



# Buy Now Pay Later

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Prepared by: Lois Harmer, Honor Gray and Lydia  
McDonald

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## Executive summary

The Consumer Council commissioned You Gov to conduct research on consumer experiences of using Buy Now Pay Later (BNPL) credit in Northern Ireland. The research paints a broadly positive picture of BNPL – it is a useful facility that has allowed respondents to afford items that they would have struggled to afford in one off payments, or to at least spread a large and unwieldy cost over time to allow them financial breathing space. It serves as a credit function which sits alongside other types of credit.

Purchases made with BNPL are generally smaller, or for pre-planned occasions – we see less use for essentials in both the qualitative and quantitative research than for credit card purchase behaviour. However, there was some evidence of BNPL products being used for non-essential purchases in order to ensure other funds were available to pay for essentials.

However, this convenience must be balanced with caution as it does allow consumers to buy things that they may not technically be able to afford. Whilst some are more relaxed about this emotionally, for others there is an anxiety that this convenience may cause them to use it more, and therefore get into more long-term debt.

Some demographic groups are at a higher risk of experiencing difficulty while using BNPL products, with users with disabilities<sup>1</sup> and those who have previously experienced financial difficulty more likely to experience the potential negative impacts of using BNPL products.

It should also be noted that whilst BNPL is viewed in a largely positive light by its users, a third have experienced difficulty with making repayments either now or in the past, with 17% of those affected resorting to other forms of credit to make repayments.

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<sup>1</sup> Those referred to as having a disability in the report refer to those who are either limited a lot or a little by a long-term health condition or disability.

## Key findings

- Use of BNPL products is around one in five (18%), much lower than use of credit cards at the moment (58%) but still the second highest form of credit used in the last three years.
- The main reasons for BNPL purchases in the last year were for smaller household purchases (50%), Christmas and other occasions (30%) and larger household purchases (24%), with low numbers who have used it for 'essential' spending such as food (6%) or utility bills (2%).
- Eighteen percent of BNPL users with a disability reported having used it for food/grocery expenses compared to just 1% of those without a disability.
- Use of BNPL products is significantly higher for women (26%) than men (9%) and for those with typically lower incomes – 22% of C2DEs compared to 13% of ABC1s
- Three quarters (73%) of NI adults are aware of at least one BNPL brand when asked - Klarna is the best known and most commonly used brand of the products asked about.
- Half (48%) of BNPL users reported they were doing it more because of recent cost of living increases. C2DEs are more likely to cite not having the money to pay for things immediately as a reason for using BNPL, compared to ABC1s (49% and 31% respectively). This is also higher among those with a disability (56% vs 38% of those without).
- A quarter (26%) report being likely to use BNPL in the next six months, with higher likelihood for those who've previously used the product.
- Over half (54%) of NI adults agree that BNPL is a good option for emergencies, and just under half (44%) agree it is a more affordable option than other types of credit.
- Amongst users, the vast majority (92%) find BNPL useful, helping them to manage finances (78%), and buy things that they otherwise wouldn't be able to (76%).

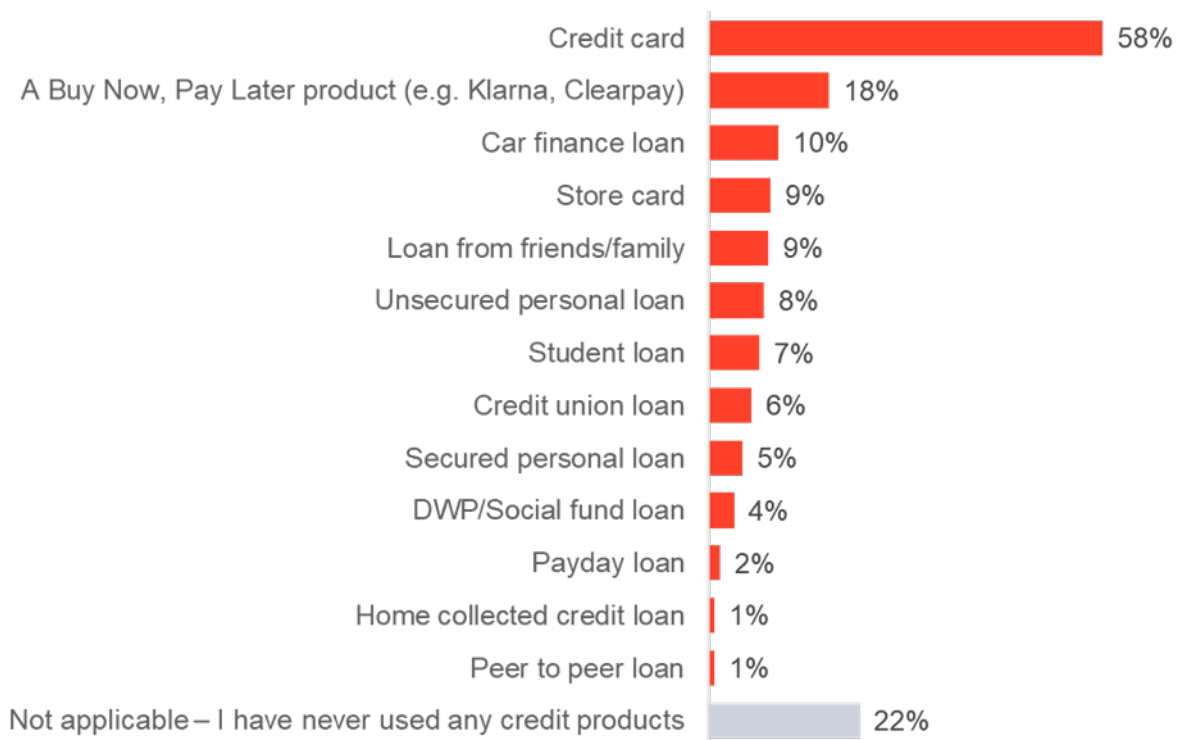
- Although the impact of BNPL was broadly positive, a tenth experienced a negative effect on their mental health as a result of BNPL usage, which was more likely amongst those who had previously experienced financial difficulty.
- 35% do not trust BNPL products. Mistrust is much higher amongst non-users (41%) than users (6%) and men are more likely to express distrust of BNPL products than women (40% vs. 30%).
- Just over a third (37%) of previous users are either currently or have previously had difficulty making payments as a result of BNPL products.
- This increases significantly for those with disabilities compared to those without a disability (56% vs. 29%).
- Of those affected by payment difficulties 26% said their experience has negatively impacted their ability to take out other forms of credit and 17% reported borrowing from another source to make payments.

# Usage of Buy Now Pay Later credit in context

## Credit usage

Credit cards are the most common type of credit used in the last three years with three in five (58%) who have used this. This is followed by a Buy Now Pay Later product, dropping to one in five (18%) who have used it in the last three years. Around one in ten have used a car finance loan, a loan from family and friends, an unsecured personal loan or a store card and one in five (22%) have never used any credit products.

**Figure 1. Type of credit used in the last three years**



**Q1. Have you used any of the following types of credit in the last three years?**

**Please select all that apply.**

**Base: All NI adults (n=1,009)**

Credit card usage is much higher among older people rising from just 23% of 18-24s to 71% of the 65+ group. It is lower among those with a disability – 52% compared to 62% of those without, and the less affluent C2DEs<sup>2</sup> (51%), compared to ABC1s (68%).

The qualitative research presents similar findings in relation to the key credit types that were used by respondents. Most respondents are using a variety of credit types, the most popular being credit cards, a variety of Buy Now Pay Later products (with the most frequently mentioned being Klarna, Clearpay and PayPal Pay in 3), personal loans and store cards. Of those that currently use the aforementioned BNPL products, some have long histories of using BNPL in the more traditional catalogue-forms (Argos, Very, Littlewoods), and so the transition to Klarna, whilst a new format, is natural and intuitive.

**“Things like Klarna are relatively new, but department stores, DFS and furniture retailers have been doing this sort of thing for quite a long time, whether it’s interest-free credit or buy now, pay in 6 months’ time. So, I think my first exposure to these sorts of things would’ve been way back then.”**  
**(Female, 57, ABC1)**

BNPL usage is more common among younger age ranges, increasing to 21% of those aged 18-34 and 27% of those aged 35-44. BNPL use is also higher among social grade C2DE compared to ABC1 (22% vs 13%) and women compared to men (26% vs 9%).

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<sup>2</sup> The socio-economic groups refer to the National Readership Survey social grades: A (upper middle), B (middle), C1 (lower middle), C2 (skilled working), D (working), E (lowest). These are defined as: A: Higher managerial, administrative or professional. B: Intermediate managerial, administrative or professional. C1: Supervisory or clerical and junior managerial, administrative or professional. C2: Skilled manual workers. D: Semi and unskilled manual workers. E: Casual or lowest grade workers, pensioners and others who depend on the welfare state for their income.

## Demographics of BNPL users

Demographics	Buy Now Pay Later use
Male	9%
Female	26%
18 to 34	21%
35 to 44	27%
45 to 64	16%
65+	5%
ABC1	13%
C2DE	22%

**Q1. Have you used any of the following types of credit in the last three years? Please select all that apply.**

**Base: Male (n=461), Female (n=548), 18-34 (n=205), 25-34 (n=152), 35-44 (n=206), 45-64 (n=396), 65+ (n=202); ABC1 (n=499), C2DE (n=510)**

There are also differences by demographic group when looking at credit card use in the last three years. Older age groups are more likely to have used a credit card, increasing to seven in ten (71%) of those aged 65+ compared to one in five (23%) 18–24-year-olds. Contrary to BNPL, credit cards are more likely to be used by those in social grades ABC1 (68%) compared to C2DE (51%), without notable differences between genders.

