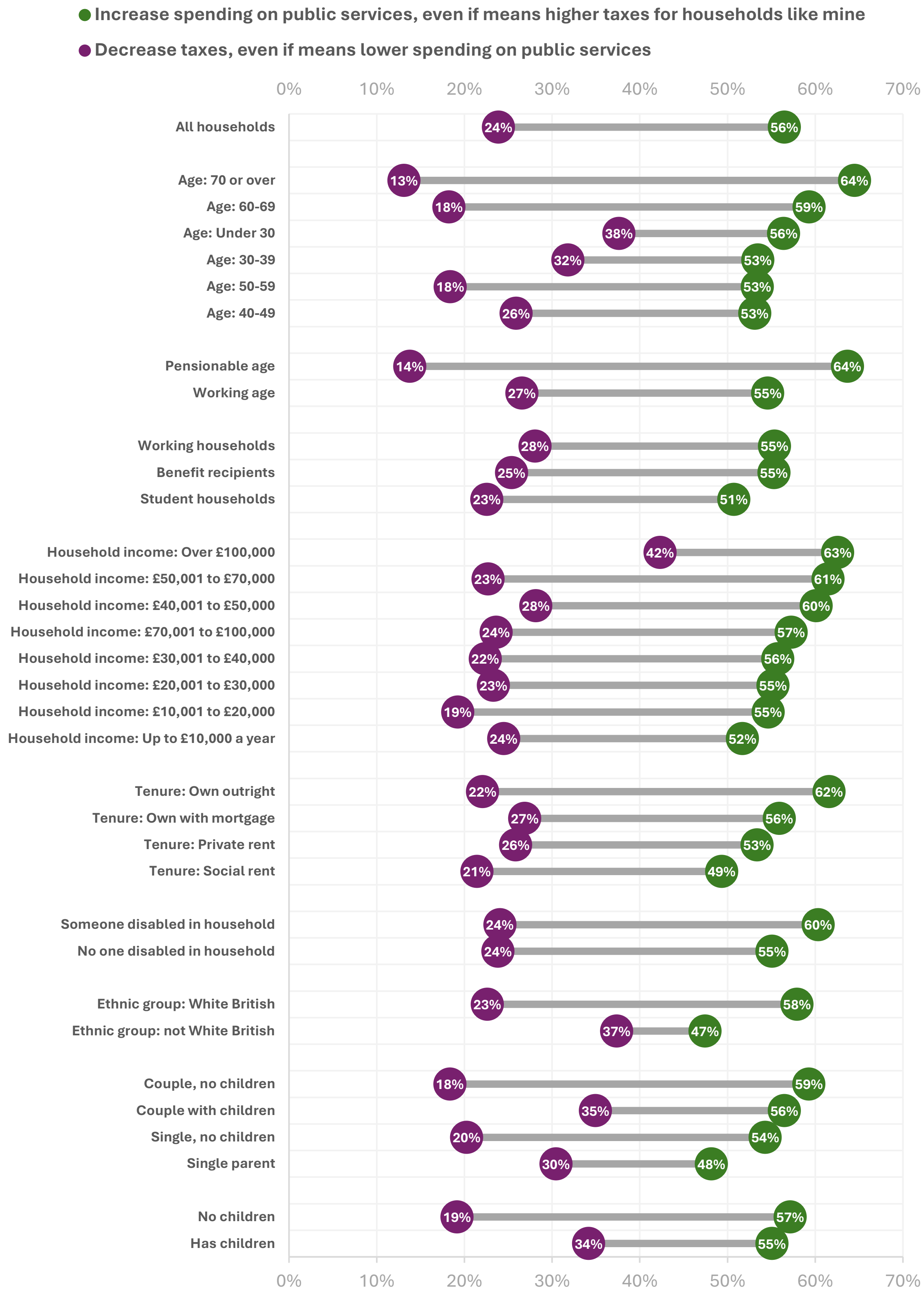
Figure 12 – Attitudes towards spending and taxation



Older adults, especially those who voted Labour or Liberal Democrat at the 2019 election, were most likely to favour increased spending on public services (even if it means they have to pay more taxes). Households earning over £100,000 were both one of the groups *most* and *least* willing to pay more in tax to fund public services, highlighting both the nuances of public opinion and the fact that this group were most likely to give contradictory answers to the two questions. While higher taxes might mean a greater hit to higher income households' disposable incomes in cash terms, many appear to recognise that they are best placed be able to absorb this impact. Meanwhile, those aged under 30, and younger 2019 Conservative voters were most likely to favour decreased taxes for households like theirs (even if it means reduced spending on public services) (Figures 13a-b). It should be noted that this doesn't necessarily mean that these groups are against tax rises *per se*, just against tax rises that they would personally be affected by. For younger groups in particular, we see lower levels of financial wellbeing overall, which may translate into lower perceived ability to afford any tax rises.

