

## **A third of UK adults have less than £500 in emergency savings Households dangerously exposed to income shocks**

- Over 1 in 10 have no savings at all
- 59.2% have less than £5,000
- UK households dipping into savings and relying more on credit to stay afloat
- A third expect their financial situation to worsen in 2024

**Leeds, 13 March 2024** – A third of UK adults have less than £500 saved for emergencies, leaving them heavily exposed to income shocks, according to a nationally representative survey of 8,000 UK adults from Lowell. Nearly half (46%) of UK adults saw their financial situation worsen in 2023 and nearly 70% do not expect their financial situation to improve in 2024.

Data from Lowell’s 8 million UK customers also reveals that adults are relying more on credit to meet their daily expenses. Average credit use is the highest it has been since the start of the COVID-19 pandemic.

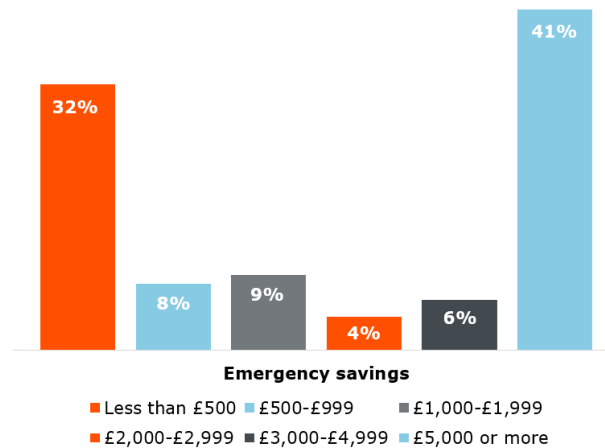
**Commenting on the data, John Pears, Lowell’s UK CEO, said:** “The last 12 months have been a challenging time for many families. High inflation and high interest rates have forced families to make difficult choices just to keep their heads above the water, and our latest data shows just how worrying an impact this is having.

“The erosion of financial health not only impacts the immediate wellbeing of families, but also jeopardises the UK’s long-term financial resilience. While inflation is coming down and rates are holding steady, the benefits aren’t yet being felt on the ground. The Government needs to make sure that support for these families continues, even if headline numbers are coming down.”

### **Depleted savings**

59.2% of UK adults have less than £5,000 in emergency savings. Of those, 32% have less than £500, including 13% who have no emergency savings at all.

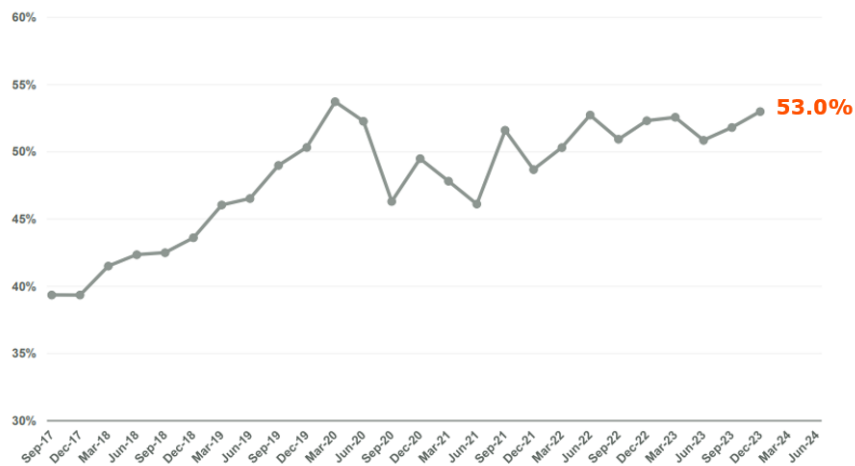
### **Emergency savings levels (Q4 2023)**



### Growing reliance on credit

Adults in the UK are using more credit to meet their daily expenses, with average credit use rising to 53.0%, the highest since the start of the COVID-19 pandemic. Credit usage rose by a notable 2.8% over the last six months of 2023, underscoring the ongoing struggle to make ends meet amidst macroeconomic uncertainty.

**Average credit use (Q3 2017-Q4 2023)**



### Pessimism about future finances

46% of UK adults surveyed said their financial situation worsened in 2023. 33% said they expect their financial situation to get worse in 2024, while 35% expect no change.



-ENDS-

## Notes to editors

### About the Financial Vulnerability Index

The Financial Vulnerability Index (FVI) is based on six components that capture a household's ability to manage daily finances and resist economic shocks: (1) carrying defaulted debt, (2) using alternative financial products, (3) claiming work-related social benefits, (4) lacking emergency savings, (5) holding a high-cost loan, and (6) relying heavily on credit. These components are measured using Lowell's research and operational data, the UK Financial Lives Survey, and data from the Department for Work and Pensions and the Office for National Statistics.

From Q4 2023 onwards, the methodology of the FVI has been revised to adapt to the changing nature of financial vulnerability in the UK. These changes include incorporating additional datasets of Lowell customers within the index, tracking the proportion of customers in late arrears as the market moves away from the short-term high-cost products, and incorporating consumer data from a more regularly conducted large-sample survey by Opinium.

This data tool is a joint project of Lowell and Opinium. Lowell and Opinium researchers collaborated on all stages of the research. In addition, Lowell provided funds and operational and research data used to create the index.

More information on the latest trends is available at [@lowellfvi](https://twitter.com/lowellfvi).

### 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, 1,700 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](http://www.lowell.co.uk)) or our investor website ([www.lowell.com](http://www.lowell.com)).

### **About Opinium**

Founded in 2007 OPINIUM is an award-winning strategic insight agency built on the belief that in a world of uncertainty and complexity, success depends on the ability to stay on pulse of what people think, feel and do. Opinium works collaboratively with clients to design and implement research which delivers tangible impact for clients across the government, political, and public affairs space, as well as a range of other sectors.

Website: [www.opinium.com](http://www.opinium.com)

Twitter: [@opiniumresearch](https://twitter.com/opiniumresearch)