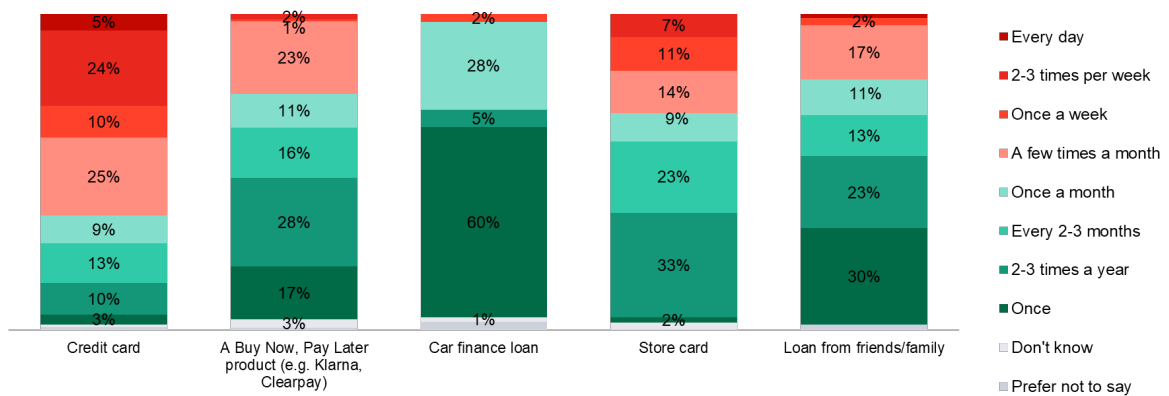
Those who are 18-24 (38%) and C2DE (27% vs 17% ABC1) are more likely to have never used any credit products.

Credit cards are the most frequently used type of credit with three in ten (29%) who use it two times per week or more and one in three (35%) who use it between once a



week to a few times a month, totalling close to two in three (64%) who use it more than a few times a month. Following this, three in ten (31%) use store cards more than a few times a month and a quarter (27%) use BNPL this frequently. Therefore, the majority of BNPL use is relatively infrequent, with over half (55%) using it monthly to 2-3 times a year, and one in six (17%) who have only used it once.

**Figure 2. Frequency of different types of credit use in the last 12 months**



**Q3. How often have you used the following types of credit to purchase something in the last 12 months?**

**Base: All credit card users in the last year (n=583), BNPL users in the last year (n=161), Store card users in the last year (n=86), Loaned from family/ friends in the last year (n=70) and car finance loan users in the last year (n=52)**

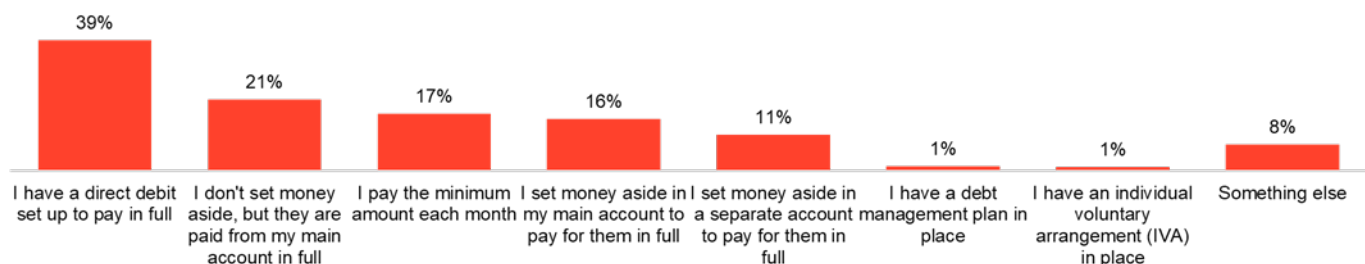
## Credit payment methods

Three in four (74%) credit users pay their credit payments in full. This is most commonly by direct debit (39%), however some set money aside to pay (16%) while others pay using their main account (21%). One in ten (11%) also pay in full using a separate account. One in six (17%) pay the minimum amount each month. This increases to 28% of 35–44-year-olds and is more likely among social grades C2DE compared to ABC1 (22% vs 12% respectively). Women are also more likely than men to pay the minimum amount each month (20% vs 13% respectively).

Similarly, those that have been BNPL users in the last 3 years are more likely to pay the minimum amount each month across all the credit they use (33%), compared to 12% who have not had BNPL products. The qualitative research also demonstrates a gender divide in the approach to credit card repayments – of those that mention paying off their credit card in full each month, all were men.

Those with a disability are less likely to pay the amount in full (34%, compared to 42% of those without a disability). Instead, disabled credit users are more likely to pay the minimum each month (24%) than those without a disability (14%).

**Figure 2. Managing credit payments**



**Q12. Thinking about the types of credit you currently use, how do you manage your payments? Please select all that apply.**

**Base: All credit users (n=802)**

Most of those interviewed use BNPL concurrently with their credit cards, though they are often used extremely differently – both in relation to the purchases made – and the way in which they are paid back. Many respondents juggle the two creatively in a way that feels financially ‘savvy’ – in terms of minimising interest and money paid upfront, and maximising opportunities to improve their credit or cash flow.

**“I’ve got two credit cards now; I pay the bills every month completely – I use those simply to get the loyalty points. I’ve got the American Express, Nectar card, and the Sainsburys Bank credit card... I buy everything on the credit cards from normal food shops and stuff like that, but I clear the bills every month. Then the principle of using Buy Now Pay Later for everything else as far as possible is to avoid the interest.” (Male, 52, C2DE)**

Some separate their purchase *types* across credit forms – i.e., buying luxury items on BNPL that they want to spread out, and purchasing essential items such as food and fuel on their credit cards, which enables them to then pay off their credit card in one monthly instalment. For these individuals, BNPL is more than just a form of credit, but instead an effective money management tool.

**“I tend to do a lot of online shopping, so clothes, electronics, stuff like that I’ll tend to buy online using the likes of Klarna. My credit card, I use for things like petrol, groceries, oil, wood, that kind of stuff... whenever I’m in a bricks and mortar.” (Female, 57, ABC1)**

Whether an item is paid on respondents’ credit cards or using BNPL is dependent on their capacity to pay for the item within a certain amount of time. BNPL is considered useful in providing longer interest-free payment terms than a credit card.

**“With a credit card you would have to pay within a month, but with BNPL, you have three months of identical payments where you know what you have to pay each month and when you have to pay it by.” (Female, 55, ABC1)**

A minority of those interviewed one-to-one reported struggling financially in recent months in light of rising energy and food prices and stagnant wages. In the survey, half (48%) of BNPL users said that there were doing it more because of recent cost of living increases.

For those individuals, where possible, they purchase as many items as they can using BNPL to secure the interest-free, flexible terms. Their credit card tends to be used for those products that they cannot purchase through their BNPL provider of choice, which typically includes oil and wood for energy due to the high upfront costs, but occasionally food. In some instances, using BNPL for other items and spreading the cost enables them to free up their liquid cash so they are able to buy essential items such as oil and wood.

**“I would put it [oil] on the credit card and pay it off over two months. There are no offers on paying your oil off over three months... if I was able to buy my oil by any of those means [BNPL], then I would.” (Female, 55, C2DE)**

A minority of respondents are able to purchase items to fuel their homes through Klarna, though this was unusual.

**“The last time I used it [BNPL] was for a pallet load of wood. I buy wood by the ton and stack it all in the garage. We’re talking about oil and fuel, but the cost of wood has gone up as well, so this wood was somewhere in the region of £600. It was a way of budgeting for it.” (Female, 37, ABC1)**

However, for the most part those in this sample have experienced temporary cash flow problems during ‘pinch points’ such as Christmas which BNPL alleviates, rather than persistent financial issues.

**“I recently took out BNPL for a couple of things at Christmas. It was because at the time, we are oil-based and my fuel needed topping up and that was nearly a thousand pounds, so it came at the wrong time all at once...so it actually helped my finances, in the short-term.” (Male, 54, C2DE)**

For some, it simply does not feel intuitive to pay for a large item in one go when it can be spread across several weeks or months and provide greater relief, and in this sense BNPL is perceived to be a sensible choice to avoid short-term financial difficulty.

**“If it [an item] is on BNPL, nine times out of ten, I’ll do it. I think it’s probably because I’m not rich, so £400 all at one is something that’s alien to me –**

**maybe because I was in debt before, that's why I'm more cautious now."**

**(Female, 57, ABC1)**

**"If I can use Buy Now, Pay Later, I'll use that always as a first choice... of our spending and our money, the first thing I wanted to mitigate was what I see as money that's just being wasted. To me, that's paying loads of interest on things when there were other or more cheaper options." (Male, 52, C2DE)**

**"Three years ago I wanted to buy myself a rowing machine, and it was either pay cash, which I could have done, or buy it for the same price through Klarna – so it seemed like a bit of a no-brainer to use Klarna. To have the choice of spending over a thousand pounds in one go or spreading it over three years at no cost. It wasn't costing me anything to use the credit facility, it was like somebody giving you a one-thousand-pound loan interest-free." (Male, 33, ABC1)**

**"I think it [BNPL] is all linked to this idea of helping me budget better. Paying instalments later allows me to budget and forecast what my payments are going to be. To me, interest-free credit is an indirect way of saving. The money that I'm not spending immediately isn't just sitting there in a current account, it's sitting in a savings account, earning interest. So for me, I'm getting kind of a double whammy." (Female, 37, C2DE)**

Equally, for a minority, BNPL provides an extra layer of security wherein they will receive the buyer protection from established companies such as PayPal, and also ensure they are not putting all of their money towards a product that may arrive with defects.