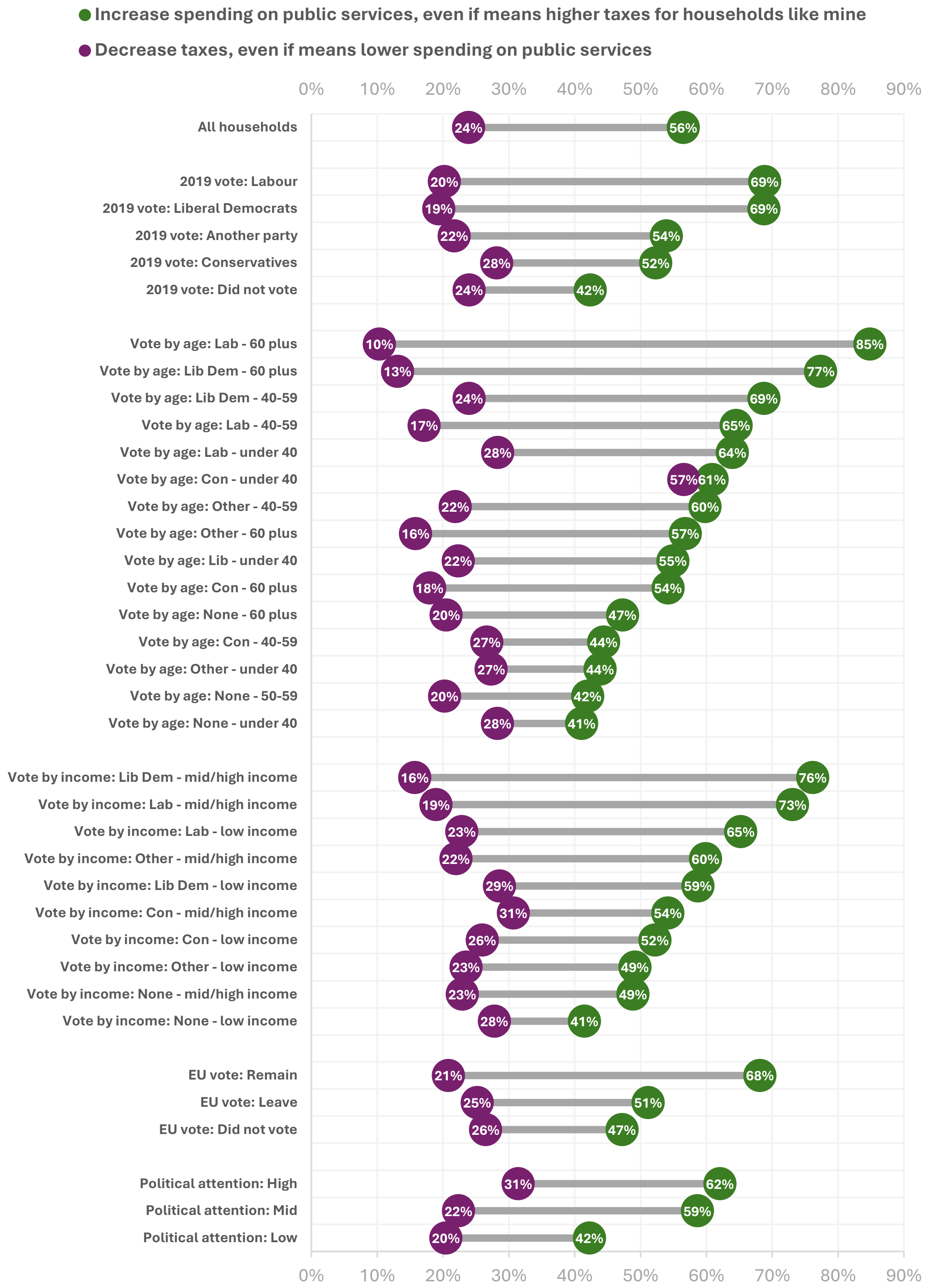
[2] Please note that these were asked as two separate questions, so participants could agree (or disagree) with both statements, even though this would involve contradicting themselves to some extent.

