

State of the Nation's Finances

The definitive source on adverse credit, tracking the events that get in the way of homeownership



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Foreword

Ryan Davies, Strategy Director,
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Over the last few years, the compounding impact of the global pandemic, inflationary pressures, and ongoing cost-of-living crisis has dramatically impacted people's homeownership ambitions.

In this study, we set out to put some concrete numbers around the trends we are experiencing with our broker partners daily. We wanted to get a better understanding about the financial shocks that are impacting would-be and existing borrowers, their resiliency and ability to recover, and critically, how we, as the lending community can help.

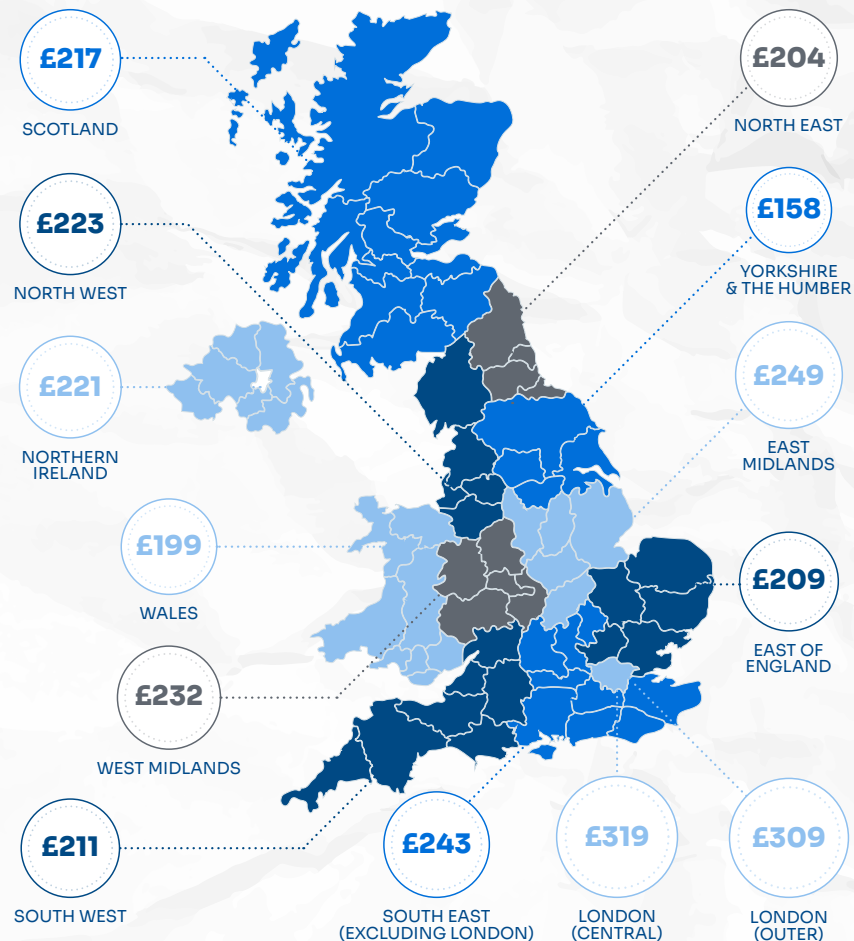
Now more than ever, it is our industry's responsibility to provide a helping hand to these customers, and remind them that just because they may not fit the traditional credit profile, there are options available to suit their unique circumstances.



Cost-of-Living Crisis

Despite inflationary pressures easing, consumers continue to feel a squeeze on their household and personal finances. Over two-fifths of UK consumers are worse off financially compared to 12 months ago - the equivalent of 21 million people. On average consumers are **worse off by £229 per month**, with **women worse off by £250 and men by £201**.

Figure 1. How much worse off people are per month by region



Top Takeaway for Brokers



Proactivity is crucial for brokers amid the current environment. It's about reaching out to their clients and asking the right questions to help them with their finances, which could include looking at what finances they need to prioritise and highlighting any issues they need to address.

As customer's situations become ever more complex, brokers must ensure they are creative in looking at the different ways in which they can engage with and support their customers.