**"I had an elliptical machine that had gone past its lifetime, so I got a new one about a month ago that was £750. I could have just bought that outright, but with PayPal you get that protection. Whenever you get a product like that you have to build it yourself – I wanted to make sure everything was okay before I started paying that off. When it got delivered, it wasn't working and so they had to replace it." (Male, 53, ABC1)**

Some of the respondents have retired the use of some, or all, of their credit cards in recent months or years to improve their financial health or escape cycles of debt. Nonetheless, they still regularly use Buy Now Pay Later products, largely driven by the interest-free offering which feels like a safe option that is a less significant commitment than a credit card.

**“I previously got myself in some debt with credit cards, I just want to stay away from that...” (Female, 40, C2DE)**

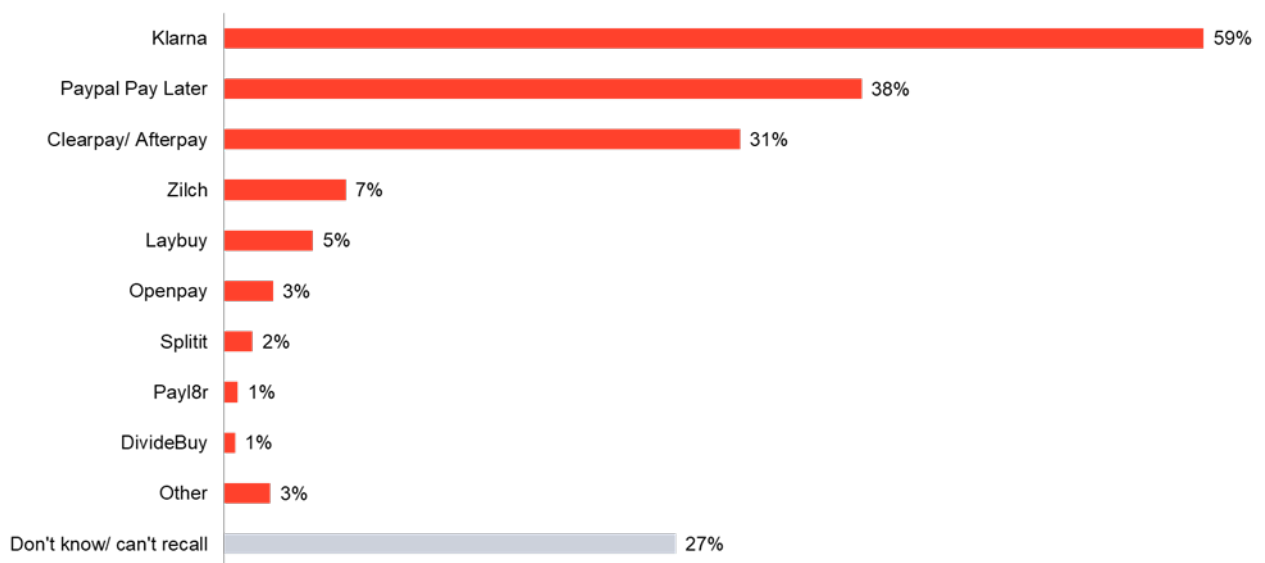
# Attitudes towards BNPL

## Understanding of Buy Now Pay Later products.

When presented with the most common UK products, awareness was generally high, and around three quarters (73%) of NI adults surveyed were aware of at least one of the brands shown. Klarna was the best known, with three in five (59%) NI adults surveyed aware of this. Awareness is lower for the other brands shown, including PayPal Pay Later (38%) and Clearpay/Afterpay (31%). All other brands shown have under 10% awareness amongst NI adults.

Awareness of brands is broadly higher amongst women, with four in five (81%) women aware of at least one brand compared to 64% of men. The qualitative findings also showed that women generally possess greater awareness of BNPL brands, and can cite several brands, compared to male respondents who were most likely to reference just one. There is also a decline in awareness as age increases (18-34: 85%; 45-64: 67%, 65+: 58%). There are also differences by social grade, with those in the C2DE grades having higher levels of awareness of Paypal Pay Later (ABC1: 35%; C2DE: 41%), Clearpay/Afterpay (ABC1: 28%; C2DE: 33%), Zilch (ABC1: 4%; C2DE: 10%), and Laybuy (ABC1: 3%; C2DE: 7%).

**Figure 4. Awareness of BNPL**



**Q6a. Which, if any, of the following Buy Now Pay Later services are you aware of? Please select all that apply.**

**Base: All respondents (n=1,009)**

Awareness of BNPL across those interviewed one-to-one was generally high, though the brands with the most awareness *and* use are: Klarna, Clearpay/Afterpay, PayPal Pay Later and Monzo Flex. BNPL brands that are lesser known are: Openpay, Splitit, DivideBuy and Zilch.

For most, their awareness is incidental, i.e., they came across BNPL brands organically when making purchases online, though some have used BNPL following recommendations made by family members and friends or seen advertising.

**“You’re on a store looking at the price of something, and the next thing you know something flashes up for buy now, pay later right before your eyes. Then you’re tempted to click on it to see what it says... it has some payments, and you think ‘oh well, that’s affordable’, it becomes an option then, doesn’t it?”**

**(Male, 54, C2DE)**

Most do view BNPL as a credit product, indicated by their spontaneous mention of BNPL alongside their other forms of credit such as credit cards and loans. Some view it as an ‘interest-free credit card’ in all but name. This can be partially explained by the way in which BNPL is used. Many now use BNPL in instances where they previously would have used their credit cards to utilise the interest-free rates, hence the similar associations.

The association of BNPL with other traditional forms of credit is also linked to their regulation. Regulatory changes in recent months, resulting in the reporting of purchases to credit reference agencies Experian and TransUnion, greater regulation by the Financial Conduct Authority (FCA), the introduction of late fees and the potential credit score impact have resulted in BNPL being viewed as a more serious and formal form of credit.

**“I would view it very similar [to credit card or loan] because it’s now being used to go towards a credit score, which previously it wasn’t. So, there was a**



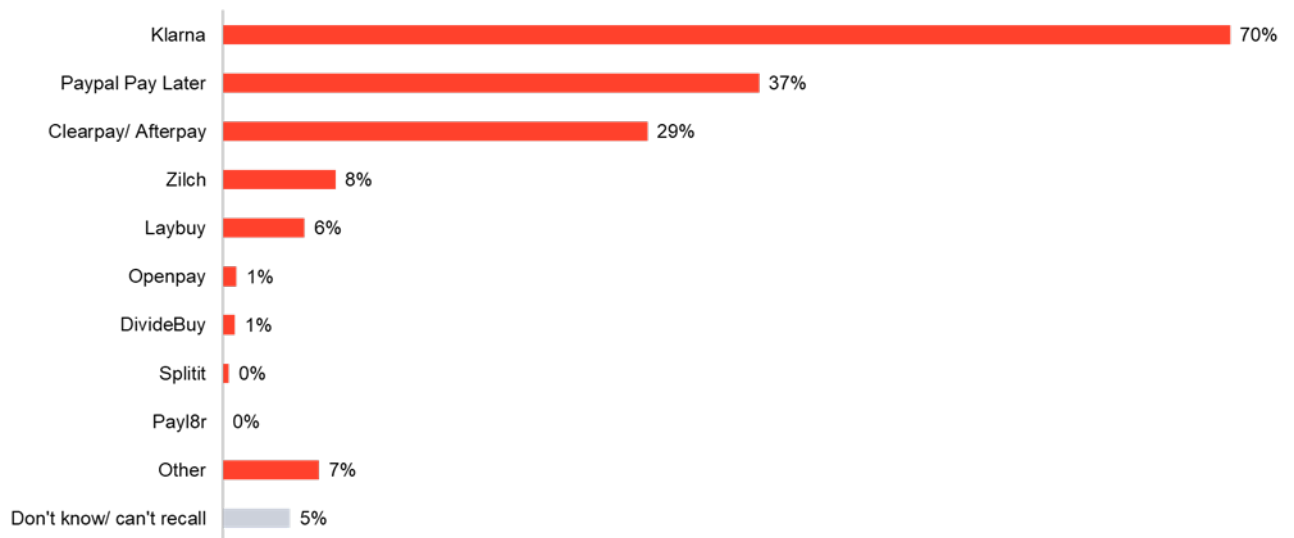
**differentiation now, which is now gone. So I would say it's the same as a credit card in all but name.” (Male, 53, ABC1)**

The prevalence of the BNPL brand generally dictates use – many have heard about Klarna and Clearpay and recognise it as a common payment option with many of their favourite long-standing brands, and therefore it feels like an acceptable and legitimate option for them that has been suitably ‘vetted’ for them by their brand of choice.

**“I chose Klarna and Clearpay to go with as they were the first ones on the list, so they seem to be the best ones.” (Male, 68, C2DE)**

This is reflected in the quantitative research, with Klarna overwhelmingly the most used of the products on offer. Seven in ten (70%) of those who had used a BNPL product in the past three years had used Klarna, while half of that (37%) had used PayPal Pay Later, the next most commonly used product. Use was consistent across key demographics, with Zilch as the only brand showing a statistically significant difference across social grades (ABC1: 1%; C2DE: 11%).

