

Car financing on the rise in the UK as the cost of living crisis continues

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Independent analysis of the car financing industry has revealed a year-on-year increase in car financing deals as disposable income continues to decline.

In July 2023, the number of UK car financing deals increased 1.1% compared to the same month last year, according to data from leading competitive intelligence platform [WatchMyCompetitor](#) (WMC).

Meanwhile, the [ONS](#) reported a rise in household expenditure of 2.2% in Q2 2023 due to sustained inflationary pressures.

The increase in car financing deals is attributed to deals for non-luxury car brands, with automotive prices steadily rising across the board. WMC's data also revealed a decline in repayment schedules in comparison to last year, as tighter repayment plans of 48 months are becoming more common.

The type of cars having financing deals available for them has changed significantly since last year. Although the overall number of car finance deals available on the market is up, this masks a significant decline in the number of financing deals available for luxury brand cars.

With deposit requirements at an all time high, luxury car financing deals are on the decline. Prolific luxury brand car financing deals have declined up to 20% in some instances in comparison to the same date last year. By comparison, non-luxury car brands have increased the number of car financing deals by up to 72% in comparison to last year.



WMC Blue Logo

Suela Uklala, lead Data and Insight Analyst at WatchMyCompetitor, stated:

“The changing landscape of car financing in the UK is understandable in such economic times but no less significant. The contrast between the decline in luxury car financing deals and the increase in non-luxury car financing deals is worthy of note as it differs from previous years where car financing was viewed as a way for consumers to acquire luxury cars they could not afford to buy outright.”

WMC uses AI to track more than 45 million data points a month. As part of its research, it revealed it has become harder for consumers to access car finance deals. Deposit requirements have increased by 11% year over year whilst monthly repayments have also increased by 14% year over year.

The number of car financing deals for non-luxury car brands have increased despite this as consumers have little other option than to go down the financing route to gain access to transportation.

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About WatchMyCompetitor

[WatchMyCompetitor is a leading competitor intelligence platform](#) that combines artificial intelligence with expert human analysis. AI is used to track over 45 million data points a month, which are then analyzed and curated ready so that clients can make smarter decisions, faster to protect and grow their revenue.

WMC uses its proprietary data to provide a year-on-year analysis on the car financing industry in the UK* as well as other competitive markets.

*Year on year data index comparing July 2023 to July 2022

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