30% Of People With Interest Rate Reduction On Their Mortgage Report Saving Over £100 Per Month

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Of those who are aware of an interest rate reduction on their mortgage, nearly a third (30%) are saving over Â£100 per month

For those with a mortgage, the recent reduction in interest rates has led to a large increase in wealth, according to latest findings from the Consumer Confidence Survey, a monthly snapshot of consumersâ€™ perceptions conducted by the British Market Research Bureau.

41% of the adult population have a mortgage, and of those, 57% are aware of a reduction in their monthly payments due to lowering of interest rates by Bank of England. This equates to 23% of all adults.

Taking this group as a whole, 42% believe they are saving up to Â£49 per month on their mortgage, 19% are saving Â£50-99 and nearly a third (30%) are saving Â£100 or more each month.

The older age groups appear more financially savvy: 42% of 25-34 year old home owners are aware of reductions in their mortgage, compared with 72% of 55-64 year olds.

However there are still some 41% of home owners who have either not had a reduction passed on to them or are not aware of it, if it has. This level rises to 55% among the 25-34 age group.

VAT
Only 6% feel they are likely to buy more goods from the shops because of the recent 2.5% reduction in VAT. 59% are unlikely to purchase more goods, while 33% do not express an opinion. Likelihood to spend more declines steadily with age from 10% of 16-24s to just 2% of those aged 55-64.

Awareness of the current rate of VAT was high with 91% correctly identifying it at 15%.

Shifts in attitudes since October 2008
The January findings show some key changes from the first survey conducted in October 2008.

In October just under a third (31%) of adults said they would be likely to move house, start the process of moving house or buy their first house in the next three years. This figure is now less than a quarter (24%).

In October 53% of home-owners expected their house to decrease in value over the next year, this has risen to 58% in January. Those expecting their house to depreciate by 6% or more has risen six percentage points to 36%.

There is a growing reluctance to spend a large sum of money (Â£3,000) on a single item, such as a car, holiday, kitchen etc. In October 38% of adults were likely to spend such a sum in the next 12 months. This figure has now dropped by half with only 19% currently prepared to do so.

Those in social grade ABC1 (24%) are more than twice as likely as C2DEâ€™s (11%) to predict this level of spend over the next 12 months.

Summary of January figures

Financial security
At present just 10% of adults aged 16-64 feel financially secure (up 2 percentage points from Decemberâ€™s results). 37% say they do to a degree and just over half feel that they do not really/definitely do not feel secure.

Job security
20% of employees feel insecure in their employment; (down 4 percentage points from last month). Job insecurity is highest among 16-24 year olds at 27%. 22% of males feel insecure compared with 18% of females.

Housing Market
24% of adults 16-64 are likely to either move home or start the process of moving home/buying home in the next 3 years. Over half of all homeowners (58%) expect the value of their house to decrease in value over the next year. 15% expect their house price to decrease by more than 10%.

Expenditure on basic necessities

60% of respondents noted that their expenditure on basic necessities has increased over the past 3 months (compared with 66% in December).18% of all adults said their expenditure had increased by more than 10%. This has also decreased from the previous monthâ€™s survey (down 5 percentage points).

Recent cutbacks
As in December, Januaryâ€™s results show three-quarters of adults 16-64 have cut back on purchases recently due to the current economic climate.

31% of all respondents would cut back on eating/going out if the economic climate deteriorates further, followed by holidays (29%).

The same amount of adults 16-64 as last month (56%) have been more prudent with the domestic budget over the last 3 months; women (63%) more so than men (50%).

Likely future expenditure
Only 19% of all respondents are likely (either definitely or possibly) to spend Â£3000 or more on a single item of expenditure in the next 12 months. 46% will â€˜definitely notâ€™, an increase of 4 percentage points from December).

As in December, there is a gender difference with 22% of men (down from 23%) and 16% of women (up from 14%) likely to spend Â£3,000.

66% of adults are unlikely to spend Â£3000 plus, compare with 72% of 25-34 year olds and 72% of those in social grade C2DE.

Survey Information
Sample: 1000 nationally representative adults aged 16-64, completed an online questionnaire, between 15th and 18th January 2009.