**Figure 5. Usage of BNPL**



**Q6b. Which, if any, of the following Buy Now Pay Later services have you personally used in the last three years? Please select all that apply.**

**Base: Used BNPL in the last 3 years (n=175)**

### Attitudes towards Buy Now Pay Later brands

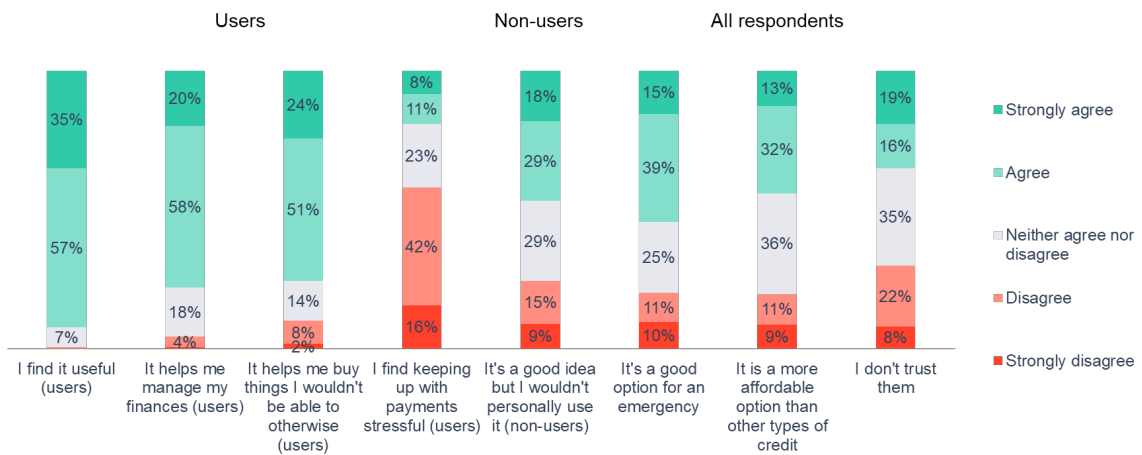
When asked their agreement on a series of attitude statements around BNPL products, both users and non-users are broadly positive but there are significant minorities of people with financial concerns.

At an overall level, over half (54%) of NI adults agree that BNPL is a good option for emergencies, and just under half (44%) agree it is a more affordable option than other types of credit. This is reflected amongst users, with the vast majority (92%) of users finding the product useful, helping them to manage finances (78%), and that it helps them to buy things that they otherwise wouldn't be able to (76%).

Financial concerns impact a proportion of users, with one in five (19%) reporting stress around keeping up with payments. Stress is higher among those with past difficulty paying back non-BNPL credit products (32%) than those who have not experienced this (10%).

Mistrust amongst the wider population is also a concern, with 35% of NI adults agreeing that they do not trust BNPL products. Mistrust is much higher amongst non-users (41%) than users (6%) and men are more likely to express distrust of BNPL products than women (40% vs. 30%).

**Figure 6. Attitudes towards BNPL products**



**Q8. To what extent do you agree or disagree with the following statements about Buy Now Pay Later solutions?**

**Base: All BNPL users (n=179) non-users (n=830) all respondents (n=1,009)**

Most appear to trust the more popular BNPL brands implicitly, which perhaps can be explained by their visibility. Equally, the qualitative sample is naturally skewed towards those aged 40+ and thus they are more likely to be well acquainted with BNPL in a variety of formats. The aforementioned regulatory changes may also contribute to the high levels of trust observed, as some respondents mention how they undertake research into the regulation of a specific BNPL brand before use:

**“Are they regulated by the FCA? Are they registered with them? That’s the stuff I look at before I use one.” (Male, 53, ABC1)**

However, trust does diminish slightly across certain brands, for example, some feel that certain BNPL brands – such as Laybuy, are more targeted towards everyday purchases such as groceries, which is seen to be exploitative.

**“Laybuy – that’s strange. They seem to be pushing towards using it for everyday purchases, which I don’t think is a good idea... you can even use that for a grocery shop which I think is getting into an area where it’s attempting to get people that are not as well off financially to use that... it seems to be that a lot of companies have seen it as an easy way to make money.” (Male, 52, ABC1)**

Despite most having positive experiences with BNPL and not experiencing financial difficulty due to it, some object to the principle of BNPL and what it represents to them, i.e. excessive consumption.

**“I think the way it is being promoted at the moment, it is encouraging people to live beyond their means.” (Male, 68, ABC1)**

Whilst most think that they sensibly manage their use of BNPL, many view BNPL as a ‘dangerous’ offering for those that perhaps are not able to do so, and therefore was ‘not for everyone.’

**“The seductive nature of it makes you think you can afford things that you can’t.” (Female, 50, ABC1)**

**“People that were less self-disciplined would get into trouble very quickly I think... especially if you’re responsible for a young family and run up a debt.” (Female, 54, C2DE)**

**“They’re a good idea if you’re sensible and can manage them. But if you’re like the old me who would’ve gotten herself into a lot of debt with buy now pay later and maybe you don’t pay it off then... I don’t know.” (Female, 55, ABC1)**

Some are also reluctant to recommend BNPL to their family or friends, due to the perceived ease of slipping into debt.

**“If my daughter asked me [about BNPL] I’d probably tell her no. From a moral point of view, if you tell somebody to do it and somebody runs into difficulty because they’ve splurged and went mad, you’d feel very responsible.”**

**(Female, 50, ABC1)**

**“It would depend on the person. For some people I would say, ‘absolutely – use this, it’s easy to manage, easy to do, you can spread the payments.’ But for other people who are not as financially astute, I would not recommend.”**

**(Female, 57, ABC1)**

Some respondents also do think that the option of BNPL allows them or prompts them to spend more frivolously on items that they otherwise would have gone without, and therefore must be used with caution.

**“For me, these items are luxury items. For example, the straighteners I’ve been researching that I will buy through Klarna – I don’t need them, I want them.”**

**(Female, 55, ABC1)**

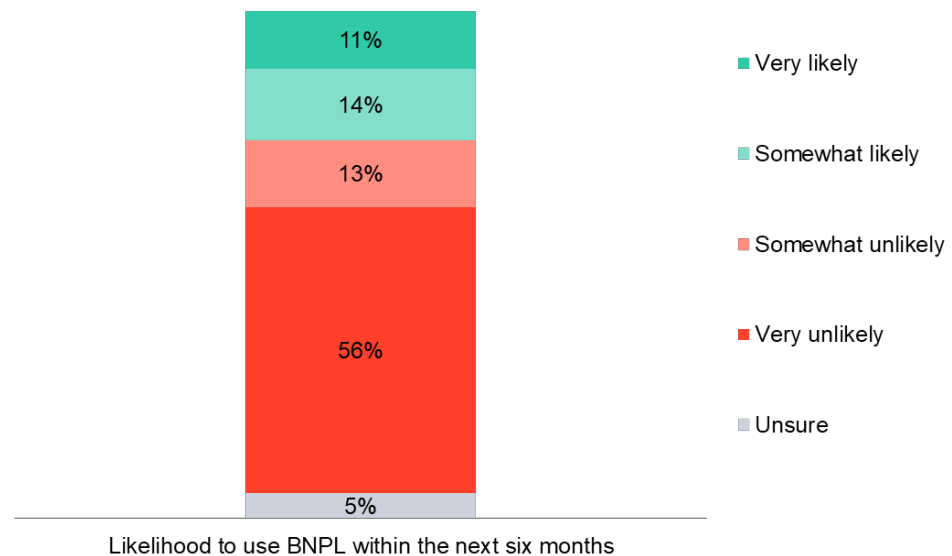
## Future likelihood to use Buy Now Pay Later

When surveyed, a quarter (26%) of NI adults reported being very or somewhat likely to use BNPL products in the next six months. This was higher among those who had previously used BNPL products when compared to non-users (80% vs. 14%) and amongst women than men (33% vs. 18%).

There are not statistically significant differences in future likelihood to use for those who have previously had difficulty paying for BNPL products against those who have not experienced difficulty (82% vs. 78% respectively).

However, those who have previously experienced difficulty paying for other credit products are twice as likely to consider using BNPL products in the next six months than those who have not experienced difficulty with other forms of credit (50% vs. 25% respectively). This could reflect the concerns around potentially slipping into debt as a result of these services that emerged in the one-to-one interviews.

**Figure 3. Likelihood to use BNPL – next six months**



**Q10. What is the likelihood of you using Buy Now Pay Later within the next six months?**

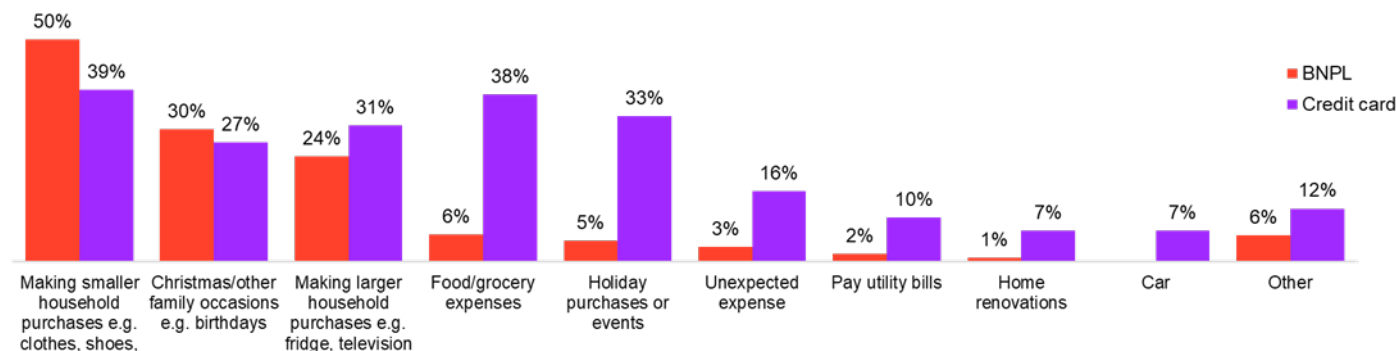
**Base: All respondents (n=1,009)**

## Purchase habits with Buy Now Pay Later

The main reasons for BNPL purchases in the last year were for smaller household purchases (50%), Christmas and other occasions (30%) and larger household purchases (24%), with low numbers who have used it for ‘essential’ spending such as food (6%) or utility bills (2%). Eighteen percent of BNPL users with a disability reported having used it for food/grocery expenses compared to just 1% of those without a disability.

