

IE Hub's Insights and the Imperative of the FCA's Consumer Duty

Unveiling Financial Realities

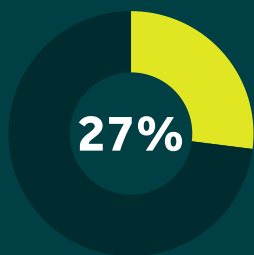
Introduction

Understanding Post-Christmas Debt and Financial Trends

In January 2024, IE Hub conducted a survey to assess the financial aftermath of Christmas spending, revealing insightful trends about consumer behaviour during the festive season.

The Census-wide research sheds light on the pressing financial challenges faced by consumers, particularly in the aftermath of Christmas spending. The findings reveal alarming trends that highlight a critical need for the Financial Conduct Authority's (FCA) recent Consumer Duty legislation.

The Results



**Exceeded their
Christmas Budget**

On average, individuals overspent by **£244**, with **10%** going over by **£500** or more.

It will take, on average,
5 months
for individuals to pay off their
Christmas overspending



Of those in debt anticipate it will take more
than six months to clear their arrears.

Debt Management Strategies

33% plan to work more hours.

23% intend to sell belongings.

18% will seek financial assistance from family or friends.

17% will use online budgeting tools like IE Hub to create payment plans.

16% will rely on credit cards to manage debt.

What the results show

Financial Fallout: Exceeding Budgets and Prolonged Debt Repayment

IE Hub's survey indicates that a significant portion of individuals exceeded their Christmas budgets, with the average overspend reaching £244, and a notable 10% surpassing £500.

Moreover, the burden of debt repayment looms large, with an average estimated repayment period of five months, and nearly a third of respondents expecting to take over six months to clear their debts. Such challenges underscore the urgency for enhanced consumer protection measures.

The Wider Context: Coping strategies and the need for proactive creditors

It's imperative to recognise the coping strategies individuals employ to manage their post-Christmas debt. Strategies such as working extra hours, selling belongings, seeking financial assistance from family or friends, and utilising online budgeting tools like IE Hub shed light on the diverse ways consumers navigate their financial challenges.

However, not all these strategies will suffice, and individuals may find themselves sinking further into debt.

This context underscores the importance of creditors being proactive in softening the blow as customers begin to default in the coming months. Engaging with customers early, offering repayment assistance programmes, and providing clear pathways to debt management resources can mitigate the adverse effects of post-Christmas debt accumulation.

Moving forward

IE Hub's recommendations

In response to these findings, the FCA's Consumer Duty emerges as a pivotal regulatory development aimed at prioritising consumers' interests and well-being. By enforcing higher standards of transparency and accountability across financial institutions, the Consumer Duty seeks to ensure that firms actively work towards delivering positive outcomes for their customers.

FCA's Consumer Duty and Regulatory Developments

The need for robust affordability assessments, as emphasised by both IE Hub's research and the FCA's regulatory initiatives, cannot be overstated.

Initiatives such as CP23/13 underscore the imperative for financial institutions to conduct thorough affordability assessments and adopt consumer-centric practices, particularly considering the mounting post-Christmas debt burdens.

Conclusion and Recommendations

"It's clear from the results that even with a plan and good intentions, the emotion of the big day and wanting to please family and friends can get the better of our budgets. Having sight of debts with a clear and manageable budget will help customers get back on track. A proactive approach will give customers a chance to react before they default leading to better outcomes for all. Budgeting is never an exact science, things change, but giving your customer the chance to see and manage all arrangements in one place give transparency to all involved."

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In this context, IE Hub's compliance solutions emerge as invaluable tools for financial institutions striving to navigate the evolving regulatory landscape. With features like automated affordability assessments and secure data management, IE Hub facilitates adherence to regulatory frameworks while promoting responsible lending practices.

In conclusion, IE Hub's research findings, coupled with the FCA's Consumer Duty, underscore the pressing need for proactive measures to address post-Christmas debt and enhance consumer protection within the financial industry. As stakeholders adapt to regulatory changes, collaboration between industry players and innovative solutions like IE Hub will play a pivotal role in promoting financial well-being and regulatory compliance. For more information on IE Hub's compliance solutions and affordability assessments, visit our website.

Disclaimer: The opinions expressed in this whitepaper are based on survey data, public reports, and regulatory updates available at the time of publication. IE Hub remains committed to promoting financial literacy and supporting individuals and financial institutions in managing their finances effectively while adhering to regulatory standards.