



Poor Families Face Prospect of Cancelling Christmas as Pressure on Family Finances Mount, Say Charity Family Action

- Breaking the Bank: A Cut Price Christmas for Low Income Families Shows Festive Pressure Parents are Under
- Poorest Families Expect to Spend Two-thirds Less than other Families on Christmas
- Poor Parents will pay a Christmas Poverty Premium because pre-pay budget options like vouchers and Christmas Clubs are more expensive than spreading the cost through mainstream credit

Charity Family Action today gives an insight into how low income families prepare for Christmas with the launch of its report *Breaking the Bank: A Cut Price Christmas for Low Income Families*. The report, based on the views of a snapshot of families the charity supports, shows that parents are under increasing pressure from the commercialisation of Christmas although they generally expect to spend at least two-thirds less than the national average on Christmas this year with some of the poorest families saying they will spend less than £100 extra on Christmas food and gifts.

Family Action has spoken to parents about what they thought families in Britain should be able to afford to enjoy a basic minimum standard or cut-price Christmas. But with families already struggling with the cold weather, buying warm winter clothes and heating their homes there are fears that this Christmas will be harder than ever for those at the bottom.

The Key findings of the *Breaking the Bank: A Cut Price Christmas Report* show:

- The cost of a Cut Price Christmas is £182 based on buying basic lines in local shops for a family of two adults and two children. This is less than a third of what an average family expect to spend on Christmas. In reality the majority of families that we spoke are set to spend between £100 and £200 with some paying less than £100.
- Parents on the lowest incomes will have to spend up to two-and-a-half weeks of any cash they have left over after paying for essential basics (like food, bills, transport) to afford the cut-price Christmas, and this is only if they are not faced with any emergencies.

- On top of this the parents in the focus groups are paying a poverty premium on Christmas because lacking bank account overdrafts or credit cards to spread the cost they have chosen to budget in advance using options like vouchers, loyalty points, and Christmas Clubs
- Some parents say they feel pressurised into buying gifts more expensive gifts for their children than they could afford. Parents blame this primarily on the media and retailers and older children's expectation of electronic goods like MP3 players, mobile phones or branded items.
- Over half the parents we spoke to intend to spend less this Christmas compared to last year. The most popular reason for lower Christmas spending was a lack of money with many parents saying they "just can't afford it."

A Cut Price Christmas highlights the challenge of being a parent on a low income: not wanting to crush your kid's sense of fun but not being able to escape the reality of up-to-the wire budgeting and debt.

The report shows that some parents dread Christmas because of the potential to disappoint their children. Child peer pressure and consumerism are bearing down on parents and low income parents in particular are bearing the brunt of this.

For example as part of Cut price Christmas low income families consider that £50 is the maximum that should be spent on children's toys. With the top toys recently promoted by the Toy Retailers Association ranging in price from £20 to £130 many families will feel the pressure of not being able to give their children the gifts they see in the media and on TV or hear their friends talk about in the play ground.

Family Action Chief Executive Helen Dent said: *"We work with amazing parents who are doing the best for their kids and being resourceful in really difficult circumstances; and the Cut Price Christmas is a minimum standard that low income families themselves think is acceptable for a happy Christmas for their children. But even this Cut Price Christmas could cost low income families two-and-a half-weeks' income after paying for the necessities, and this is only if no emergencies or crises like broken boilers add extra costs.*

"With families facing near unprecedented squeeze on their finances – particularly low income groups – this minimum standard will sadly still be too much for some families. Families are facing cuts to welfare support, rising food and fuel inflation and this is before the majority of the worst cuts to support have come in.

"For many Christmas is a time for a bit of luxury,, a time away from it all to celebrate the season with family and friends. For some of the most disadvantaged families this image of Christmas is far removed from the daily struggle they face."

Family Action thinks that for many parents they will have spent the night before Christmas worrying about their housing or when their fuel bill will land rather than being full of festive cheer.

The report also highlights how:

- Some families wrap up essential items such as presents to put them under the tree. All the parents Family Action talked to said that they would use Christmas as an opportunity to buy their children essential items that they needed such as clothes, coats and shoes.
- Parents budget year-round to pay for a Christmas celebration for their children.
- But children's expectations are still in stark contrast to the money worries of their parents
- The Cut Price Christmas allows for little luxury or alcoholic consumption

Ends

For further information and to arrange to interview a case study family please contact Anthony McCaul Family Action's Senior Media and Campaigns Officer on 0207 241 7632 or 0781 309 2040 or email anthony.mccaul@family-action.org.uk

Notes to Editors

A copy of the Executive Summary of the Breaking the Bank: A Cut Price Christmas for Low Income Families report is attached. To request a copy of the full report contact Anthony McCaul on 0207 241 7632 or 0781 309 2040.

How Poor Families Pay for Christmas - Into the Arms of the Doorstep Lenders

Pressure on family finances and lack of access to affordable credit and banking means that for some families the only option to pay for Christmas is from a doorstep lender, pay weekly store or catalogue.

Family Action has publicised previously our concerns about the poverty premium that families face. These are because

- Spreading the cost of Christmas in advance through pre-payment plans such as hampers can cost between 20 per cent and 200 per cent more for the same baskets of goods, as well as incurring potential loss of interest on savings
- Home shopping instalment plans through catalogues can mean poor families pay twice as much for goods
- A poor family that borrows £50 on home credit to fund some modest extra Christmas spending could end up paying back £70.00 just fourteen weeks later (1068.5% APR)