Figure 13a – Difference in attitudes towards spending and taxation, by respondent and household characteristics



Notes: sample sizes range from 82 (student households) to 4,752 (White British ethnic group).

Figure 13b – Difference in attitudes towards spending and taxation, by voting behaviour and characteristics



Notes: sample sizes range from 74 (2019 Lib Dem voters under the age of 40) to 1,791 (2019 Conservative voters).

Lower Council Tax and cheaper energy are top priorities

We asked Tracker respondents about 12 different policy proposals (Box 2) – whether they felt these policies would be good for (a) the country and (b) their own household finances, in the next five years; and which policies they felt should be a top 3 priority for the next Government.

Box 2 – The 12 policy proposals asked about at Wave 10

- Policies to allow interest rates to be lowered
- Increase in Child Benefit (for those who receive it)
- Increase in benefits received by people out of work or on lower incomes (e.g. Universal Credit)
- Increase in disability-related benefits (e.g. PIP, DLA, Carer's Allowance)
- Cheaper energy tariffs for people on low incomes / receiving benefits
- More hours of free childcare
- Reduction in Council Tax / rates
- Reduction in taxes paid by motorists (such as fuel duty)
- Reduction in the rate of Income Tax or National Insurance contributions
- Reduction in Inheritance Tax
- Higher taxes for private schools
- Raising the rate of tax for higher earners

As Table 4 below shows, the policy proposals deemed to be of greatest benefit to the country over the next five years were:

- A reduction in Council Tax (or rates in N. Ireland), with nearly two-thirds (64%) of respondents feeling this would benefit the country.
- Cheaper energy tariffs for people on low incomes / receiving benefits (60%)
- A reduction in the rate of Income Tax or National Insurance contributions (55%)
- A reduction in taxes paid by motorists (such as fuel duty) (55%).

When asked what policies the next government should prioritise, the most common answer was a reduction in council tax (43%), which seven-in-ten (70%) of households said would benefit their own finances as well as benefitting the country (64%).

Table 4 – Views on whether proposed policies would benefit respondents' household finances or the country overall in the next five years, and which policies the next UK Government should prioritise

Proposed policy	Policy would benefit my household finances	Policy would benefit the country	Policy would benefit… ...BOTH my household and the country	…just the country	…just my household	…NEITHER my household nor the country	Don't know	Should be a top 3 priority for the next Government
A reduction in Council Tax / rates	70%	64%	53%	10%	17%	14%	5%	43%
Cheaper energy tariffs for people on low incomes / receiving benefits	41%	60%	33%	26%	8%	26%	6%	29%
A reduction in the rate of Income Tax or National Insurance contributions	52%	55%	38%	17%	14%	23%	8%	28%
A reduction in taxes paid by motorists (such as fuel duty)	53%	55%	41%	14%	12%	25%	8%	27%
Raising the rate of tax for higher earners	28%	51%	22%	29%	5%	35%	8%	24%
An increase in disability-related benefits (e.g. PIP, DLA, Carer's Allowance)	28%	47%	22%	25%	6%	40%	8%	19%
Policies to allow interest rates to be lowered	39%	52%	31%	21%	7%	29%	11%	18%
More hours of free childcare	24%	52%	20%	33%	4%	35%	8%	15%
An increase in benefits for people out of work or on lower incomes (e.g. Universal Credit)	23%	40%	17%	23%	6%	47%	7%	14%
A reduction in Inheritance Tax	30%	42%	22%	19%	7%	41%	10%	13%
Higher taxes for private schools	22%	42%	17%	25%	4%	43%	11%	12%
Increase in Child Benefit (for those who receive it)	26%	47%	21%	27%	5%	40%	7%	10%
None of the above								9%

Notes: Sample size = 5,572. Respondents were asked to what extent they expect that each of the proposed policies would be good or bad for a) you and your household's finances, and b) the country overall, over the next five years. Respondents could answer 'bad overall', 'no impact overall', 'good overall' or 'don't know'. Results focus on 'good overall', with those who answered 'don't know' to both questions (household and country) counted in the 'don't know' column. The final column gives the results for a question asking: "Taking your previous answers into account, which three of the proposed policies (if any) do you think the next UK government should prioritise?".