Niamh Downey,
Head of Business
Development

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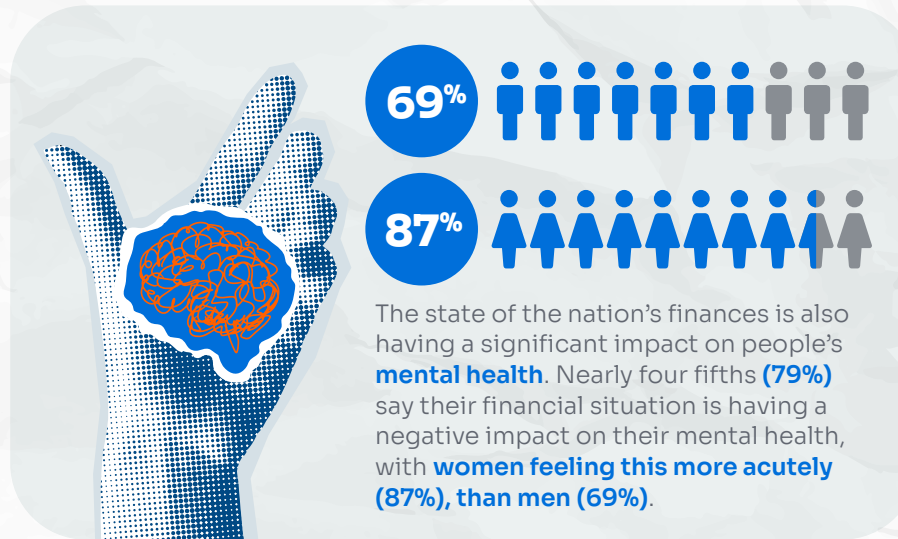
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A Sea of Financial Worries

The ongoing **cost-of-living crisis** continues to take a significant toll on finances, with 83% citing it as their top concern for the months ahead. This was followed by increasing **utilities or council tax bills (64%)** and **reduced income (25%)**.

The findings show that the current economic environment is also affecting people's ability to afford their homes. Over a half of renters (55%) are worried about **increasing rent costs**, and 19% are worried about **saving for a deposit**, while 43% of mortgage holders are concerned about **rising mortgage repayments**.



Industry Support

As cost-of-living pressures continue, we expect to see a **rise in the number of people in financial difficulty**. Add to this the hundreds of thousands of customers due to come to the end of fixed-rate mortgage deals, the value of financial advice has never been more important.

Brokers have a crucial role to play in educating customers on the options available to them, and signposting them to support as needed. Additionally, we are seeing increased lender innovation with the launch of schemes such as **Deposit Unlock** to help fill the **Help to Buy** void.

Figure 2. Top concerns for the months ahead

● Consumers ● Consumers with adverse credit

Cost of living crisis



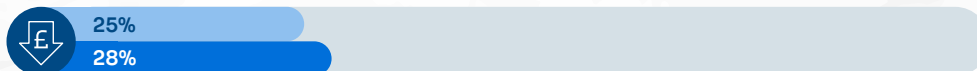
Increasing mortgage repayments



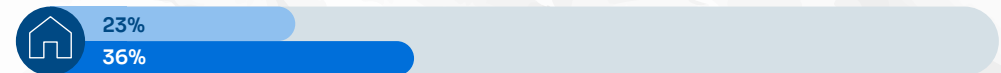
Increasing utilities/council tax bills



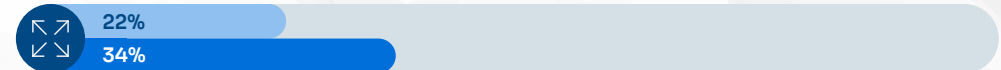
Reduced income



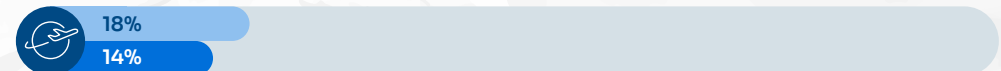
Increasing rent



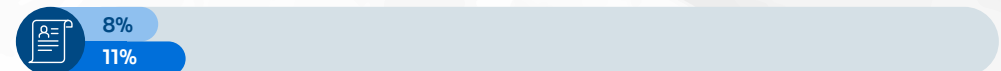
Meeting general credit commitments



Saving for a holiday



Saving for a mortgage deposit



The research was conducted by Pegasus Insight between 11-22nd April 2024 among 2000 UK adults aged 18+ and is nationally representative. By natural incidence, 483 respondents had experienced one or more adverse financial events in the 12 months prior to fieldwork.