

New study for Debt Awareness Week reveals users of alternative financial products 4x more likely to be contacted by debt collector

- Over one third of adults fear their debt
- Over half of adults took more than 3 months to speak to their creditor
- Users of alternative financial products, like home loans, 4x more likely to be contacted by a debt collector
- Waiting to face debt can have negative impact on financial, physical and mental health wellbeing
- Debt Awareness Week highlights main barriers to getting debt support

18th March 2024 – Users of alternative financial products, like home-collected loans and payday loans, are four times more likely to be contacted by a debt collector, according to a new study of UK customers by Lowell. 1 in 5 UK adults who use alternative financial products were contacted by a debt collector in 2023, while 1 in 20 people in the public were contacted by a debt collector in the same period.

The study also found over a third (35.8%) of adults in the UK are held back from facing their debts due to fear of the unknown. The study identified 'fear of the unknown' and 'embarrassment' as the main reasons for not speaking to creditors about their debts.

As part of Debt Awareness Week, Lowell commissioned two studies to produce the findings. The first was a nationally representative poll of 8,000 people, conducted by Opinium, into UK consumer financial habits. The second is a Customer Survey of 350 Lowell customers, looking to understand attitudes towards debt and getting debt-free.

Other key findings of the research include:

- 51.5% took more than 3 months to get in touch with their creditor
- 'Fear of the unknown' (35.8%) and 'embarrassment' (23.5%) were the main barriers to people speaking with their creditor
- 81.6% say their debt negatively impacted their mental wellbeing
- 53.6% said they struggled with other debts and paying everyday essentials such as bills

Commenting on the research, John Pears, UK CEO of Lowell, said: "The human emotions behind debt remain the same but the imperative to overcome them is only growing. Taking the first step and facing your debt is the most important.

"But in this country, we still find it difficult to talk about money, especially debt. We need to help people understand money better – how it works, how to manage

it. When people understand that their finances aren't something to be ashamed or embarrassed about, they start talking. They seek support.

"We know that the earlier people seek support, the better off they are – financially, physically and mentally. As an industry and as a nation, we have to prioritise breaking down the barriers to engagement, beyond Debt Awareness Week."

The survey also identified the top initiatives needed to change the perception of and stigma around debt. Respondents highlighted:

- Better financial education in schools
- Financial education in the workplace
- More community-based workshops around debt
- Reliable and accessible online advice

-ENDS-

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Notes to editors

About Lowell

Headquartered in Leeds, Lowell is one of Europe's largest credit management service providers with a mission to make credit work better for all and a commitment to fair and ethical customer practices. It operates across eight countries with around 4,000 employees, over 1,900 of which are based in the UK. Lowell's unparalleled combination of data analytics insight and robust risk management provides clients with expert solutions in debt purchasing, third party collections and business process outsourcing.

Lowell was formed in 2015 following the merger of the UK and German market leaders: the Lowell Group and the GFKL Group. In 2022, Lowell completed the acquisition of Hoist Finance UK (based in Salford), making Lowell the largest credit management company in the UK. It is backed by global private equity firm Permira and Ontario Teachers' Pension Plan.

For more information on Lowell, please visit our customer website (www.lowell.co.uk) or our investor website (www.lowell.com).