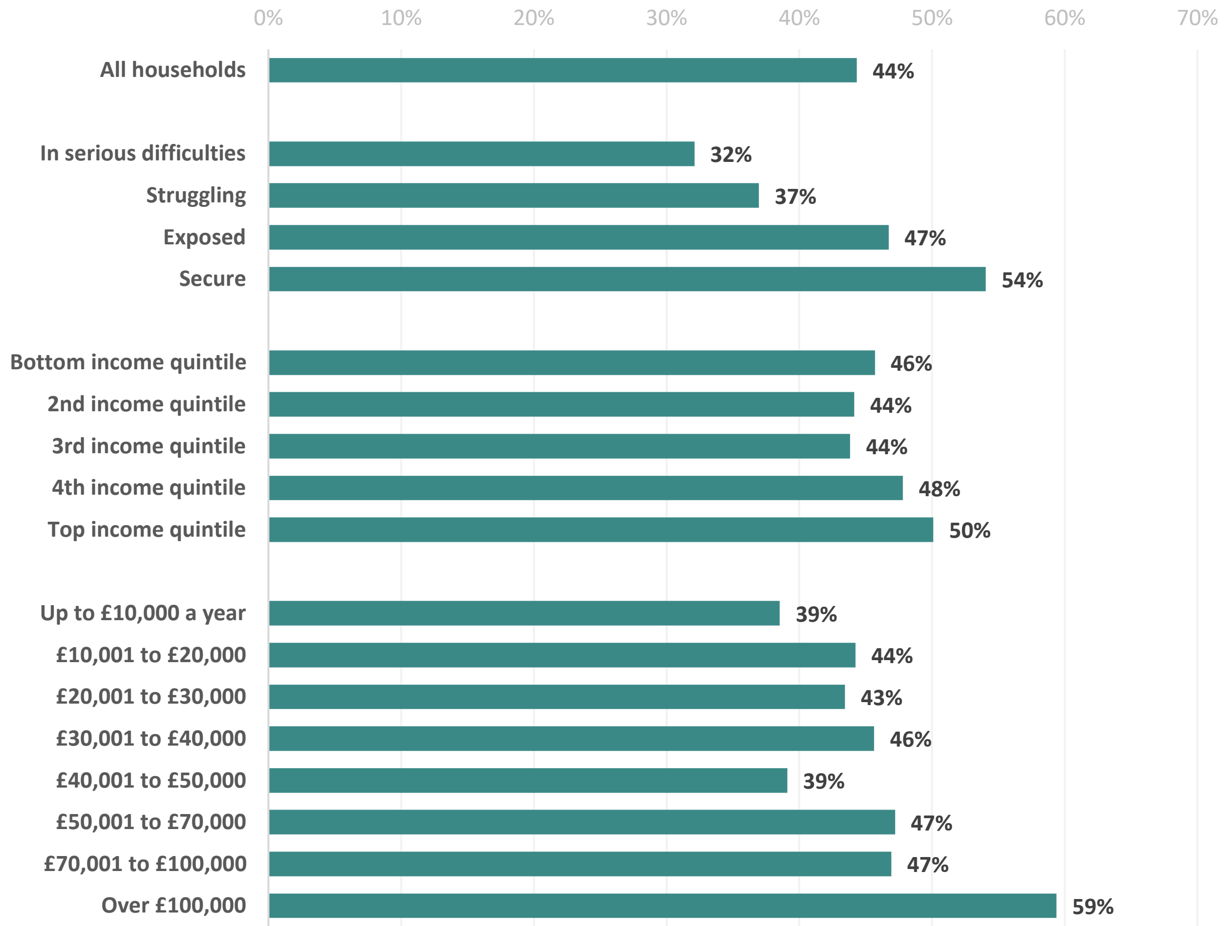
Households' policy priorities are not solely driven by self-interest

Digging deeper, we see differences in views about priorities depending on income, age, household composition and voting patterns. To some extent, preferences reflected households' self-interests, though this does not tell the whole story:

- **Households on the lowest incomes** prioritised cheaper energy tariffs for those on lower incomes or receiving benefits (42%), then Council Tax reductions (35%) and an increase in benefits for those out of work or on lower incomes (33%).
- **Younger adults and those with children** in the household were disproportionately likely to select more hours of free childcare, an increase in Child Benefit and policies to allow interest rates to be lowered. For example, more free childcare provision was a priority for 15% of all households but favoured by between 18% and 21% of those aged under 50; and 21% of those with children.
- **Older adults and 2019 Conservative voters** favoured reducing taxes (Council Tax, motor-related taxes, Income Tax and National Insurance, and Inheritance Tax). For example, households headed by someone of pensionable age were much more likely to prioritise reductions in Council Tax/rates (53% cf. 43% of all households) and taxes paid by motorists (40% cf. 27% of all households).
- **2019 Labour and Liberal Democrat voters** were broadly similar, in that their top three ranking consisted of reduced council taxes (39% and 35% respectively), higher tax rates for top earners (33% and 31%) and cheaper energy tariffs for those on lower incomes or receiving benefits (34% and 26%). Lib Dem voters were more likely to favour reductions in inheritance tax (15% vs 8%), while Labour voters were slightly more likely to argue for a reduction in income taxes and national insurance (24% vs 19%) though still considerably less likely to choose this than 2019 Conservative voters (36%).
- **Non-voters** were the most likely to favour reduced council tax rates (44%) and increased benefit rates for those out of work (22%) and increased child benefit (13%). They were also more likely to select 'none of the above' policies (13%).

Respondents' views, however, did not appear to be entirely driven by self-interest. As Figure 14 shows, two-in-five (44%) respondents selected at least one policy in their top three policy priorities that they felt would *not* benefit their own financial situation. This rises to 54% of households in our 'financially secure' category, or to 50% among the highest earning quintile of households. To some extent this will reflect the range of options that respondents were given; however, more could have selected 'none of the above' had they truly objected to the list of policies given.

Figure 14 – Percentage of households who selected at least one policy that they thought would <u>not</u> personally benefit their household finances, by financial wellbeing and household income

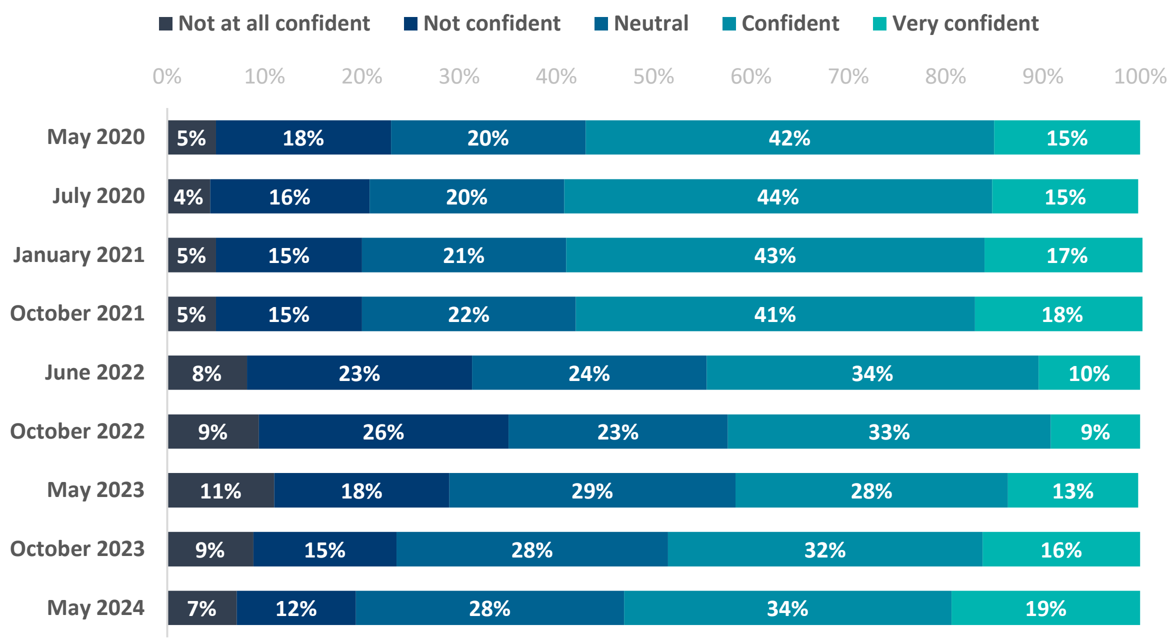


Notes: sample sizes range from 329 (over £100,000) to 1,691 (exposed), with all households = 5,572.

