



Gallagher

Insurance | Risk Management | Consulting

Debt levels are rising along with UK interest rates warns Gallagher

- Over a quarter of Brits (26%) can't afford to make their debt payments some months or at all
- Over a third (39%) of under 35s can't pay their debts some months
- In London, a third (30%) of people are unable to pay off some of their debts
- Almost a quarter (24%) of Scots say they can't always pay their debts each month
- Almost a quarter (23%) of Brits say they won't be able to switch their heating on this winter or pay their energy bills

London, 04, August 2022: New research commissioned by Gallagher, a global leader in insurance brokerage, risk management, and consulting services, reveals the stark reality of the UK spiralling towards a national debt crisis. Over a quarter of Brits (26%) can't afford to pay their debt payments some months or at all. The bleakest numbers are for the under 35s, with 39% unable to pay some months, while in London a third (30%) are unable to pay off some of their debts.

It's therefore unsurprising that over two-thirds (67%) of UK adults admitted to being concerned about their finances – with 8% having to use loans, overdrafts or credit cards to make ends meet, and 19% depleting their savings to do so. On the other side, are people either sleep walking into this potential issue or have some been able to prepare themselves financially to weather the storm?

Alarmingly, the top concern (23%) over the next six months is that people won't be able to switch their heating on this winter or pay their energy bills. With the possibility that thousands more will end up even further in the red, but this time with their energy provider.

Top worries for the nation

Switching the heating on this winter isn't the only worry - 11% are concerned about not being able to have new experiences, including going on holiday and trips. This is followed by not being able to afford to pay off debts or fuel (both 6% respectively). Whilst holidays are often seen as a luxury, due to the last two years of uncertainty created by Covid-19, it's anticipated that Brits were looking forward to creating new memories with their loved ones this year.



Additional key findings

- If UK adults were to receive an unexpected bill of £500, the most common way to pay for it would be to dip into their savings (31%), followed by a similar proportion who would use available funds in their bank account (30%). Whilst others would need to go into debt and put it onto a credit card, or use their overdraft (12%), borrow the money from family or friends (9%) or have no means at all to be able to pay the bill (8%)
- 16% of Londoners would need to go into debt by using a credit card or by going into their overdraft, if they had an unexpected bill
- 71% of females (vs 63% of men), and 74% of both those aged 18-34 and 35-54 respectively, are concerned about their finances
- Unsurprisingly, with the cost of living in the Capital, Londoners are the most concerned (76%) when it comes to worrying about their finances
- Men are less worried about the upcoming six months than women (36% vs 45%)

Alistair Dornan, Director, People Experience at Gallagher, said: “We only have to turn on the news to be hit with the stark realisation of the cost-of-living crisis hitting those living in the UK at the moment. But, as our survey shows, there is another crisis looming - a national debt crisis. The reality of ‘keeping going’ day-to-day is common nationally and is requiring many to make some hard decisions. For some this involves increasing their debt levels simply to make ends meet.

“Amidst almost a quarter (23%) of UK adults already worrying that they won’t be able to switch their heating on this winter or pay their energy bills, and with only two months to go until most people will need to switch their heating on due to colder weather – energy prices are set to rocket the same month. Add to this the fact that interest rates rising is increasing the cost of borrowing and the UK is facing a real winter of despair. As all of these issues are adding to people’s stress and anxiety – it’s more important than ever to make sure your emotional, physical and financial health needs are a top priority. Having the right support and knowing where you can go for advice is crucial.”

Dornan commented: “Financial problems can be a very sensitive topic for people, making it difficult to turn to those closest to them for help, particularly when the likelihood is that those people are themselves facing the same issues. Fortunately there are a number of UK organisations that offer free debt support,



such as StepChange (www.stepchange.org) and The National Debt Helpline www.gov.uk/national-debtline. They can provide advice, assistance and direct liaison with creditors, and we recommend anyone who is concerned to contact them to try and avoid months of stress and worry caused by unmanageable debt.

“We’d encourage employers to reach out to their people to ask them how they can support them with financial issues and to understand if they are stressed and worried – this can be done anonymously. Practical solutions which can be implemented to help, can be as simple as adopting educational programmes where you regularly communicate advice around money issues and what benefits the employer can offer employees.”

Tips for people who are worried about debt:

1. **Don’t face debt alone.** If you can’t sleep at night and the worry of debt is getting too much, then organisations such as those above can assist. They’ll help you to decide what’s right for you and can liaise directly with creditors - anyone concerned about debt can contact them free of charge
2. **Saving for a rainy day.** Unfortunately, debts normally cost more than savings earn. Any cash you have in savings will usually be earning interest at a lower rate than which is being added to your debts. Therefore, most people should consider paying off their debts first, before trying to build up a nest egg for a rainy day
3. **Managing multiple debts.** If you have multiple debts, use any spare cash or savings to pay off your most expensive debt first. Next, prioritise the rest from most to least expensive and this is the order in which you should tackle them
4. **Contact your creditors.** If you can’t afford to pay off your debts, connect with one of the free services above or talk to your lender. Banks are required to support you by law if you are struggling – they may be able to reduce or freeze your interest charges and set up a new payment plan
5. **Coping with stress.** Financial stress can have a massive impact on mental and physical health. If you’re feeling stressed out and anxious, speak to your GP. Make keeping active a top priority, to help release the positive chemicals your body releases when you exercise. This doesn’t need to cost a penny – going for a walk with a friend, setting up a garden assault course with the kids or a jog round the park are budget friendly options.

-ENDS-



Gallagher

Insurance | Risk Management | Consulting

NOTE TO EDITOR:

Research conducted by Opinium Research on behalf of Gallagher, 15th July – 19th July 2022, amongst a nationally representative sample of 2,000 UK adults.

ABOUT GALLAGHER

Arthur J. Gallagher & Co. (NYSE:AJG), a global insurance brokerage, risk management and consulting services firm, is headquartered in Rolling Meadows, Illinois. Gallagher provides these services in approximately 130 countries around the world through its owned operations and a network of correspondent brokers and consultants.

Media contacts

For all media enquiries, please contact KBPR using the details below:

Andrew Pearson

07960 984228 | andrew@kbpr.agency

Kavitha Sivasubramaniam

kavitha@kbpr.agency