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UK Consumer Confidence Plummets as Job Security Fears Escalate

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The United Kingdom's consumer confidence has taken a sharp hit, marking its steepest decline since 2022, as fears over job security and rising living costs grip households. According to Deloitte's latest consumer sentiment survey, the index fell by 2.6 percentage points to minus 10.4% in the second quarter of 2025, the lowest level since early 2024. This downturn, the most significant since the economic turbulence of 2022, reflects mounting unease about the labour market and personal finances.

Conducted between 13 and 16 June with 3,200 respondents, Deloitte's survey highlights a growing pessimism driven by a sluggish job market. Businesses are scaling back hiring, citing burdensome employment taxes, April's higher minimum wage, and Labour's proposed labour law reforms, which include stricter dismissal regulations. These policies have sparked concerns among employers, contributing to a cautious approach to recruitment.

Official figures paint a grim picture. The UK unemployment rate climbed to 4.7% in the three months to May, the highest since 2021. Simultaneously, inflation surged to 3.6% in June, a level not seen since January 2024, squeezing household budgets further. "Concerns of a slowing labour market have left consumers worried about job security and income growth prospects," said Celine Fenech, Deloitte's consumer insight lead, in a recent interview. She added that persistent inflation and elevated living costs are exacerbating anxieties about personal debt.

Despite the gloom surrounding personal well-being, Deloitte's survey noted a slight uptick in optimism about the broader economy, with a 3.9-percentage-point rise in this metric. However, this remains 18.4 points below last year's levels, underscoring the fragile economic landscape. In contrast, GfK's long-standing Consumer Confidence Index reported a surprising rise in optimism, reaching its highest point since December 2023. Ian Stewart, Deloitte's chief economist, remarked in an interview that while economic activity has slowed, growing business confidence suggests some resilience amid global uncertainties.

The sharp drop in consumer confidence signals deeper economic challenges, with job insecurity and inflationary pressures at the forefront. As households brace for tougher times, the outlook remains uncertain, with businesses and consumers alike navigating a precarious path forward.