

# PRESS RELEASE

SATURDAY 1<sup>ST</sup> AUGUST 2020



LLOYDS BANK

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## **BORROWING AND LENDING BETWEEN LOVED ONES PLUMMETS**

- **Borrowing money from loved ones dropped by a third in the last year, then a further 40% during lockdown**
- **Lending money to friends and family reduced by over a quarter in the last year, and then a further third during lockdown**
- **The main reason for borrowing from loved ones is to pay off other debts**

**Borrowing money from friends and family has reduced significantly since 2019, and even more so following lockdown, with a 58% decrease in borrowing, and a 52% decrease in lending, since March of last year.**

According to the latest *How Britain Lives* research from Lloyds Bank, borrowing significant sums of money from friends and family reduced by 29% between March 2019 and March 2020, and then by a further 40% throughout lockdown. Just 13% of people have borrowed money from friends or family in the last 12 months, compared to the 31% who had done so in March 2019. (See graph 1).

Similarly, lending has also seen a significant decline. The loaning of money to loved ones reduced by 28% between March 2019 and March 2020, and then by a further 34% over the months of lockdown. Just under a fifth (19%) have lent money to loved ones in the last year compared to two fifths (40%) in March 2019. (See graph 2).

Across all age groups there has been a substantial reduction in people turning to loved ones for extra cash (see graph 3). 18-24 years olds are the most likely to lean on friends and family for financial help, but borrowing amongst this group has dropped from over half (51%), to one in three (30%).

**Jo Harris, Managing Director, Lloyds Bank, said:** “This significant shift in loved ones borrowing or lending money to each other suggests that financial uncertainty has been compounded by the pandemic, with people now much less likely to be reliant on each other.

“Even given the difficulties young people can face in achieving milestones, like buying their first car or house, there has been a concerted effort not to borrow from the Bank of Mum and Dad. We expect to see this change over the next 12 months, as people try to balance the financial fallout of COVID-19, with wanting to move forward with life plans after months of restrictions.”

Of those who have borrowed money recently, the main reason for doing so was debt consolidation, with 16% of people citing this as the reason. The second most popular reason was the purchase of a car (14%), followed by home improvements (12%).

## MEDIA CONTACTS

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The biggest loans from family and friends were for cars (£3,630 loaned on average), followed by weddings (£3,226), and home improvements (£2,846). The average amount borrowed for debt consolidation was £2,563.

Family and friends who have been lending money are much less likely to be happy about doing so, with just 51% saying they were pleased to be able to help someone out, compared to 61% in 2019, and fewer people expect to be paid back than in 2019 (42% vs 43%).

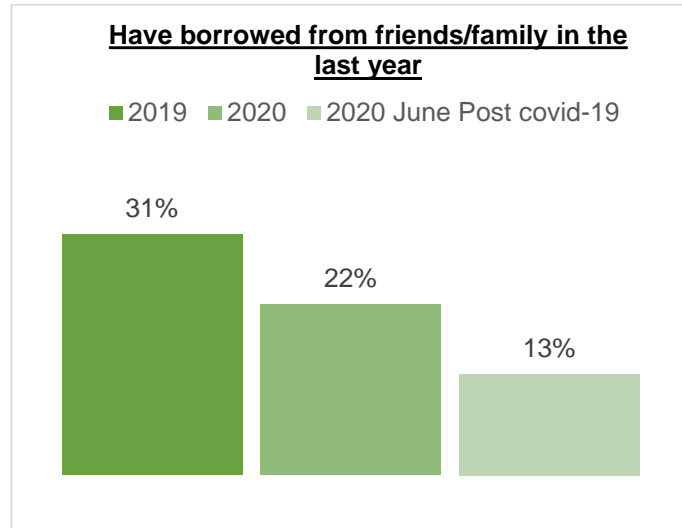
## Regional variations

Those in Wales are the least likely to borrow money from loved ones, with only 5% saying they have done so in the last 12 months, an 83% reduction since 2019. The regions seeing the most borrowing from friends and family are the South West, and the North West, where 15% continue to do so. (Table 1).