Similar to BNPL, credit card purchases in the last year were frequently used for smaller household items (39%), larger household purchases (31%) and Christmas or other occasions (27%). However, credit cards were more likely to be used for ‘essential’ spending such as food (38%) and utility bills (10%). Unlike BNPL, credit cards were also used for holiday purchases (33%) and unexpected expenses (16%).

**Figure 4. Reasons for Buy Now Pay Later and credit card purchases in the last year**



**Q4a. In the last 12 months, for what reasons have you needed to use the following types of credit? Please select all that apply.**

**Base: All who have used a credit card in the last 12 months (n=583) and all who have used BNPL in the last 12 months (n=161)**

Similarly, the one-to-one interviews showed that most respondents find BNPL useful when purchasing household items, as well as gifts for occasions, such as Christmas and birthdays. Purchases using BNPL are frequently made to replace broken or old items, in which case many find it especially useful, particularly if they are unable to pay the full cost upfront.

**“My son's bed broke by accident, and I couldn't afford a new bed because it was near £600 for the bed frame and a good mattress, and I wouldn't have been able to afford it if I wasn't able to pay it off with Clearpay.” (Female, 37, C2DE)**

**“ [Would use BNPL] for emergencies or anything that we might need outside of what I suppose you call essentials.” (Male, 52, C2DE)**

Whilst many use BNPL to cover items that they might need, others also use it to buy luxury items such as holidays or electrical goods that they cannot afford immediately but would still like at an interest-free rate with manageable monthly instalments. Some also use BNPL to buy items that they need but use the opportunity to spread the cost to select a higher quality product, rather than a cheaper one. Whilst many account for these expenses in a way that does not have significant impacts on their budget, some do reduce their spending on other non-essential items.

**“If I had to buy the big garden furniture set all in one go, I probably would've got something much smaller, not as nice. It just, lets you get something maybe a bit better because you don't have to get it in one go.” (Male, 41, C2DE)**

**“If I paid £100 at the beginning of February, then I would be even more cautious with my finances for the rest of February. Where I cut back on is things like going in for a cup of coffee when you're in town. Just being more sensible with your (spending).” (Female, 55, ABC1)**

Parents find BNPL especially useful to relieve the pressure of the expensive Christmas period, as they can spread the cost and ensure that they still buy the desired gifts.



**“Christmas would be a big one. There’s a lot of stuff needs bought around that time and my kids' birthdays are quite close to that time as well... between those and Christmas it is a very expensive time of year. It helps whenever you've got a lot of presents to buy, to get the budget in check.” (Male, 41, C2DE)**

Most respondents generally budget for and prioritise paying for essentials, such as food and bills, and therefore do not use BNPL in these areas. They see using BNPL for essentials as something that would be likely to cause debt, which makes them avoid it – those that have experienced debt are particularly cautious. For others, the BNPL option acts as a budgeting tool that enables them to still buy the items they intend to, without this affecting their ability to pay for essentials. Those respondents that have used BNPL to buy groceries because they were in short-term financial difficulty would not do it frequently, if ever again. Among those who use it for essentials, some use it to cover the cost of wood for energy due to the high upfront costs.

**[On using BNPL for essential items] “That's a very dangerous road to go down... where do you stop?” (Female, 54, C2DE)**

**“I haven't ever used BNPL for things like food... I've got my outgoings, what I think I need, and then the BNPL [expenses]... I'm in a situation where essentials I can actually afford to cover just by careful budgeting.” (Male, 52, C2DE)**

When comparing between demographics, those in social grades ABC1 are more likely to use a credit card for smaller household purchases compared to C2DE (45% vs 33% respectively) and for holiday purchases or events (38% vs 27%). Men are also more likely to use credit cards for larger household purchases compared to women (34% vs 36%) while women are more likely to use credit cards for Christmas or occasions (32% vs 22%).

When asked about the main reasons for using BNPL, three in five (62%) say because it allows for payments to be spread out which helps with budgeting effectively and because its interest free (60%). Two in five (43%) use BNPL because

they don't have the money to pay for things immediately, while a third (34%) feel it helps them manage their finances better. Around one in five (22%) also use BNPL because it is a better option than other types of credit or because the approval process is easier (18%).

**Figure 5. Main reasons for using Buy Now Pay Later**



**Q7. What are the main reasons why you have used Buy Now Pay Later credit to pay for things? Please select all that apply**

**Base: All BNPL users (n=179)**

C2DE social grades are more likely to cite not having the money to pay for things immediately as a reason for using BNPL compared to ABC1 social grades (49% and 31% respectively). This is also higher among those with a disability or health condition (56% vs 38% of those without). Those who use a credit card are also more likely to use BNPL because its interest free, increasing to seven in ten (70%).

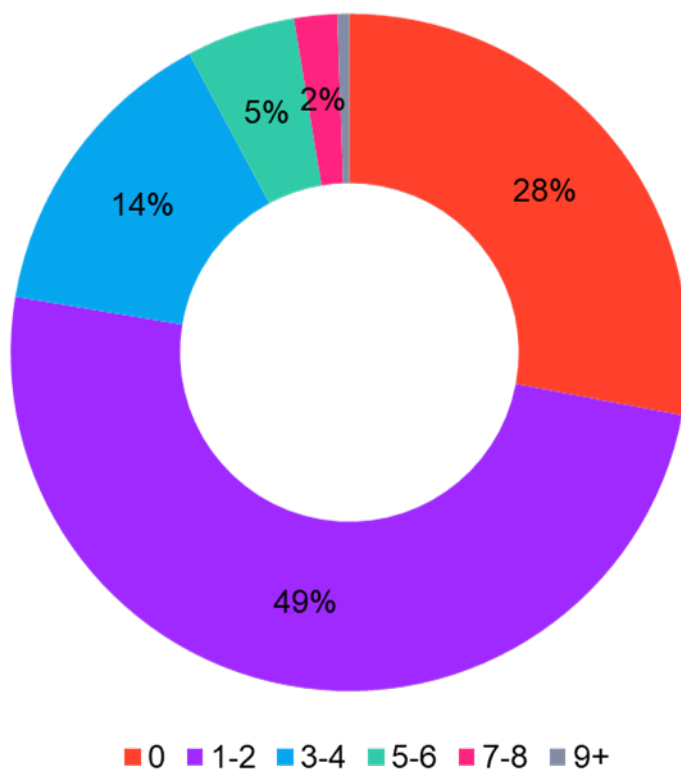
Some qualitative respondents have put in place a budgeting system for BNPL purchases, which means that they make sure they are able to afford their monthly instalments and keep up with the payments. These respondents are usually highly likely to use BNPL frequently and for several purchases at a time, as they feel that this system is working in their favour. Some also feel that BNPL helps them to save

money in the longer run as they can use this option to purchase items that are cheaper or on the sale.

**“I always make sure I pay everything before any interest charges kick in. That to me is the main reason for doing it. It is about purchasing what I need, but not getting clobbered with an excessive amount of interest, which defeats the object of using it.” (Male, 52, C2DE)**

When looking at the number of BNPL products users are currently paying for, half (49%) are paying or due to pay for one or two products while one in five (23%) are paying for three or more products. Approximately three in ten (28%) are paying for none.

**Figure 6. Number of Buy Now Pay Later products currently being paid**



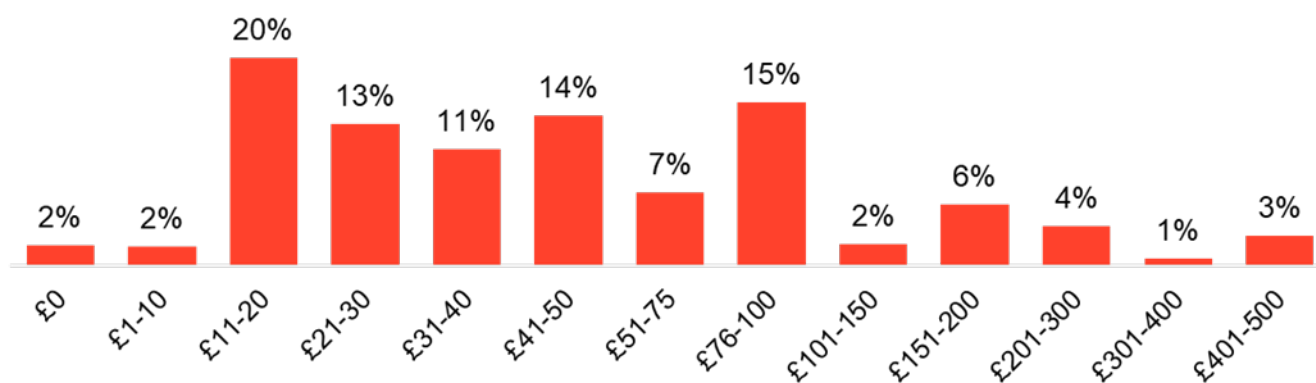
**Q. How many Buy Now Pay Later products are you currently paying or due to pay for?**

**Base: All BNPL users (n=179)**

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Three in five (58%) of those making BNPL payments are currently paying between £11 to £50 each month, one in five (22%) are paying between £51 to £100, meaning 85% are paying £100 or under a month. This suggests that BNPL monthly repayments are typically mid-range and reinforces its use as predominately for smaller household purchases.

