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

(BEGINS)

**Challenging Winter Coming, Driven By**

**Prices Rising Ahead of Forecasts**

**The Money Statistics December 2021**

**The pace of UK consumer price rises has been higher and faster than forecast by most, bringing significant challenges ahead for households in the winter months, according to the December 2021 Money Statistics, produced by The Money Charity.**

Financial forecasts have been defied this month with considerable increases in consumer prices across the UK. In the year to November 2021, the CPI (Consumer Price Index) increased by **5.1%**, **0.9%**[[1]](#footnote-1) higher than in the year to October 2021. This rise was based broadly but driven particularly by steep increases in fuel and energy prices. Alongside this, house prices also rose by between **8-10%**[[2]](#footnote-2)in the year, depending on the source.

In the first response to these rapid rises, the Bank of England responded last week by raising its base rate to **0.25%**[[3]](#footnote-3).

As highlighted in recent months, the labour market remains tight, with the participation rate well below the prevailing pre-pandemic level. The unemployment rate fell again to **4.2%**[[4]](#footnote-4)while vacancies continued rising to a record **1.2 million**.

However, despite the overarching shortage of labour and because of the rises in prices, a rise in average real wages is not being seen. Rather, they are plateauing and falling. The rate of wage growth has declined, to **4.9%**[[5]](#footnote-5) for the year to October 2021, meaning that real pay has fallen over the last six months. With this likely to fall further in the coming months, many UK households are likely to be placed under significant financial pressure.

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

“This month’s Money Statistics report underlines the real challenges coming for household budgets in the months ahead, particularly with the prices of essential goods such as travel and fuel rising fastest of all, while wages are not growing enough to outflank these.

“Clearly these are hard times all round, for multiple reasons, and for most people, these major financial forces feel overwhelming and far beyond our own control. However, as we help people to think through in our Financial Wellbeing Workshops and Webinars, the key principles of Financial Capability still apply, helping to control the things that are within their own hands. Namely, implementing and using a robust, considered budget, planning your income and expenditure for circumstances good and bad, as well as engaging with saving wherever possible.”

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

* More than **15 million** people have experienced at least one life event in the last two years that has left them financially struggling. *(P4.1.)*
* **26** energy companies have collapsed in the last three months. *(P4.1.)*
* **4 in 10** Buy Now Pay Later users are said to be struggling to pay their bills. *(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/>
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* Any media or press enquiries should be directed to our Communications & Marketing Manager, James Yelland, on [james@themoneycharity.org.uk](mailto:james@themoneycharity.org.uk)

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1. (The Money Statistics December 2021 Full Report, P19) [↑](#footnote-ref-1)
2. (The Money Statistics December 2021 Full Report, P10) [↑](#footnote-ref-2)
3. (The Money Statistics December 2021 Full Report, P15) [↑](#footnote-ref-3)
4. (The Money Statistics December 2021 Full Report, P20) [↑](#footnote-ref-4)
5. (The Money Statistics December 2021 Full Report, P19) [↑](#footnote-ref-5)