

**Research on the Near Prime credit market reveals
6.8 million UK adults have never checked their credit score**

First consumer research of the UK's Near Prime market finds:

- **3.9 million people admit that they do not know how to check their credit score**
- **Over 2 million Near Prime consumers have been declined credit in the last three years**
- **75% of Near Prime consumers do not realise that a poor credit rating could lead to having to pay more for goods and services**

Nearly 7 million UK adults in the Near Prime sector have never checked their credit score, according to findings from the first research into the Near Prime market, *Understanding the Near Prime Market: The Consumer Perspective*.

The Near Prime market comprises 10.2-13.6m¹ UK adults who find it difficult to obtain a credit card from traditional lenders due to having a thin credit history, an adverse credit history and/or other constraints such as a low income or an inconsistent address history.

Understanding the Near Prime Market: The Consumer Perspective reveals that myths and misconceptions about credit persist for a substantial number of consumers in this sector of the market. According to the report, over a quarter (28%) of all Near Prime consumers are unaware that a poor credit rating can exclude them from accessing credit, while well over a third (38%) believe that missing one payment means it is impossible to ever improve their credit score.

The report also finds that a significant proportion of Near Prime consumers are unaware of the adverse effects of a negative credit history, with three quarters (75%) not realising that a poor credit rating could lead to having to pay more for items such as a mobile phone tariff, broadband services and energy bills.

Credit usage amongst Near Prime consumers is also worth noting: the majority of Near Prime consumers (45%) stated that they use their card for emergencies; this was closely followed by those who said that they use it for everyday shopping (41%). In addition, over a third (38%) use their card only to purchase big ticket items such as flights or computers.

Interestingly, the research on attitudes towards late payments – an area which can have a profound impact on a person's credit record – reveals that 43% of Near Prime consumers, over 4.2m consumers, have not missed a payment on any of their financial obligations in the past 3 years. Of the remaining 57% that had missed a payment in the past 3 years, 40% of these had missed 2 or fewer.

¹ PwC, *Sizing the UK Near Prime Credit Market* (January 2016)



James Corcoran, CEO of aqua card issuer NewDay, commented:

“Since the launch of our first aqua product in 2002, we have been providing credit products tailored to meet the needs of Near Prime consumers. The findings in this report confirm what we know from our experience; there is not a ‘one size fits all’ approach for consumers in this market sector; their needs are distinct and diverse.

“However, this research also demonstrates that too many consumers still are not aware of their credit score and its importance. For the millions of Near Prime consumers in the UK, having this knowledge would inevitably help them be better with credit, closing the credit gap that currently excludes millions from accessing better prices for basic goods and services. This is why we offer free credit score checking on all of our aqua products; we recognise how critical it is for consumers to understand their credit score. It is our hope that the research in this report, in conjunction with our previous reports, helps to raise the importance of addressing this issue so that more Near Prime consumers can responsibly access credit that best meets their needs.”

-ENDS-

Notes to Editors:

The Understanding the Near Prime Credit market: The Consumer Perspective is the third report in a series commissioned by aqua. It follows on from: *Mind the Credit Gap Report* (2012), which revealed that more than half of the UK’s adults are at risk of being declined for credit by mainstream lenders, and; *The Cost of a Poor Credit Rating Report* (2014), which in partnership with Dr John Glen, Senior Lecturer at Cranfield Business School, calculated that the annual cost of having a poor credit score for a middle income household was £1,770 extra, on average, per year for basic, everyday goods and services.

Research Methodology:

aqua / marbles commissioned quantitative research with Opinium.

In late 2015, Opinium Research surveyed 2,084 ‘Near Prime’ adults in the UK to gauge their attitudes and behaviours towards borrowing and credit card usage. Unless otherwise stated, all extrapolated figures cited within the report are based on the 10.2 million lower estimate from PwC’s report, *Sizing the UK Near Prime Credit Market*.

About NewDay:

NewDay is a leading consumer finance provider, specialising in the UK credit card market. With 5.4 million customers, NewDay provides products in two unsecured credit market sectors - Near-Prime and Co-Brand. In the Near Prime sector, NewDay has three products - aqua, marbles and Opus. Opus has been closed to new customers since its acquisition and marbles was relaunched in May 2015. In the co-brand sector, NewDay provides credit card products in partnership with several of the UK’s established retailers including Arcadia Group, Debenhams, House of Fraser and Laura Ashley.

For further information, please contact:

Victoria Robinson / Sophie Lanning, Teamspirit Public Relations, tel: 020 7360 7878
vrobinson@teamspiritpr.com/ slanning@teamspiritpr.com