**Figure 7. Current monthly payment for Buy Now Pay Later products**



**Q. How much are you paying every month in payments for Buy Now Pay Later products currently?**

**Base: All BNPL users who are currently paying for products (n=130)**



## Buy Now Pay Later payments and debt

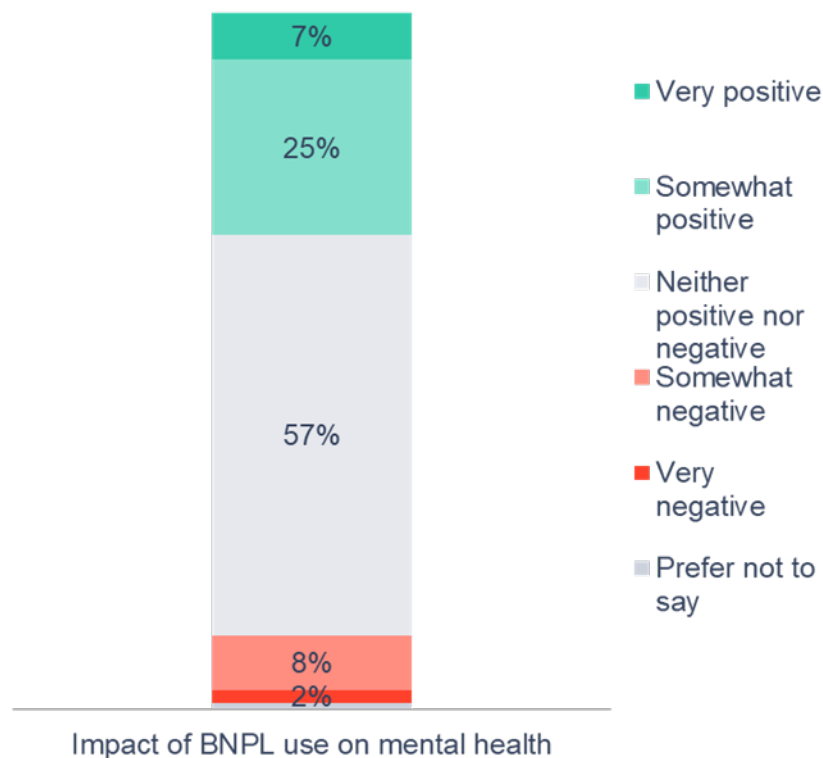
### Impact of Buy Now Pay Later on mental health

Among previous users, the majority felt that BNPL products had neither a positive nor negative impact on their mental health, with approximately a third (32%) saying they felt they had a positive impact.

A tenth (10%) of previous users feel that BNPL products had negatively affected their mental health. As supported by the one-to-one interview findings, this is more likely amongst those who had current or previous trouble paying for BNPL (21% vs. 3%) or other types of credit (20% vs. 5%).

Notably, those with a disability or long-term health condition are more likely than those without to say that BNPL products have had any impact at all on their mental health, either positive (38% vs. 28%) or negative (17% vs. 7%).

**Figure 8. Impact of BNPL on mental health**



**Q19. Overall, what impact, if any, do you think Buy Now Pay Later has had on your mental health?**

**Base: Used BNPL in the last 3 years (179)**

Of those who feel BNPL products have a very or somewhat positive impact on their mental health, the most commonly cited reasons are being able to purchase products they need before they can pay for them (70%) and being able to budget effectively and spread payments out (65%). As mentioned in the one-to-one interviews, this can be seen as a way of relieving temporary financial stress both when buying small items and occasions such as Christmas. A smaller proportion feel positively about no longer having to pay high interest rates (38%), and around a third feel that BNPL reduces stress associated with money worries (35%) or that it is a necessary alternative to credit cards (31%).

**Figure 9. Reasons for positive impact on mental health**



**Q19a. What would you say are the main reasons Buy Now Pay Later has had a positive impact on your mental health?**

**Base: Those who said BNPL had a positive impact on their mental health (n=54)**

Qualitative findings show that those who always keep up with their BNPL payments and budget accordingly are able to use BNPL in a positive and beneficial way. Many are especially cautious about missing the payments, as they are aware of the adverse effects it could have on their credit score or on their finances, due to the interest fees.

***“When I take it out, I go in with the mindset, I know it is going to be paid back, I know there would be penalties if I don’t pay it back by the deadline, I am not going to allow that to happen.” (Male, 52, C2DE)***

Whilst generally BNPL payments do not result in a financial burden for many, when coupled with other forms of credit, the cumulative effect can be a source of worry. Some of those who have had bad experiences with the credit and debt in the past, are more apprehensive about the use of BNPL and worry more about not being able to keep up with the payments. Some also find that the opportunity to use BNPL for the items they do not actually need is very tempting, especially as BNPL makes these purchases very easy. Some of those who have paid for non-essential, luxury items before, wish they had given it more consideration at the time, as they have not sufficiently budgeted for the repayments.

***“It is a very seductive way of buying stuff, I’d never do it for a large item.” (Female, 50, ABC1)***

***“It’s tempting and affordable, it makes wanting to buy things an option.” (Male, 54, C2DE)***

***“I wouldn’t put (a holiday) on it again... it was easy at the time. At the time I thought, right when I come home, I’ll repay that.” (Female, 54, C2DE)***



**“There's a slight negative connotation for me because even if you're not paying interest, these are still credit products.” (Female, 57, ABC1)**

Whilst many of those who manage their BNPL payments effectively do not feel that they are affected by the monthly payments, others find that it is frequently at the back of their mind, and therefore wish they can repay it sooner. Some are especially cautious about the payments that do not require instalments and that need to be paid in full after a set period of time. Therefore, many prefer to break down these payments and make regular instalments themselves, in order to avoid a situation where they might not be able to pay it in full, or to avoid worrying about it.

**“You have to be aware that there are three payments to be made, or in six months' time or in three months' time, a payment is going to be looming. So, it does create a little bit more life admin.” (Female, 57, ABC1)**

**“It was stressful to me knowing I had (payments) laying over my head and I didn't want that going forward... it has made me very aversive to taking out debt.” (Male, 33, C2DE)**

**“If I pay it smaller chunks over, over a period, then I can budget for those to come out of my wages. Where if all I'm doing is deferring a payment six months, I've still got a big payment to make at the end of it.” (Female, 57, ABC1)**

Most respondents intend to continue using BNPL in the future, which is reflective of the positive experiences with the product. Many feel that as long as they budget to be able to afford the instalments, there is no reason to stop using BNPL when they need it. They are generally aware of the drawbacks and risks associated, but do not feel that it impacts them personally.

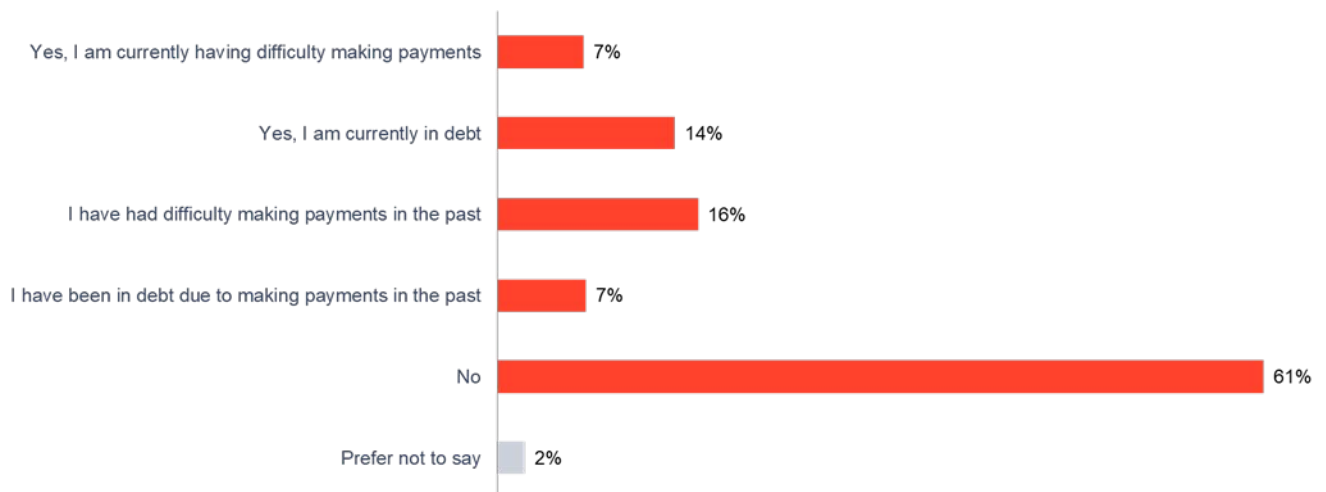
However, those who had previous negative experiences with credit products, feel that whilst they would still consider using BNPL in the future, they would be more cautious about the items they purchase or the amount they spend. They are generally cautious about being tempted to overspend and would want to avoid using it for items that they do not actually need.

*“I would definitely consider using them again. Preferably, I would not like to use them, but if the need arose, then I would.” (Male, 54, C2DE)*

## Experience of debt and difficulty making payments

Despite broadly positive sentiments towards BNPL, just over a third (37%) of previous users are either currently or have previously had difficulty making payments as a result of BNPL products. The groups most likely to be affected are those who have had difficulty with other forms of credit (68% vs. 21%) and those with disabilities (56% vs. 29%).

