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CHRISTMAS SPENDING WILL LEAVE A QUARTER IN THE RED

The majority of Brits (62%) will struggle to pay for Christmas this year^[1], with almost three in ten (28%) ending up in the red^[2], according to new research from uSwitch.com. And while the financial hangover will last almost 6 months on average, almost one in ten people (8%) will still be in debt next Christmas^[3]:

- **More than six in ten (62%) will find it difficult to pay for Christmas this year – one in ten (12%) will find it very difficult^[1]**
- **Almost three in ten (27%) will be in debt as a result of Christmas spending^[2] - over a quarter of these (27%) could end up in the red by more than £300^[4]**
- **Brits will take an average of almost 6 months to pay off their Christmas debts, but for 8% the financial hangover will last over a year^[3]**
- **Almost half of people (48%) are more worried about paying for this Christmas than they were in 2010^[5] - nearly half (48%) have less money this year^[6]**
- **Although over half of Brits (52%) will dip into their savings and more than four in ten (42%) will use credit to pay for Christmas^[7], one in ten (10%) have no idea how they will fund the festive season^[6].**

With six in ten people (62%) struggling to pay for Christmas this year^[1], Brits face a New Year blighted with debt according to new research from uSwitch.com, the independent price comparison and switching service. Over a quarter of people (27%) will end up in the red because of Christmas spending^[2] with the average post-Christmas debt adding up to an eye-watering £274^[4].

However, of those who will be getting in debt this Christmas, more than a quarter (27%) could end up with over £300 of debt^[4]. On average the festive financial hangover will last almost 6 months as people strive to pay off their Christmas bills, but almost one in ten (8%) will still be clearing their debts next Christmas^[3].

Following a year of rising living costs and pay freezes, almost half of consumers (48%) are more worried about how they will pay for this Christmas than last year^[5]. The same number

(48%) say that they have less money this Christmas than last and a third (36%) expect this Christmas to be a much more frugal one than in recent years^[6]. And the recent squeeze on finances has left people ill-prepared for the festive season. One third (34%) have not been able to save for Christmas over the year^[6].

In order to put presents under the tree and food on the table, more than half (52%) will dip into their savings while over a third of savvy consumers (36%) will use up hard-earned shopping vouchers or reward points^[7]. But worryingly, more than four in ten (42%) will have Christmas on credit this year – 4% will even take out new credit especially to fund Christmas^[7]. Success

A further 16% will sell possessions in order to get the Christmas cash they need and 3% will borrow from friends and family^[7]. Although over half (51%) have budgeted^[6], things are so bad that one in ten (10%) have no idea how they will pay for Christmas this year^[6].

Michael Ossei, personal finance expert at uSwitch.com, says: “Cash-strapped consumers will be feeling a little short of Christmas cheer after another tough financial year. While the cost of living has rocketed, pay has been frozen or even cut and even those who have enjoyed a pay rise will have seen the benefits eroded as household bills soared. Splashing the cash at this time of year is very tempting, but for those already feeling the pinch a very merry Christmas could lead to a financial hangover that lasts well into next year.

“If you’re struggling with your festive finances, and are thinking of turning to credit, I would urge you to use credit cards sensibly. Putting your spending on a card with 0% on purchases could give you some breathing space. The Tesco credit card gives you 15 months at 0% - meaning you can save up until March 2013 to pay off your bills. Or, if you can afford to clear your bills in full every month, a card offering cash back or rewards could help pay for next Christmas. And if you’re struggling to clear existing debt, transferring existing credit card balances to a leading balance transfer card, such as the Barclaycard Platinum Extended Balance Transfer card, could save you around £600 over 22 months^[8].”

For more information visit www.uSwitch.com or call 0800 093 06 07

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Notes to editors:

Research carried out online with the uSwitch.com Consumer Opinion Panel in November 2011 amongst a sample of 1,193 GB adults.

1. When asked "How easy will it be to pay for Christmas this year?" 29.3% said 'slightly difficult'; 21.4% said 'fairly difficult'; 11.6% said 'very difficult'. Therefore $29.3 + 21.4 + 11.6 = 62.3\%$ will find it difficult.
2. When asked "Do you think you will be in debt as a result of Christmas?" 27.4% said 'Yes'; 53.8% said 'no'; 18.8% said 'don't know'
3. When asked "How long do you think it will take you to pay off the debt?" 8.2% said 'Longer than 12 months'. The average time was 5.8 months.
4. When asked "By how much do you think you will be in debt by because of Christmas?" 26.4% said 'more than £300'. The average amount was £274.32
5. When asked "Are you more worried about paying for Christmas this year than in the past?" 47.6% said 'I am more worried this year'; 26.0% said 'I am as worried about Christmas this year as I was last year'.
6. When asked "Which of the following do you agree with?" 51.4% said 'I am budgeting'; 47.8% said 'I have less money this year'; 34.2% said 'I have not been able to save for Christmas over the year'; 35.8% said 'I expect this Christmas to be far more frugal than in recent years'; 9.5% said 'I have no idea how I will pay for it';
7. When asked "How will you pay for Christmas this year?" 51.6% said 'use my savings'; 41.6% said 'use my existing credit card/ overdraft'; 4.3% said 'take out a credit card/ overdraft/ bank loan'; 3.4% said 'borrow money from family'; 16.4% said 'sell possessions on ebay'; 1.0% said 'use a pawnbrokers'; 35.8% said 'shopping vouchers/ reward points'.
8. The BarclayCard Platinum Extended Balance transfer Card offers 0% on balance transfers for 22 months with a 2.9% fee. Considering a balance transferred of £2,053, based on research from uSwitch.com. If the existing balance was on a typical credit card, charging an interest rate of 17.9%, it would accrue interest of £673.79 in 22 months. If this balance was transferred, there would be a fee of $0.029 \times 2053 = 59.54$. Therefore the total saving to be made, by transferring the balance, would be $£673.79 - £59.54 = £614.25$.

About us:

uSwitch.com is a free, impartial, online and telephone-based comparison and switching service, helping consumers compare prices on gas, electricity, water, heating cover, home telephone, broadband, digital television, mobile phones and personal finance products including mortgages, credit cards, current accounts and insurance. In 2010 uSwitch.com celebrated ten years of saving customers money.

uSwitch.com is the first comparison website to achieve the Plain English Campaign's Internet Crystal Mark, which is recognised as a standard that a website has clear language, is accessible and easy to use, and has been tested on a sample of its users.

uSwitch.com is dedicated to helping consumers save money whether they have internet access or not. It offers a dedicated call centre, manned by uSwitch customer service representatives, as well as a freepost 'Send us your bill' service, whereby customers can post their latest energy bills with their telephone number to FREEPOST USWITCH, to get a free call back from a dedicated customer services representative. The service is also available via fax, email and post. Consumers should fax 0203 214 8417, email CustomerServices@uswitch.com or write to Customer Services, uSwitch.com, Centro 3, 19 Mandela Street, London, NW1 0DU with their postcode and usage details.

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