

Tuesday 18 November 2014

ALMOST HALF OF BRITS TO USE CREDIT AND OVERDRAFTS TO COVER CHRISTMAS , WHILE 1.4 MILLION TURN TO PAYDAY LOANS

- *Almost half of consumers (46%) plan to pay for Christmas by using credit cards, store cards and overdrafts*
- *1.4 million planning to use payday loans*
- *UK adults to spend £2bn more on Christmas this year than last – a total of £26bn*
- *'Waste spending' last Christmas reached £2.4bn*

According to the Money Advice Service's annual Christmas spending survey released today, almost half of Brits (46%) will turn to credit cards, store cards and overdrafts to cover the cost of Christmas this year. In addition the research highlights that 1.4 million UK adults will rely on payday loans. In last year's survey, an estimated 1.2 million planned to turn to this high-interest credit option.

Overall Christmas spend

The research reveals that the average UK adult will spend £530 on Christmas this year – which equates to a national total 'seasonal spend' of £26bn, a £2bn increase on last year's figure.

Thirty per cent say they will find this Christmas harder to afford than last year, while for four per cent of adults, money is so tight that they plan to forgo buying presents completely.

Waste spending

The study also looks at 'waste spending' and found that, across the UK, we spent nearly £2.4bn on food, drink or presents last year which eventually went to waste – either because they were unused, unneeded or unwanted. This equates to an average spend of £28 per person on discarded food and drink. Thirty-seven per cent say that they received presents which they didn't use, with an average value of £54.

Why do we spend more than we can afford?

The cost of Christmas continues to be a worry for many and the research highlights the financial pressure families face over this period. Twenty-nine per cent are worried about how they will pay for festivities this year.

Many also say that their Christmas spending can get out of hand, with 37% admitting they feel under pressure to put on a special day for their family. Over a quarter (26%) say they spend more than they can afford, whilst 34% say they stretch themselves.

If you fail to plan, plan to fail

A quarter (24%) do not plan ahead when it comes to Christmas spending, although for many it is one of the most expensive times of the year. As a result a further 24% say they simply '*do what it takes*' in order to put on a good Christmas for friends and family, whilst one in ten (10%) say they '*spend now, worry later*'. The main reasons UK adults fail to plan financially for the big day are:

- Can afford not to – 19%
- Find it hard to put money aside each month – 17%
- Don't think about Christmas when it is still summer/autumn – 16%
- Live on a month by month basis – 13%
- Rather worry about it when the time comes – 12%

Commenting on the research, **Jane Symonds, from the Money Advice Service** says:

“Christmas is such a special time of the year for most of us, but a big debt hangover is the last thing anyone wants. Planning ahead by looking carefully at costs will help consumers to take control of their spending and alleviate some of the pressure. This can also limit the need to turn to options such as payday loans, which will be less accessible in the New Year due to the recent announcement by the FCA.

“However there is still time to make a positive impact on your Christmas finances. Our Christmas Money Planner will help you prioritise the essentials (<https://www.moneyadviceservice.org.uk/christmas>), and for those on a tight budget, our Cutback Calculator will show you how to free up some spare cash (www.moneyadviceservice.org.uk/cutback). Even small, daily savings from now until Christmas can make a real difference.”

