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THREE YEARS OF PAY FREEZES WHILE PRICES CONTINUE TO RISE

- **Almost two thirds of people (65%) have suffered a pay freeze in recent years - 15% have seen their pay frozen for at least 3 years^[1]**
- **Only 3 in 10 workers (30%) are expecting a pay rise in 2012^[2] but the average increase will be just 2.1%^[3] - just half the current rate of inflation^[4]. Any expected increases won't even meet the rate of inflation for 80% of those lucky enough to get a pay rise^[3]**
- **Over half (54%) of those expecting a pay freeze will have to severely rein in their spending to cope^[5], while two in ten will look to increase their hours or take a second job - a worrying 15% have no idea how they'll cope^[5]**
- **Cash-strapped consumers are also facing a 5.9% hike in rail fares^[6], and the impact of last year's 21% increase in energy bills^[7]. Further pay freezes won't help the half of Brits (50%) who already feel less financially well off than before^[5].**

As the cost of living continues to rise, pay freezes are leaving many Brits with a bleak outlook, according to new research from uSwitch.com, the independent price comparison and switching service, which reveals that less than three in ten workers are expecting a pay rise this year. To make matters worse, 65% have suffered recent pay freezes - 15% haven't seen a pay rise for at least three years^[1].

But even for the lucky few expecting a pay rise, there is likely to be little to celebrate. The average expected pay increase is just 2.1%^[3] - under half the rate of inflation^[4]. For 80% of those expecting to get a pay rise^[3], the increase won't even keep up with inflation which is nearly at a record breaking 5%^[4]. Only 3.3% of Brits are expecting a pay rise of more than this^[3].

To make matters worse, cash-strapped consumers have seen rail fares increase by up to 11%^[6], meaning any workers lucky enough to get a pay rise may see it swallowed up by the cost of travelling to work. And with energy bills having rocketed by 21% in the last year^[7], it's not surprising that three quarters of people (76%) are worried about the rising cost of living^[8]. Pay freezes will be a major concern for the quarter of consumers (23%) who are already worried about their current level of debt^[8].

For those not expecting a pay rise, 2012 will be a tough year. Over half (54%) will have to severely rein in spending to cope with a pay freeze^[5], while two in ten will have no choice but to take a second job or increase their current working hours^[5]. Worryingly, 15% of consumers have no idea how they'll cope this year without a pay rise^[5].

Michael Ossei, personal finance expert at uSwitch.com, says: “After a difficult 2011 which saw the cost of living rocket, savings rates stuck at rock bottom and pay frozen, Brits are preparing themselves for another tough year. While the cost of living continues to rise, pay isn't keeping up, which means that workers are seeing their disposable income drain away. Further pay freezes in 2012 could push many consumers over the edge.

“In the face of another tough year, those who plan to severely rein in their spending have hit the nail on the head – this year more than ever people will have to watch their spending and cut back where they can. Consumers can give themselves a pay rise by shopping around for the best deals on their household bills – which could save you over £1,800^[9].”

For more information visit www.uSwitch.com or call 0800 093 0607

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Notes to editors

Research carried out online with the uSwitch.com Consumer Opinion Panel in November 2011 amongst a sample of 1,193 GB adults.

1. When asked “Have you experienced a pay freeze in recent years?” 25.3% said ‘yes, for the last year’; 24.6% said ‘yes, for the last two years’; 9.3% said ‘yes, for the last 3 years’; and 5.5% said ‘yes, for more than 3 years’ this adds up to 65% saying ‘yes’ and 15% saying ‘yes, for the last 3 years or more’.
2. When asked ‘Thinking about 2012, do you think you will get a pay rise in your current job?’ 29.7% said ‘yes’.
3. When asked ‘You said you think you will receive a pay rise in your current job in 2012. What percentage do you think this rise will be?’ 5.5% said ‘up to 0.5%’; 13.3% said ‘0.5 to 1%’; 14.7% said ‘1.1 to 1.5%’; 12.4% said ‘1.6 to 2%’; 13.3% said ‘2.1 to 2.5%’; 11.9% said ‘2.6 to 3%’; 4.6% said ‘3.1 to 3.5%’; 1.8% said ‘3.6% to 4%’; 2.8% said ‘4.1 to 5%’; 2.8% said ‘5 to 7%’; 0.5% said ‘more than 7%’; 16.5% said ‘don't know’. The average pay rise was 2.1%. The amount of people expecting a pay rise under 5% is 80% of the answer. The amount of people expecting a pay rise of over 5% is 3.3% of the answer.
4. CPI currently 4.8% <http://www.bankofengland.co.uk/>
5. When asked ‘How do you think your salary will cope with being frozen for the next 12 months?’ 14% ‘no problem’; 20.5% said ‘I'll look to increase my hours or take a second job’; 20.5% said ‘I'll look around for a better job’; 53.9% said ‘severely rein in spending’; 1.2% said ‘stop working as there's insufficient benefit’; 14.8% said ‘It will be a real struggle – I have no idea how I'll keep afloat’.
6. Sourced: <http://www.bbc.co.uk/news/uk-16380479>
7. Sourced: www.uSwitch.com
8. When asked ‘Which, if any, of the following are currently causing you concern?’ 14.2% said ‘my mortgage repayments’; 24.4% said ‘uncertainty over interest rates’; 25.2% said ‘job security’; 19.7% said ‘I cannot get a pay rise’; 9.6% said ‘I cannot get credit’; 23.1% said ‘my current level of debt’; 50% said ‘I generally feel less financially well off than before’; 76.4% said ‘rising cost of living’; 62.8% said ‘household bills’; 10.8% said ‘civil unrest’; 35% said ‘reports in the media (i.e. about Government and public sector cuts)’; 9.5% said ‘I cannot change job’; 6.4% said ‘I cannot find work’; and 4.5% said ‘none of these – I am not concerned’.
9. Based on the following savings: Current Accounts – based on an average overdraft of £677, if the consumer moved their current account to Santander, they would save £178 because there is a £100 switching incentive and the interest on the overdraft would be 0%; Credit Cards – based on a typical transfer of £2,000. If this was transferred to a BarclayCard Platinum Extended Balance transfer Card at 0% this would save them £668; Energy – consumers could save up to £420 by switching their energy; Bundle – consumers could save up to £321 by switching their home phone, broadband and TV; Home insurance – consumers

could save up to £273 on their home insurance. Total savings = £178 + £668 + £420 + £321 + £273 = £1860.

About us

uSwitch.com is a free, impartial, online and telephone-based comparison and switching service, helping consumers compare prices on gas, electricity, water, heating cover, home telephone, broadband, digital television, mobile phones and personal finance products including mortgages, credit cards, current accounts and insurance. In 2010 uSwitch.com celebrated ten years of saving customers money.

uSwitch.com is the first comparison website to achieve the Plain English Campaign's Internet Crystal Mark, which is recognised as a standard that a website has clear language, is accessible and easy to use, and has been tested on a sample of its users.

uSwitch.com is dedicated to helping consumers save money whether they have internet access or not. It offers a dedicated call centre, manned by uSwitch customer service representatives, as well as a freepost 'Send us your bill' service, whereby customers can post their latest energy bills with their telephone number to FREEPOST USWITCH, to get a free call back from a dedicated customer services representative. The service is also available via fax, email and post. Consumers should fax 0203 214 8417, email CustomerServices@uswitch.com or write to Customer Services, uSwitch.com, Centro 3, 19 Mandela Street, London, NW1 0DU with their postcode and usage details.

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