

UK Consumer Confidence Plunges Amid Job and Inflation Worries

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British consumer sentiment recorded its steepest quarterly decline in nearly three years, as growing concerns over job security and continued cost-of-living pressures weighed on households, according to a new survey from global consultancy Deloitte.

Deloitte's Consumer Confidence Index dropped by 2.6 percentage points to 10.4% in the second quarter of 2025, the lowest level since early 2024. This marked the first significant decline since the third quarter of 2022, when inflation surged into double digits and financial

markets reacted sharply to fiscal turbulence. A minor dip in 2023 was deemed statistically insignificant by the firm.

The report, based on a poll of 3,200 respondents conducted from June 13 to June 16, attributes the fall in confidence to a cooling labour market and persistent inflation.

“Concerns of a slowing labour market have left consumers worried about job security and income growth prospects, while persistent inflation and a high cost of living have negatively impacted sentiment towards personal debt,” said Celine Fenech, consumer insight lead at Deloitte.

The survey reflects mounting pressure on both workers and businesses. Employers have pointed to rising employment-related taxes, the increase in the minimum wage that took effect in April, and expected legal reforms that could limit flexibility in terminating new hires. These factors have reportedly made many firms more cautious about expanding their workforce.

Government figures released last week showed the United Kingdom’s unemployment rate rose to 4.7% in the three months to May, its highest since 2021, while inflation in June rose to 3.6%, the highest reading since January 2024. These figures underscore persistent challenges in stabilising household finances and restoring consumer confidence.

Interestingly, while general sentiment declined, Deloitte noted a 3.9 percentage point increase in respondents’ outlook on the broader economy. However, that measure remained 18.4 percentage points below levels seen a year ago, signalling long-term uncertainty despite short-term resilience.

Deloitte’s chief economist Ian Stewart commented, “Activity in the U.K. has slowed in recent months, but an uptick in business confidence seen in the latest Deloitte Chief Financial Officer Survey testifies to continued resilience amid geopolitical uncertainties.”

While consumer outlook appears cautious, the slight optimism in business sentiment may suggest that the private sector remains hopeful for recovery, despite economic headwinds.