**Figure 10. Experience of financial difficulties as a result of BNPL**



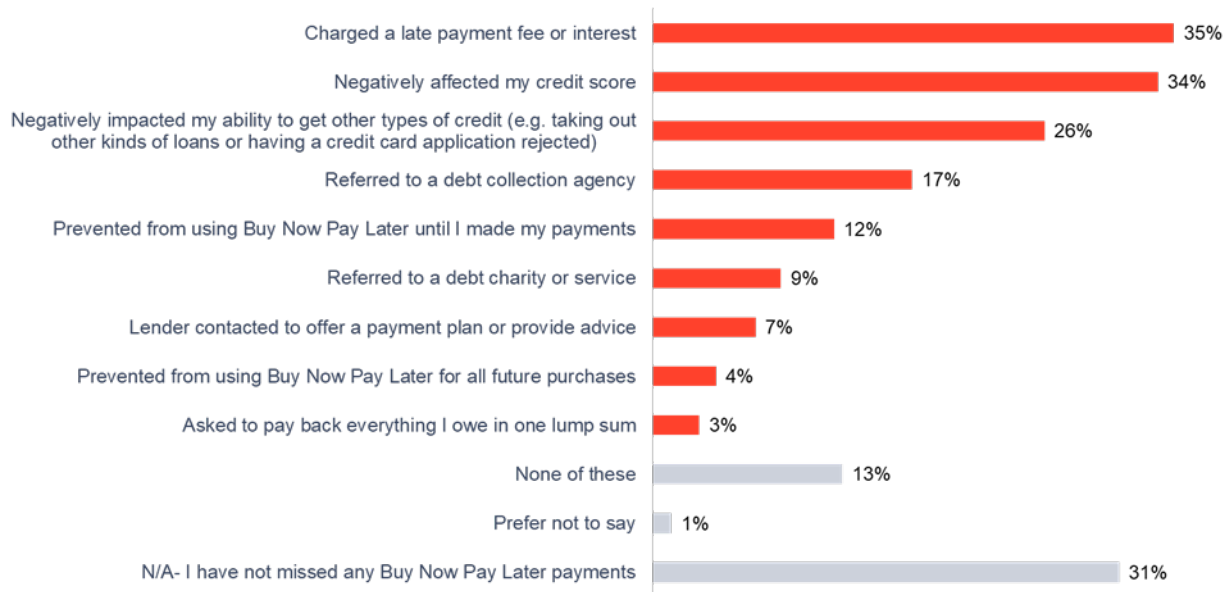
**Q13. Thinking about using Buy Now Pay Later products, have you ever had difficulty making payments or gone into debt? Please select all that apply**

**Base: Used BNPL in the last 3 years (n=179)**

Of those who experienced difficulty or are currently experiencing difficulty with payments, a third (35%) were charged a late fee or interest and a further third (34%)

have had it negatively affect their credit score. For a quarter (26%), their experience has negatively impacted their ability to take out other forms of credit.

**Figure 11. Impact of BNPL payment difficulties**

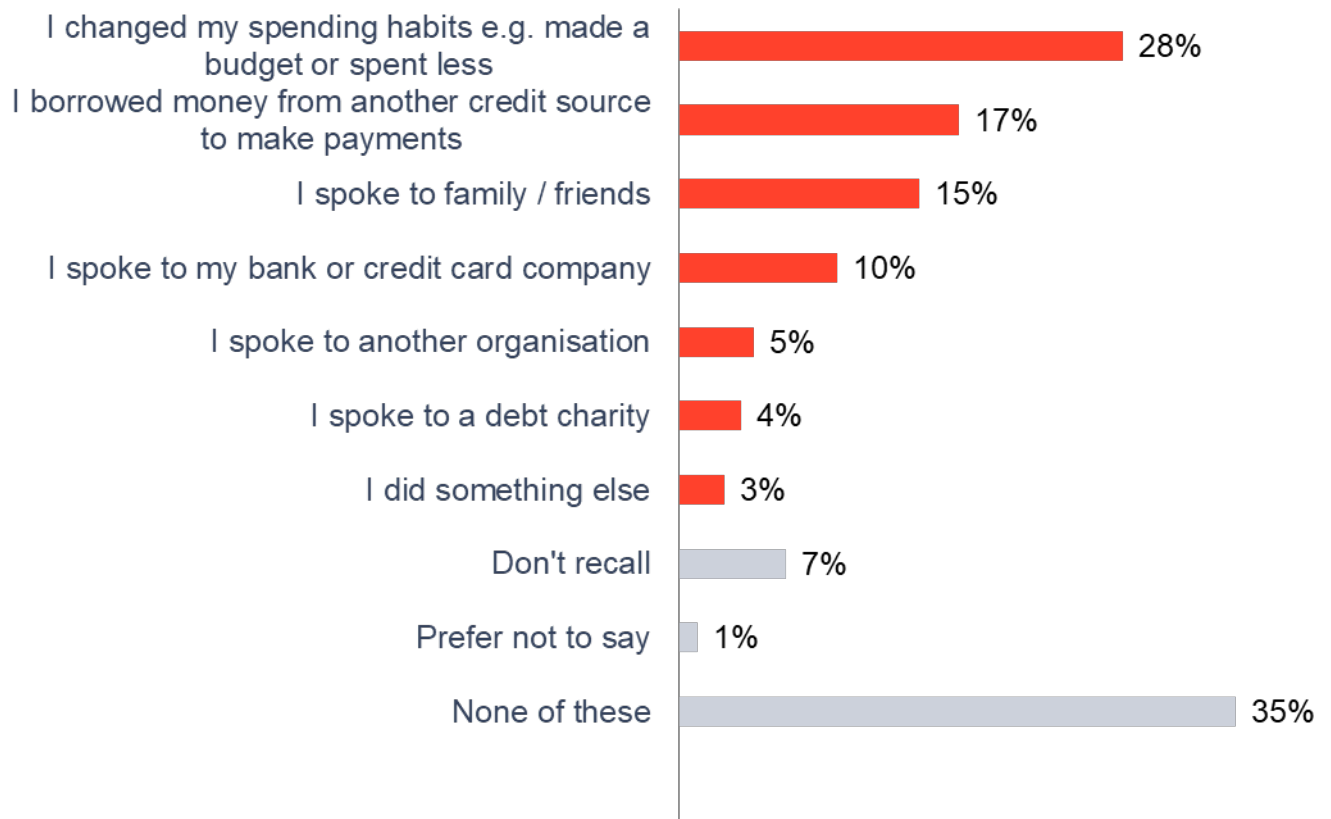


**Q13a Have you experienced any of the following as a result of missing Buy Now Pay Later payments?**

**Base: Any who are currently or previously experienced debt/difficulty paying as a result of BNPL products (n=69)**

Although facing repercussions, the course of action taken is often fairly minor. Approximately three-tenths (28%) have changed their spending habits, for example spending less or creating a budget, whilst 35% reported taking no action despite experiencing financial difficulty from BNPL products. One in six (17%) borrowed from another source to make payments, although due to small base sizes we could not explore the demographic make-up of this group.

**Figure 12. Action taken as a result of BNPL difficulty.**

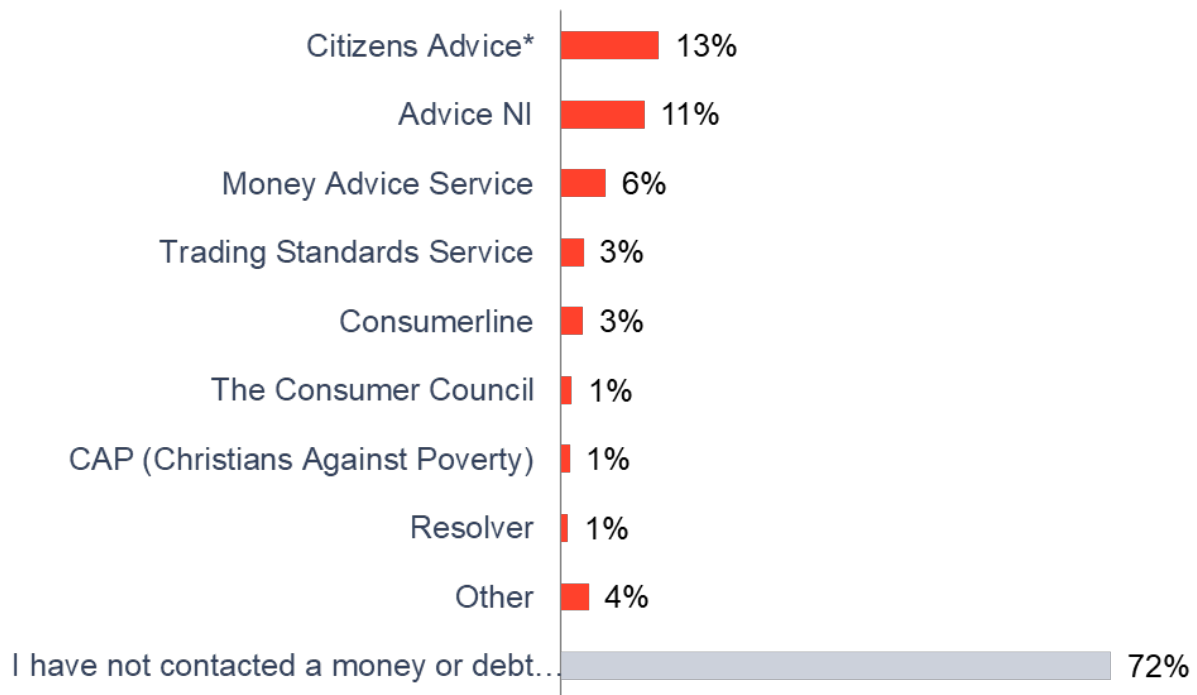


**Q14. Have you taken any of the following actions as a result of missing Buy Now Pay Later payments or experiencing difficulty making payments? Please select all that apply.**

**Base: Any who are currently or previously experienced debt/difficulty paying as a result of BNPL products (n=69)**

Just over a quarter (28%) contacted some form of debt advice service, with Citizens Advice (13%) and Advice NI (11%) the most commonly mentioned. Just 1% mentioned contacting The Consumer Council for advice, but the vast majority (72%) did not contact any service. This could be due to lack of awareness of the options open to them.

