

## **THE TIPPING POINT: WHY A £240 BILL IS ENOUGH TO SEND BRITONS OVER THE FINANCIAL EDGE**

- Over a quarter (28%) have struggled to meet a bill or financial obligation in the past 18 months
- Just half of UK adults (49%) feel they would be able to pay an unexpected bill between £100 and £1000 as they have that amount in accessible savings
- Only a fifth (20%) of respondents approached their provider to negotiate an extension or repayment plan

September 2015: New insight from short term credit provider Sunny<sup>1</sup> reveals over a quarter (28%) of UK adults have struggled to meet a bill or financial obligation in the past 18 months, highlighting the tension between people's income and outgoings, with the average debt amount they struggle with being just £240.

The research revealed that more women than men have struggled to meet a bill or financial obligation, such as a mortgage payment or utilities bill, in the last 18 months (30% vs 25%), but on average men owe more than women (£265 vs £220). When asked what bill or financial obligation they had struggled to pay, a tenth (10%) of respondents said their credit card bill. This was followed by rent or mortgage payments (9%), electricity bills (8%) and water bills (7%).

When it came to paying the outstanding bill, only a fifth (20%) approached their provider to negotiate an extension or repayment plan. 24% said they cut back in other areas to meet the payment, while 18% dipped into their savings in order to pay the bill. Nearly a tenth (8%) have yet to settle the outstanding bill.

### **Tales of the unexpected**

If faced with an unexpected bill of between £100 and £1000, only half of respondents (49%) said they would easily be able to pay it off as they have that amount in accessible savings.

Nearly a quarter (23%) felt they would be able to pay it off but with some difficulty, as they only have some of the amount in savings and would need help with the rest of the sum, while further fifth (20%) said they have none of the amount in savings and would struggle to pay the unexpected bill.

Of those that said they had none of the amount in savings, women are more likely to struggle than men with an unexpected bill, with a quarter of women (24%) saying they do not have the savings compared to 17% of men.

## **To budget or not to budget**

Nearly eight in ten (79%) of UK adults say they budget their monthly outgoings, with 41% keeping close track of their outgoings and 38% saying they always have an idea of how much they have spent.

Interestingly, those in full or part time work that struggled to meet a financial bill or obligation are more likely to plan their finances than those that are not in full or part time work, with 83% saying that they budgeted their spending. With the average individual weekly earnings in the UK currently at £463<sup>2</sup>, the high line balancing act between income and budgeted outgoings that consumers walk means an unexpected bill or small misstep is enough to throw them off balance.

## **Credit where credit is due**

When asked about their attitudes to credit, nearly half (48%) of UK adults believe there is good credit and there is bad credit. Over a tenth (12%) thinks all credit is bad and a fifth (21%) said they only use credit in a crisis. Furthermore, over half (52%) consider themselves to have a good understanding of the impact of outstanding credit on their credit score, while only 12% would say they have a poor understanding.

**John-Paul Savant, CEO of Sunny, commented:** “The financial balance that must be struck between income and outgoings for most people means that they simply don’t have any margin for error. This means an unexpected bill or a small budgeting misstep could have significant consequences. We know from our research<sup>3</sup> that there can be a long term cost to a short term default and it is important that consumers can access flexible credit to help them bridge the gap when it is urgently needed.

“The Sunny loan is designed to give people the financial flexibility they need. Our customers can set a repayment plan that works for them and we even offer them five days to change their mind once they borrow from us. They also can pay back early at any time to save on interest with no fees or extra cost. If a customer is struggling to meet a repayment, we will work with them on a new repayment plan.”

- Ends -

## **Notes to editors**

<sup>1</sup> Research conducted by Opinium Research among 2002 UK adults aged 18+ between 7<sup>th</sup> and 10<sup>th</sup> July 2015.

<sup>2</sup> ONS Average Weekly Earnings for June 2015, published 12 August 2015:  
<http://www.ons.gov.uk/ons/taxonomy/index.html?nscl=Earnings#tab-data-tables>

<sup>3</sup> Elevate and Europe Economics report - ‘The Social Value of Short Term Credit’, published January 2015

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**About Sunny**

Sunny aims to offer a better alternative for the UK's short term borrowers. It is committed to lending responsibly through a simple and transparent product which only charges customers interest and offers flexibility on when and how people repay their loan. Affordability checks using Sunny's unique data and underwriting approach are also rigorously conducted on every customer.

Sunny is also a member of the CFA (Consumer Finance Association), the principle trade association representing major short-term lenders operating in the UK. As a member, its works to the standards set out in the CFA Code of Practice.

For further information go to [www.sunny.co.uk](http://www.sunny.co.uk).

**About Elevate**

Elevate's innovative online credit solutions provide immediate relief to customers today and can help them build a brighter financial future. The company is committed to rewarding borrowers' good financial behavior with features like lower interest rates, free financial training, and free credit monitoring.

Elevate's suite of groundbreaking credit products includes RISE, Sunny, and Elastic. The company is privately held and is backed by respected Silicon Valley venture capital firms including Sequoia Capital and Technology Crossover Ventures.