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Seasonal excess leaves many with a financial hangover

Many of us have suffered the next day after over-indulging over the festive period, but research from Halifax has found more than half of consumers will still be enduring a 'financial hangover' well into 2014.

With the average amount being spent on Christmas hitting £482 in 2013, more than half (55%) of consumers are now having to make cutbacks in order to cover the outstanding cost of it.

More than a third (35%) of British consumers said they are still paying for the festive season long after the decorations have come down, and 6% expect to still be feeling the pain this summer.

Recriminations and regrets

An increase in festive spending since 2012 has contributed to this financial hangover, with 31% having spent more than they did in the previous year, and a high proportion (29%) admitting they overspent this Christmas. Almost one in three people (29%) spent more than £500 on Christmas and 9% said the total cost of their seasonal spending was in excess of £1,000.

The main reasons for overspending were people not wanting to disappoint their family (41%), or wanting to have the 'perfect Christmas'.

Reasons behind Christmas overspending	
I didn't want to disappoint my family	41%
I wanted to have the perfect Christmas	31%
I lost control of how much I had spent	16%
I ended up panic buying at the last minute	13%
I didn't want to be seen to be spending less than my friends	4%

Source: ICM Research

When it came to spending nearly three quarters (74%) said they had no regrets when reviewing their actions. Despite this, people's situation post-Christmas means one in five people (20%) are now cutting back on 'non-essential' activities. The extent of overspending for some (12%) means that they are now worried about how they will pay utility bills, with the

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same proportion concerned about food bills, and 5% have concerns about making their mortgage or rental payments.

Counting the cost of Christmas

Most people paid for Christmas using a combination of their current account, credit card and savings. More than two thirds (67%) used their December salary, with 55% dipping into their savings, and a third (34%) using a credit card. However, 14% went into their overdraft and 7% resorted to a payday loan.

How we paid for Christmas	
Type of spend	Total who spent
December salary	67%
Savings	55%
Credit card	34%
Other	20%
Overdraft	14%
Store card	12%
Borrowing from family and friends	10%
Payday loan	7%

Source: ICM Research

Richard Washington, Halifax credit cards; said:

"The festive season can be a time of excess and there is pressure on people to deliver the perfect Christmas.

"Creating and sticking to a budget can certainly help prepare for the costs of Christmas. Using a credit card to pay for purchases, and having a plan for how you will then pay off Christmas, can mean that you don't have to dip into your savings, and there is more in your current account. In the New Year, transferring balances to a new credit card can allow the cost to be spread over a longer period at a lower rate of interest."

ENDS

Notes to editors

Research carried out on behalf on Halifax by ICM Research between the dates of 3-5 of January 2014, with responses taken from 2023 from across the UK.

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