**Press Release – The Money Charity – For Immediate Release**

(BEGINS)

**Difficult Winter Coming For Many UK Households**

**The Money Statistics August 2021**

**While the UK economy continues its gradual encouraging pandemic recovery, signs are growing that the coming winter will be deeply financially difficult for many UK households, according to the August 2021 Money Statistics, produced by The Money Charity.**

Along with warmer weather and the ending of lockdown restrictions, the start of the summer period brought positive news for the UK’s finances as the UK economy grew by **1%**[[1]](#footnote-1) in June 2021, alongside the unemployment rate falling to **4.7%** (**1.6 million** people.)[[2]](#footnote-2) Consumer credit debt continued to fall, decreasing by **£9.3 billion**[[3]](#footnote-3) in the year to June 2021, while UK households felt able to take on an additional **£17.9 billion** in mortgage debt in June 2021, to finance house purchases before the stamp duty holiday ended. Over the past year, households have taken on an extra **£76.6 billion**[[4]](#footnote-4) in mortgage debt, increasing house prices.

However, looming concerns can be seen with the news of forthcoming energy price increases, generally higher levels of inflation and the planned removal of the £20 per week Universal Credit ‘boost’ in October. With **5.9 million**[[5]](#footnote-5)people now receiving Universal Credit, up from **2.9 million** before the pandemic, many households will be significantly affected by the ending of the uplift, which has been in place since April 2020. In the North East of England for example, **one-third**[[6]](#footnote-6) of working-age households will be affected and more widely, the cut is expected to have its biggest effect on those on the lowest Universal Credit rates. According to Citizens Advice, claimants who are single and under 25 years of age will lose one quarter of their Universal Credit.

At the same time, consumer prices rose **2.0%**[[7]](#footnote-7) in the year to July 2021, with transport costs in particular rising steeply (**+7.7%**). Rising wholesale energy costs have prompted Ofgem to lift the energy price cap by **£139-£153** per year in October, estimated as affecting **15 million**[[8]](#footnote-8) households. According to debt charities and others, Council Tax arrears have become an increasing source of financial pressure for many households, with over **7 million**[[9]](#footnote-9) people worried. Finally, it is not yet clear how many of the **1.9 million**[[10]](#footnote-10) people still on furlough at the end of June will have jobs to go back to as the programme winds down through July-September. It may be that a high proportion will find themselves unemployed and seeking other forms of state support.

**Michelle Highman, Chief Executive of The Money Charity says:**

“All the signs are that the ‘easy’ part of the economic recovery is moving to an end and the coming winter looks like it may be challenging for many people. No doubt there will be many debates about the best response from government, but at the same time, people will need their financial management skills and judgement even more than usual.

“The Money Charity will be continuing to deliver our Financial Wellbeing and Financial Education programmes throughout the coming months, doing everything we can to help people across the UK better respond to the financial situations they find themselves in and building financial resilience for the future.”

**Other Striking Numbers from the August Money Statistics:**

* **7+ million** people are worried that they will not be able to afford their Council Tax bills in the coming year, with arrears already amounting to **£4.4 billion**. *(P4.1.)*
* Borrowers paid **£123 million** a day in interest in June 2021. *(P5.)*
* **17.7 million** UK adults describe themselves as being in a vulnerable situation in 2020-21, with **9 million** struggling to cope with finances and managing money. *(P4.1.)*

**Get the full picture and many more fascinating facts about money in the UK in our monthly** [**Money Statistics**](https://themoneycharity.org.uk/money-statistics/)**.**

Notes to Editors

* For over 25 years, The Money Charity has been the UK’s Financial Capability charity. We proactively provide education, information, advice and guidance to people of all ages, to reach our vision of seeing everyone achieving Financial Wellbeing by managing their money well. We empower people across the UK to develop the skills, knowledge, attitudes and behaviours to make the most of their money throughout their lives. Find out more at <https://themoneycharity.org.uk/>
* All statistics are from the latest available data at the time of writing/release.
* You may use any of the statistics quoted in this release, or within The Money Statistics, as long as:
	+ You don’t make any commercial or financial gain from their use;
	+ You clearly acknowledge The Money Charity as the providers of the information and point your audience towards signing up themselves for the monthly report; and
	+ You do not make substantive adjustments to the presentation of the statistics, such as amending the statistic phrasing, or for example, repurposing the statistics into a format they are not appropriate for, such as an editorial/’opinion piece’ from the charity.
* If you’d like The Money Statistics emailed to you every month as soon as they’re published, please sign up at: <https://themoneycharity.org.uk/money-statistics/>
* If you’ve any questions, comments, or want any information about the source of these statistics, please contact us through hello@themoneycharity.org.uk
* Any media or press enquiries should be directed to our Communications & Marketing Manager, James Yelland, on james@themoneycharity.org.uk

(ENDS)

1. (The Money Statistics August 2021 Full Report, P19) [↑](#footnote-ref-1)
2. (The Money Statistics August 2021 Full Report, P20) [↑](#footnote-ref-2)
3. (The Money Statistics August 2021 Full Report, P5) [↑](#footnote-ref-3)
4. (The Money Statistics August 2021 Full Report, P9) [↑](#footnote-ref-4)
5. (The Money Statistics August 2021 Full Report, P20) [↑](#footnote-ref-5)
6. (The Money Statistics August 2021 Full Report, P4.1) [↑](#footnote-ref-6)
7. (The Money Statistics August 2021 Full Report, P19) [↑](#footnote-ref-7)
8. (The Money Statistics August 2021 Full Report, P4.1) [↑](#footnote-ref-8)
9. (The Money Statistics August 2021 Full Report, P4.1) [↑](#footnote-ref-9)
10. (The Money Statistics August 2021 Full Report, P4.1) [↑](#footnote-ref-10)