FUTURE OUTLOOK

As Figure 14 shows, Wave 8 of the Tracker in May 2023 marked a low point in UK households' confidence about their financial future, when only four in ten households (41%) felt fairly or very confident about their situation in the coming three months. Since then, confidence has been trending upwards for the average household, with 49% saying they felt fairly or very confident about their future situation in October 2023 (Wave 9), rising to 53% in May 2024 (Wave 10).

Figure 14 – Households' confidence about their financial situation in the next three months



While encouraging, this is still not back to October 2021 levels of confidence, when 59% of households felt confident or very confident about their situation in the coming three months. Moreover, these overall figures mask a striking lack of confidence in outlook among households in the worst financial situations: just 5% of households in serious difficulties in May 2024 said they felt fairly or very confident about their short-term situation, with no significant change since October 2023 (6%). Two-thirds (64%) of households in serious difficulties expected to face a constant struggle meeting their bills and commitments in the coming months, whereas this was not a concern for any households that were financially secure.

The general trend upwards in future confidence seems to reflect an easing of financial anxiety across the different dimensions of household finances. Fewer households now say that they are 'very' or 'quite' worried about the following in the next three months: energy bills (29%, down from 37%); cost of running a vehicle (29%, down from 33%); housing costs (30%, down from 34%); food costs (27%, down from 31%); the stability of their income (33%, down from 36%); and their overall financial situation (39%, down from 43%). This was not the case for households in serious difficulties, where levels of worry about almost all aspects of household finances remained high. Levels of concern also remain high among many of the groups identified earlier as struggling, including single parents, those with disabilities, renters, those on lower incomes and those out of work.

Table 5 – Worries about next three months, by household characteristics

	Group	'Very' / 'Quite worried' about the following in next 3 months… Energy bills	Running a vehicle	Housing costs	Food costs	Stability of income	Overall financial situation
Total	All households	29%	29%	30%	27%	33%	39%
Financial wellbeing category	In serious difficulties	76%	75%	73%	79%	77%	91%
	Struggling	43%	47%	47%	42%	49%	61%
	Exposed	21%	24%	20%	16%	25%	29%
	Secure	2%	2%	2%	1%	4%	4%
Family type	Single, no children	33%	32%	34%	31%	36%	45%
	Couple, no children	19%	19%	20%	17%	24%	29%
	Single parent	46%	43%	47%	49%	49%	58%
	Couple with children	36%	39%	36%	33%	38%	42%
Any children in household?	No children	25%	24%	26%	23%	29%	36%
	Has children in household	37%	40%	38%	36%	40%	45%
Marital status	Married / Civil Partnership	24%	27%	26%	23%	29%	33%
	Living as married	32%	30%	31%	28%	35%	42%
	Separated / divorced	38%	40%	39%	38%	41%	51%
	Widowed	20%	19%	20%	17%	23%	29%
	Never married	37%	34%	37%	34%	39%	48%
Respondent age group	Under 30	39%	39%	42%	34%	39%	46%
	30-39	34%	37%	36%	36%	40%	44%
	40-49	35%	35%	35%	33%	41%	48%
	50-59	32%	31%	33%	30%	37%	44%
	60-69	20%	20%	18%	17%	24%	30%
	70 or over	13%	13%	12%	10%	13%	19%
Disability	No one disabled	24%	25%	25%	22%	28%	34%
	Someone disabled in household	42%	42%	43%	41%	46%	52%
Housing tenure	Own outright	19%	22%	18%	15%	22%	24%
	Own with mortgage	26%	28%	29%	25%	30%	38%
	Private rent	41%	38%	42%	38%	45%	56%
	Social rent	46%	48%	43%	48%	50%	57%
Quintiles of household monthly take-home income, after housing costs (AHC) and after equivalisation (inc. outside dependents)	Bottom 20%	47%	50%	48%	50%	54%	61%
	2	37%	40%	39%	35%	41%	50%
	3	25%	27%	25%	22%	30%	38%
	4	16%	18%	20%	13%	20%	24%
	Top 20%	18%	19%	19%	17%	19%	23%
Work status	Someone unemployed in household	52%	37%	46%	44%	55%	59%
	Someone not working due to poor health in household	51%	47%	48%	52%	56%	67%
	Someone working full-time	29%	32%	32%	28%	34%	40%
	Someone working part-time	31%	32%	33%	28%	35%	41%