ENDS

Notes to editors:

**Graph 1: Number of people who have borrowed from friends and family in the last year:**



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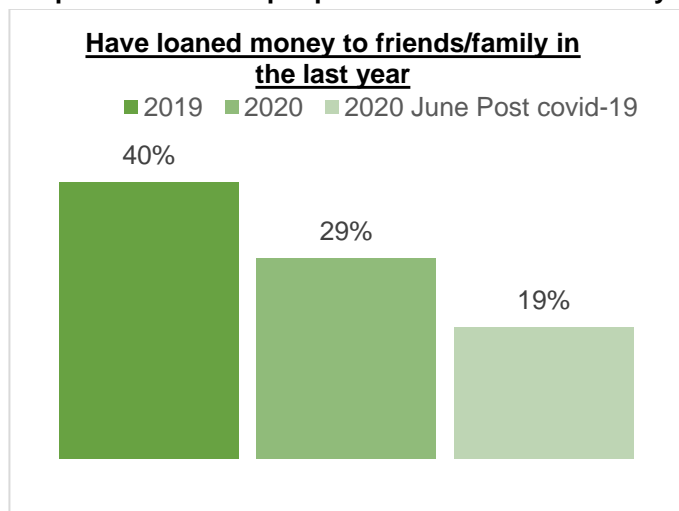
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Graph 2: Number of people who have loaned money to friends and family in the last year:



Graph 3: The number of people borrowing money from loved ones split by age:

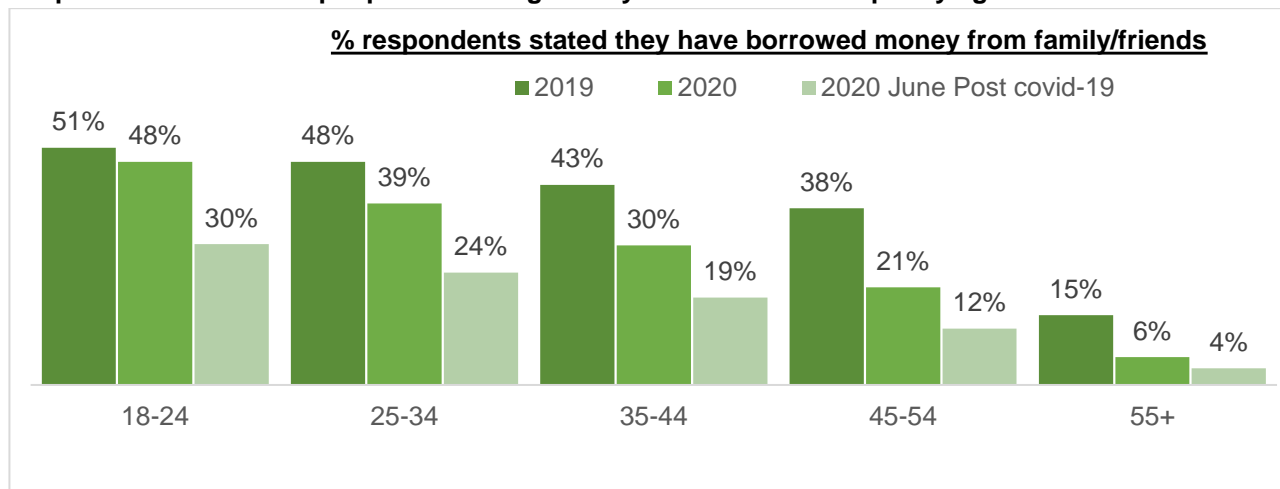


Table 1: The number of people borrowing money from friends and family, split by region

	March 2019	March 2020	June 2020
North East	31%	29%	9%
North West	35%	22%	15%
Yorkshire and Humber	30%	23%	10%
East Midlands	23%	22%	9%

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<b>West Midlands</b>	27%	23%	10%
<b>East of England</b>	30%	23%	12%
<b>London</b>	40%	25%	14%
<b>South East</b>	32%	21%	12%
<b>South West</b>	26%	17%	15%
<b>Wales</b>	31%	26%	5%
<b>Scotland</b>	32%	19%	11%
<b>Northern Ireland</b>	29%	20%	10%
<b>UK</b>	<b>31%</b>	<b>22%</b>	<b>13%</b>

#### Methodology:

YouGov fielded a quantitative survey to a nationally representative sample of the UK population, interviewing 5,184 UK panellists who agreed to take part in research in March 2020 and then conducted a follow up quantitative survey in June 2020 amongst a similar sample profile in the UK, interviewing 5,160 UK panellists

This research is part of a wider series from Lloyds Bank called 'How Britain Lives', a major study looking into the issues that British people face in today's modern world including insight on their lives, attitudes and daily pressures.

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