

Comment on FCA urging consumers struggling to make repayments due to the impact of Covid-19 to speak to their lenders.

London: Thursday 20th October 2020: Please see below comments from Aneesh Varma, Founder and CEO at Aire, a UK credit reference agency, responding to [today's findings from the FCA](#) that 12 million people in the UK now have low financial resilience and may struggle with bills or loan repayments.

Aneesh Varma, Founder and CEO at Aire, comments: *"The FCA's research should come as no surprise. Our own research has shown that around six million people in the UK were already struggling to make ends meet prior to the pandemic, with the rising cost of living outpacing growth in wages.*

"The support packages put in place by the UK government have been for the most part a help. Credit where it's due, consumers have responded more prudently to this downturn than in 2008. We've made fewer high cost purchases and, for those who can, used this time to pay down debt, perhaps in anticipation of harder times to come.

"For lenders, the problems are three-fold. First, the effect on borrowers is highly unpredictable, dependent on sector and on personal circumstance. If unemployment reaches 10-15% as anticipated, many more people will fall into financial difficulty. Underemployment will also be of longer-term significance as sectors return to normal, reducing disposable income and affordability for many more.

"Aire estimates that the number of people in the UK missing one or more credit payments could increase from around 700,000 last year to over 2 million in 2020. Lenders can expect to see default rates continue to increase well into next year. Most people who fall into delinquency can be rehabilitated with the right support and understanding of their current financial circumstances.

"Second, the usual tools in place for lenders to assess their customers are no longer helpful. When financial situations are changing daily, traditional data sources are not useful indicators of creditworthiness or affordability, taking months to report change or to record defaults. They're just not dynamic enough.

"Third, the regulator will quite rightly hold lenders to account over their treatment of consumers during this time. Lenders have a moral responsibility towards their customers - it's not good enough for them to turn their back and brace for default. The regulator is right to push for better here. It's how consumers are treated by lenders now - in a downturn - that will be remembered and, if done fairly, prized by consumers in the years to come.

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Notes for Editors

Download a picture of Aneesh Varma:

<https://www.dropbox.com/s/ke69cel8w1i8vwr/Aneesh%20Varma%2C%20founder%20and%20CEO%20at%20Aire.JPG?dl=0>

About Aire

Aire exists to make credit equitable for everyone. Founded in 2014, it provides a range of credit risk and affordability insights to lenders to drive fairer decision-making across the customer lifecycle. Placing the consumer in control, Aire's Interactive Virtual Interview (IVI) gathers information seamlessly and at scale from the borrower. Validated for accuracy using powerful machine learning technology, insights are then returned to lenders in real-time to enable better credit decisions across acquisition, customer management and collections and delivering up to 14% uplift in credit acceptance rates. To date, Aire has evaluated over \$10 billion of credit and, in 2016 received FCA authorisation as the UK's fourth credit bureau (744817). Operating across the UK and US, Aire has raised \$23 million in funding from backers that include Crane Venture Partners, White Star Capital, Orange Ventures and Experian.

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