HAVE A SAVVY CHRISTMAS: ten top tips to help you save money ahead of Christmas

- 1. Fix your budget:** List what you expect to spend on Christmas – from presents and decorations to food, socialising and transport. Be mindful that you'll have to keep some cash to pay the mid-January bills, and keep a detailed list of your expenses so you don't blow your budget. Our [Christmas Money Planner](#) is a quick and easy way to help you keep on track.
- 2. Boost your Christmas fund:** If you're worried you won't have enough to cover the cost of Christmas, start to make savvy savings now. You might be surprised at what you could cut back on to free up some spare cash! Our [Cut-back calculator](#) will quickly show you how your small change could make a big difference.
- 3. Online or offline?** Shopping online can be cheaper than the high street, but not always. Watch for special offers, and check for discount vouchers online and in newspapers. When comparing costs, always check if delivery charges are included in the total so you don't get a shock when you get to the checkout!
- 4. Tempting treats:** A mouth-watering range of festive food appears in the supermarkets running up to Christmas. Keep an eye out for special offers, such as two-for-one deals, but these only offer true value if you actually need the items on offer. Opt to shop online if you can – home delivery saves on petrol and is usually a lot cheaper overall, as it reduces panic or impulsive buys.
- 5. Stock up and freeze it:** Take a look at what's in your freezer now and eat what you can to clear space for freezable Christmas essentials and frozen treats. Buying now and freezing essential items really spreads the cost, and also reduces the stress of having to buy everything just before the big day! Keep a list of what you have frozen, and don't forget to allow time to defrost.

- 6. Get crafty:** Thankfully for our pockets, home-made items are well and truly in vogue. Making gifts, decorations, and cakes is definitely more fun than battling through crowds, and cheaper than bought items. The trick is to make time to plan what you're going to make and what you'll just go out and buy. Go online and learn - perhaps with the kids - how to make personalised gifts. It'll save you money and impress those receiving them with that extra touch !
- 7. Store credit:** If a high-street store offers you store card credit to cover the cost of your purchase, think twice. Whilst they are often framed with a tantalising instant discount, these cards usually come with hefty interest rates and you're almost always better off avoiding them, and paying via your usual payment method.
- 8. Credit warning:** Payday loans are advertised as quick access to cash, but can cost a lot more than you bargained for if you don't repay in full, and on time. Always explore all the alternatives before considering this option. For example, can you extend your overdraft, apply for a credit card or join a local credit union.
- 9. Plan ahead:** If you send cards to friends and family you can definitely make savings. Delivering local cards by hand and sending others second class will instantly save cash. For example, a first class stamp is 62p (standard size post of up to 100g in weight) but a second class stamp is 53p. Send your cards second class (the deadline is 18 December) and you'll have extra cash to put towards other things.
- 10. New Year's resolution:** Come January, next Christmas will seem far away, but it's never too early to start a savings plan to fund the festivities in 2015. Open a savings account and transfer a set amount via a Direct Debit each payday. Over the course of a year, a small amount each month (say £10) could accumulate a tidy sum (£110) which will make a difference when Christmas comes around again.

ENDS

NOTES TO EDITORS

- 1) The research was carried out amongst 3,000 UK adults by One Poll from 23 – 28 October 2014.
- 2) 2.87% of UK adults surveyed said they plan to use payday loan to fund Christmas. Across the UK population this equates to 1.4m people (2.87% x 49,122,174 adults (derived from 2010 ONS Population tables) = 1,409,806)
- 3) The survey asked people how much they expected to spend on Christmas 2014. The average cost was £530. Collectively this equates to £26bn (49,122,174 adults (derived from 2010 ONS Population tables) multiplied by £530 (expected average spend for adults in 2013) = £26,034,752,220).
- 4) The survey asked people how much they spent on food and drink during Christmas 2013 which was wasted. The amount was on average £28. This equates nationally to £1,375,420,873 (49,122,174 adults (derived from 2010 ONS Population tables) multiplied by £28). Thirty-seven per cent of respondents said they received presents they didn't want or need with an average value of £54. Nationally, this equates to £981,461,016 (49,122,174 x 37% x £54). £981,461,016 + £1,375,420,873 = £2,356,881,889.

About the Money Advice Service

The Money Advice Service is an independent organisation. It gives free, unbiased money advice online at moneyadvice.service.org.uk, over the phone on 0300 500 5000, and face-to-face right across the UK. The Service was

Press release



set up by Government and is paid for by a statutory levy on the financial services industry, raised through the Financial Conduct Authority. Its statutory objectives are to enhance the understanding and knowledge of members of the public about financial matters (including the UK financial system); and to enhance the ability of members of the public to manage their own financial affairs.

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For resource syndication:

- Money Advice Service tools and resources are available free for syndication. For further information please contact 020 7943 0616 or email Gary.Harvey@moneyadvice.org.uk