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Economic recovery still to have impact on personal finances, says R3

Forty-six per cent of adults in Yorkshire and Humberside disagree with the Chancellor of the Exchequer’s statement that the economy has moved from ‘rescue to recovery’, compared with 40% who agree, both slightly higher than the national figures, according to research by R3, the insolvency trade body.

And, despite the improving economy, the proportion of adults in the region who say they struggle to payday has increased from 33% in February to more than half (51%) in the latest survey.

William Ballmann, chair of insolvency trade body R3 in Yorkshire and partner at national law firm Gateley LLP, says: “Optimism about the wider economy still isn’t entirely filtering through to how adults in the region and beyond think about their own bank balances.

“The rising cost of living, credit card debts, and rent costs are all preying on the minds of British consumers, many of whom are finding that their financial breathing room is becoming smaller and smaller. Meanwhile, individual insolvencies have begun to rise again, as has consumer borrowing for the first time in a number of years.”

Seventy-nine per cent of adults in Yorkshire and Humberside who struggle to make it to payday blame the rising cost of living, down from 82% in June. Twenty-five per cent of adults in the region who struggle to make it to payday blame spending on going out or non-essential items, while 22% say wage freezes are to blame.
Nationally, 18-24 year olds face the biggest problems with rent payments, with 28% of those in this age group who struggle to make it to payday saying rent is the reason for their difficulty.

Mr Ballmann says: “A few quarters of economic growth won’t make up for the impact the two-decade long consumer credit bubble has had on Britain’s household finances. Savings are low and there is still a worryingly high level of household debt out there.

“If wages can’t keep up with the rising cost of living, more and more British adults will feel like they’re being ‘left behind’ by growth.”

The latest Personal Debt Snapshot also finds 29% of adults in Yorkshire and Humberside without any savings to fall back on, compared with 27% nationally. Across the UK, the age group least likely to have any savings are 35-44 year olds – almost two-in-five (38%) in this group say they have no savings.

Mr Ballmann adds: “The relatively high number of those in middle age without savings risks creating problems now and in the future. Those without savings will struggle to deal with financial shocks, like job losses. If this age group can’t rebuild their savings over the next few years, we’ll be seeing a large number of people reaching retirement without any savings to fall back on.

“Bearing this in mind, it is not surprising that British working adults are more likely than not to feel that economic recovery has yet to have an impact on their personal finances. Caution over future personal financial health is still the dominant mindset.”

Ends

Photo shows: William Ballmann, chair of insolvency trade body R3 in Yorkshire and partner at national law firm Gateley LLP

For more information, please contact:
Susan Reid on (01423) 56 99 99 or susan@appealpr.com

Notes to editors (R3):
- The Insolvency Service’s statistics can be found here.
- R3 is the trade body for Insolvency Professionals, and represents 97% of the UK’s Insolvency Practitioners.
- R3 comments on a wide variety of personal and corporate insolvency issues. Contact the press office, or see www.r3.org.uk for further information.
- R3 promotes best practice for professionals working with financially troubled individuals and businesses; all R3 members are regulated by one of nine recognised professional bodies.
- R3 stands for ‘Rescue, Recovery, and Renewal’ and is also known as the Association of Business Recovery Professionals.
- ComRes interviewed 2,006 GB adults online between 27th and 29th September 2013. Data were weighted to be demographically representative of all British adults aged 18+.
- ComRes is a member of the British Polling Council and abides by its rules (www.britishpollingcouncil.org). This commits us to the highest standards of transparency.
- Data tables are available on the ComRes website, www.comres.co.uk