

**NOT FOR BROADCAST OR PUBLICATION BEFORE 00:01 MONDAY 6 MARCH 2017**

## **KIDS ARE BORROWING MORE FROM BANK OF MUM AND DAD BUT FEWER EXPECT TO PAY FAMILY BACK**

Last year, Bank of Mum and Dad loaned almost a third (29%) more money to their children compared to 2015, Bank of Scotland's latest How Scotland Lives research has found. Parents forked out on average £3,987.22 to help their children financially in 2016, rising from £3,079.91 the previous year.

There was an increase in children aged 18-24 taking a loan from Bank of Mum and Dad, rising from a quarter in 2015, to over a third (34%) in 2016. In contrast however, less children aged 25-34 years of age borrowed from their parents, down from almost two fifths (39%) in 2015 to a third in 2016.

More Glaswegians borrowed money from parents than any other region (28%), followed by Aberdeen (24%), North East Scotland and Lothians (both 19%).

### **Parents aged 45 and over have deep pockets**

While there was no change to the number of children being helped by Bank of Mum and Dad (18% in both 2015 and 2016) the actual size of the loan has changed quite substantially over the year.

The number of parents lending their children over £10,000 has increased by almost a quarter (23%), but it's only parents aged 45 and over loaning such high amounts. The amount of parents aged 45-54 years lending their children over £10,000 trebled over the year (from 2% in 2015 to 6% in 2016), while for the 55 and overs, the total increased by almost a third (31%) (from 16% in 2015 to 21% in 2016). (See table 1)

It seems it's these same age groups who have the deepest pockets as they too are the only ones lending children anything between £3,001 and £10,000. A third more parents loaned their children between £5,001 and £10,000 in 2016, with twice as many of these parents being aged 45-54 (8% in 2016, 4% in 2015). Almost a fifth (18%) more parents aged 55 and over loaned their children between £5,001 and £10,000 in 2016 (13%) compared to 2015 (11%).

More than double the number of parents aged 55 and over loaned their children between £3,001 and £5,000, increasing from 7% to 15% in 2016. In contrast, there was a marked decrease in parents aged 45-54 lending between £3,001 and £5,000, dropping from 11% in 2015 to only 3% in 2016. However, this age group wasn't off the hook as 11% loaned their children between £2,001 and £3,000 in 2016 - a substantial increase on the 3% that did so in 2015.

More.../

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## **More Scots feel guilty about borrowing from family, but less expect to pay it back**

The research also found that half of those who borrowed money from family felt guilty about doing so, up from 44% last year. Of all the age groups, those aged 45-54 felt the most guilty about borrowing from family (58%), while those in the North East Scotland top the regions at 57%. (See table 2)

Despite these increased feelings of guilt, only a third (34%) of Scots now expect to have to pay the money back to the family member, which is 15% down on the previous year (40%). There has been a particular change in expectations with those aged 18-24 years, as a quarter (24%) expect to have to pay the money back now compared to almost half (44%) in 2015.

Similarly, there was a shift in the number of Scots who do not expect to have to pay the family member back the money borrowed, up a third from 9% in 2015 to 12% in 2016. In particular, there was a steep increase in the number of 25-34 year olds who don't expect to have to pay the loan back, rising from 5% in 2015 to 13% in 2016.

Rachel Bright, Head of Customer and Change at Bank of Scotland said, "It's interesting to see the shift in size of loan being given to children by Bank of Mum and Dad over the year. Fewer parents are lending smaller amounts of up to £1,000, yet more are now providing quite substantial loans to children of £3,000 or more. It's very possible that this is parents helping their children with education costs or getting on the property ladder.

"Although more Scots are now feeling guilty about borrowing money from family members, there has been a marked rise in the number who don't expect to have to pay money back - up by a third over the year. Whether the loan is expected to be paid back or it's considered 'early inheritance', it's worth setting out the principles of the agreement early to avoid any family tension down the line."

**Table 1: Amount of money loaned to children by parents in Scotland**

Amount	2015	2016	+/-
Less than £500	26%	20%	-23%
£500 - £1,000	18%	9%	-50%
£1,001 - £2,000	10%	10%	0%
£2,001 - £3,000	7%	8%	+14%
£3,001 - £5,000	8%	11%	+38%
£5,001 - £10,000	9%	12%	+33%
£10,001+	13%	16%	+23%

Table 2.../

**Table 2: How Scots feel about borrowing money from family members**

	<b>2015</b>	<b>2016</b>	<b>+/-</b>
I feel guilty about borrowing	44%	50%	+14%
I'm unhappy as had hoped be able to provide for myself	47%	53%	+13%
I feel borrowing money from family members has caused tension in the family	8%	6%	-25%
I expect I will have to pay my family member back	40%	34%	-15%
I don't expect to have to pay my family member back	9%	12%	+33%

## Notes to Editors

The research was completed by YouGov and the findings are based on 2,007 online interviews with a nationally representative sample of adults aged 18 and over living in Scotland. The interviews were conducted between 1 December 2016 and 9 December 2016.