**Figure 13. Debt service contacted**



**Q15. Have you contacted any of the following money or debt advice services to help manage Buy Now Pay Later debt? Please select all that apply.**

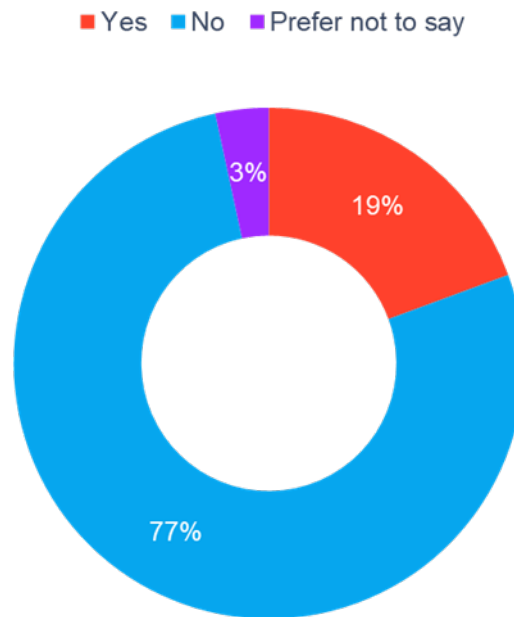
**Base: Any who are currently or previously experienced debt/difficulty paying as a result of BNPL products (n=69)**

*\*Citizens Advice was included due to remaining top of mind presence in Northern Ireland, although all services are now under Advice NI*

## **Experiences of other financial difficulty**

When asked about having difficulty paying or having gone into debt as a result of non-BNPL forms of credit, one-fifth (19%) of those using any form of credit reported experiencing this. Users of BNPL credit were more likely to experience this than non-BNPL users (32% vs. 16%). Additionally, those with disabilities being were more likely to experience non-BNPL financial difficulties than those without (33% vs. 14%).

**Figure 14. Experience of non-BNPL financial difficulty**



**Q17. Have you ever experienced difficulty paying for any types of credit other than Buy Now Pay Later products or going into debt as a result of them? This could include any of the types of credit we mentioned earlier, such as credit cards, store cards or payday loans.**

**Base: All used any credit in the past three years (n=805)**

Future financial concerns are a concern for a larger proportion of NI adults. Just over a third (36%) report being worried about being able to pay for credit or going into debt in the future. This is more of a concern for BNPL users than non-users (54% vs. 32%), reflecting concerns voiced during the one-to-one interviews. When reflecting on their current financial situations, many feel they are 'managing', but are apprehensive about what the future holds for them, with many anticipating that costs will continue to rise, but their incomes will remain the same.

Groups identified previously as being more likely to have financial concerns are also more likely to mention these when thinking about the future. Again, those with

disabilities were more likely to have future financial concerns (45% vs. 33% respectively) and women were more likely to be concerned about this than men (43% vs. 29%). In the qualitative stage, we also spoke to respondents acting as full-time carers for disabled partners, who expressed stress and uncertainty around their financial situations due to their limited income and work opportunities amidst rising costs. There were also differences by social grade, with C2DEs more likely than ABC1s to say they are worried about being able to pay for credit and debt in the future (42% vs. 30%).

## Focus on vulnerable groups

Throughout the research, some demographic groups are at a higher risk of experiencing difficulty with BNPL products, including women and those with disabilities. Here we look at where these groups differ and areas where they may experience difficulty.

- Use of BNPL products is significantly higher for women (26%) than men (9%) and for those with typically lower incomes – 22% of C2DEs compared to 13% of ABC1s.
- Women are more likely than men to feel BNPL products are a good option for an emergency – 63% feel that way, compared to 46% of men.
- C2DEs are more likely to cite not having the money to pay for things immediately as a reason for using BNPL, compared to ABC1s (49% and 31% respectively). This is also higher among those with a disability (56% vs 38% of those without).
- Whilst more ABC1s believe BNPL helps them manage their finances (85%, compared 74% of C2DEs), C2DEs are more likely to focus on it helping them buy things they wouldn't be able to afford otherwise – 82%, compared to 62% of ABC1s. Accordingly, more C2DEs find it stressful to keep up with payments (22%) than the 12% of ABC1s who are likewise.

- Among BNPL users, those with a disability are more likely to feel that increases in the cost of living have impacted their use of BNPL – 58%, compared to 44% without a disability.
- Those with a disability are more likely than those without to either currently or have previously had difficulty making payments as a result of BNPL products (56% vs. 29%).
- C2DEs and those with a disability are also far more likely to have experience difficulties paying for non-BNPL forms of credit – for example, 33% of disabled people compared to 14% without a disability and 23% of C2DEs compared to 15% of ABC1s.
- Seventeen percent of disabled BNPL users say that BNPL has had a negative impact on their mental health compared to 7% without a disability.
- Forty-five percent of disabled people in Northern Ireland worry about being able to pay for credit or going in debt, compared 33% of those without a disability. Women worry more than men – 43% compared to 29% and that concern appears to peak at younger/middle age with 46% of 35-44s.
- Those with a disability focused more on cutting back on energy use when asked to think what would happen if and when money becomes tight. The most common responses were always less socialising and clothing spend, but disabled people were slightly less likely to want to reduce social activities and more willing to try and reduce energy costs.



## Conclusion

The research provides a largely positive picture of BNPL credit for the majority of users. Consumers that use the product feel it helps them manage their finances and make purchases that they otherwise not be able to afford in one single payment.

Most users are managing their payments and although the wider population may have some trust issues with the product, the vast majority of BNPL users have no trust issues.

However, the research also shows that there are a significant number of people that have had payment difficulties in the past or currently have difficulties.

It also shows that some groups such as women and those with a disability may be more affected by the potential negative consequences of BNPL credit than other consumers.

It should also be noted that this type of credit is relatively new and has already become the second most used form of credit for Northern Ireland consumers in the last three years.

Given the size of this market, and the rapid growth that has been seen, with further growth expected, a strong system of regulation is needed to ensure consumers are protected from making ill-informed purchasing decisions.

Consumers should be able to continue to access this flexible form of credit given the benefits this research has identified. However, support measures need to be in place for those that experience financial difficulties, with a particular focus on those groups identified in this research, that may be more vulnerable to falling into difficulty.

# Annex A

## Methodology

The Consumer Council NI commissioned YouGov to conduct research into consumer use of and attitudes towards Buy Now Pay Later products, with a particular focus on experiences of debt and the impact of these products on spending habits.

YouGov worked with the Consumer Council NI to develop a survey and discussion guide and carried out the research as detailed below.

### Quantitative survey

YouGov surveyed 1,009 respondents in Northern Ireland between 27<sup>th</sup> January – 14<sup>th</sup> February 2023. All interviews were conducted online using YouGov's proprietary survey platform, and respondents were taken from YouGov's panel.

The sample was nationally representative of adults aged 16+ in Northern Ireland, with quotas set out for age, gender, region and social grade.

	Nationally representative incidence	Expected fallout in n=1,000 sample
<b>Local council area</b>		
<b>Antrim &amp; Newtownabbey</b>	8%	77
<b>Armagh City, Banbridge &amp; Craigavon</b>	11%	113
<b>Belfast</b>	18%	184
<b>Causeway Coast &amp; Glens</b>	8%	75
<b>Derry City &amp; Strabane</b>	8%	79
<b>Fermanagh &amp; Omagh</b>	6%	61
<b>Lisburn &amp; Castlereagh</b>	8%	78
<b>Mid &amp; East Antrim</b>	7%	75
<b>Mid Ulster</b>	8%	77
<b>Newry, Mourne &amp; Down</b>	9%	94
<b>Ards &amp; North Down</b>	9%	88
<b>Age</b>		
<b>16-29</b>	23%	230
<b>30-44</b>	25%	250

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<b>45-59</b>	26%	260
<b>60+</b>	27%	270
<b>Gender</b>		
<b>Men</b>	49%	487
<b>Women</b>	51%	513
<b>Social grade</b>		
<b>ABC1</b>	45%	455
<b>C2DE</b>	55%	545

The survey asked consumers in Northern Ireland about their experiences using BNPL credit, reasons for use, purchase habits, debt or debt concerns, and their broader experiences with credit.

## Qualitative interviews

YouGov's qualitative team invited 15 respondents from the quantitative survey to take part in a 30 – 45-minute interviews to further understand their knowledge of and experiences of using Buy Now Pay Later products, both on their own and alongside other credit products. As well as this, experiences of debt and difficulty making payments were explored. Due to the sensitive nature of the topic, namely talking about their current financial situations, respondents were given the choice of carrying out their interview on either Zoom, or telephone. Telephone interviews often encourage respondents to talk more freely about issues that they consider to be private, due to the added layer of anonymity.

All respondents in the qualitative interviews had used a Buy Now Pay Later product in the last 3 years, including some that had used it for essential items such as energy and food, and were currently experiencing difficulties with payments and/or debt or had done so in the past. Across the interviews there was also a mix of:

- Age
- Gender
- Ethnicity
- Social grade

In line with the Market Research Society (MRS) Code of Conduct, respondents were incentivised for their time (with a £40 retail voucher). A discussion guide was

designed in partnership with Consumer Council Northern Ireland and covered the key topics from the survey in greater depth.



**Consumer Council for Northern Ireland**

Floor 3, Seatem House  
28-32 Alfred Street  
Belfast BT2 8EN

**Freephone:** 0800 121 6022

**Email:** [contact@consumercouncil.org.uk](mailto:contact@consumercouncil.org.uk)

**Website:** [www.consumercouncil.org.uk](http://www.consumercouncil.org.uk)