	At least one student	61%	62%	58%	59%	63%	74%
	Someone not working due to caring	35%	32%	35%	33%	45%	52%
Number of earners in household (out of respondent and their partner)	No earners - working age	41%	37%	39%	39%	44%	52%
	No earners - pensionable age	14%	13%	13%	11%	14%	20%
	One earner	29%	30%	30%	28%	36%	44%
	Two earners	31%	33%	33%	29%	34%	40%
Cars in household	None	38%	29%	38%	36%	41%	52%
	One or more cars	27%	29%	28%	25%	31%	36%

A recent YouGov poll shows that the cost of living is likely to be a key factor (if not *the* key factor) that influences how households vote in the general election. Our Tracker data highlights just how uneven the road to recovery from the cost of living crisis is proving to be, with households who have the fewest resources experiencing mild improvements at best, and many facing a bumpy financial future. Certain groups – including renters, disabled people, those unable to work, lone parent families and families with children – face particular challenges.

Ultimately, the needs of the 4.1 million households in 'serious financial difficulties' and the additional 6.7 million who are 'struggling' should not be ignored by the next government. As mentioned earlier, around half of those on the lowest incomes reported that financial concerns impact their everyday mental (53%) or physical (45%) health. This means that failure to address money difficulties can therefore easily translate into increased pressures on the NHS and other public services – but, more importantly, it means that for so many households making ends meet is a daily battle. Only with the right policies in place can the next government make this battle a little easier.

Technical note

The survey is the tenth in a series of cross-sectional surveys tracking the financial impact of the coronavirus pandemic and subsequent cost of living crisis on UK households, by asking key questions repeated at several time points. In each wave, these key questions are supplemented by new questions that aim to capture and reflect the evolving situation. The survey was undertaken by Opinium between 26th April – 19th May 2024 for the abrdn Financial Fairness Trust and was conducted online. The majority of responses were collected between 29th April and 2nd May, while the remaining data collection was mainly to ensure quotas were reached to ensure representativeness of certain socio-demographic groups in the survey.

The sample for this report consists of 6,000 respondents recruited from Opinium's online panel (which is designed to be nationally- and politically-representative). The base for analysis is people who are responsible for the household finances. Non-householders who are responsible only for their own personal finances (most of whom were aged under 25 and lived at home with their parents) are not included in the analysis for this report. This reduces the available sample size to 5,572.

The segmentation of households into four categories is based on scores from a principal component analysis of seven survey questions that cover the extent to which households could meet their financial obligations and the resources they had for dealing with an economic shock. Those with a score of less than 30 out of 100 were deemed to be in serious financial difficulty; scores of 30-49 were taken as indicative of struggling to make ends meet and scores of 50 to 79 of being potentially exposed financially. Full details of the methodology employed can be found in Kempson, Finney and Poppe (2017) Financial Wellbeing: A Conceptual Model and Preliminary Analysis.

The tables on which this report is based are available to view via Google Sheets or by emailing pfrc-manager@bristol.ac.uk.

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Acknowledgements
Our thanks to the team at Opinium (in particular Adam Drummond, Emily Arnold and Charlotte Redgewell), and to the members of their online panel who gave their time to take part in the survey. In addition we would like to thank Mubin Haq, Charlotte Morris, Karen Barker and Joseph Peach at abrdn Financial Fairness Trust for their ongoing input and feedback, and for their generous support in funding this research. Our thanks also go to our colleagues and collaborators who have helped with the development of the Tracker at key points, including Elaine Kempson, Christian Poppe, Nick Smith and Sara Davies. And, as always, particular thanks are reserved for PFRC's ever-dependable Centre Manager David Collings, without whom we would be truly lost!

About the Personal Finance Research Centre (PFRC)
PFRC is an interdisciplinary research centre exploring the financial issues that affect individuals and households. It combines multi-method approaches with specialisms drawn from social policy, human geography, psychology and social research.

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About abrdn Financial Fairness Trust
abrdn Financial Fairness Trust is an independent charitable foundation supporting strategic work which tackles financial problems and improves living standards. Its focus is improving the lives of people on low-to-middle incomes in the UK.

www.financialfairness.org.uk/

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