

MAS Home and Car Buying Consideration

Summary report, prepared for:

The Money Advice Service



Prepared by:

Amy Harrod & Anthony Shephard

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Background



MAS provide a vast range of tools, articles and calculators to help budget and considers the costs involved for certain life events – buying a car or home.

The overarching objective of this project was to ascertain whether showing the full cost of a home / car purchase (i.e. including items such as depreciation, solicitor fees, petrol, council tax etc.) will change or modify behaviour towards the intended purchase.

Other insight objectives included:

- Ascertaining what costs respondents considered (unprompted) with regards to home / car
- Understand what they consider to be priority costs
- Assess which costs they had not included in their consideration and why
- Presenting respondents with links to car cost / mortgage and mortgage affordability calculators, articles on estimating moving costs and getting the right car for your budget and budget planners to assess whether they leave them feeling any differently towards the intended purchase
- Understand how 'life events' such as illness and losing jobs can have an impact in the context of a home or car purchase



Methodology

- 1) A short survey was sent out to all Tell MA Community members to ascertain intention to purchase a home or car within the next 6 months or year
- 2) From this 20 respondents were selected (10 females / 10 males), 10 to take part in car buying consideration interview and 10 home buying consideration
- 3) The interviews lasted up to 45 minutes;
 - All were conducted via telephone
- 4) Prior to the interview respondents were asked to provide the links to 2 houses / cars they were interested in purchasing from Rightmove and Autotrader
- 5) During the interview respondents were shown stimulus online (see appendix)
- 6) The interviews were conducted between 17th and 24th February 2015
- 7) Post interview, respondents completed the long version of the MAS budget planner
- 8) Mustard Research wrote the discussion guide which was reviewed and approved by The Money Advice Service



Home > Cars and vans > Used cars > Car costs

Car Costs Calculator

Find out how much it costs to run a used car over a year

Enter the registration number of the car you want to buy or own

XY09 ABC

Get an instant quote

Add car

Mortgage Calculator

Calculate your monthly mortgage payment

This is a guide to help you work out your monthly mortgage payments. The loan amount will depend on the type of mortgage and the lender.

If you already have a mortgage and want to work out how much you can afford, please use our mortgage affordability calculator.

Run ahead and estimate your monthly payment now.

Price of the property is
£ 200

Deposit available is
£ 100

Run



Respondents were looking to purchase a car for different reasons;



Current car is too old

*I'd like to get rid of it and get something newer, because **this car is really old now!***
(F, 55-64)

Desire for a newer model

*I can afford it, so I always replace the car after 3-4 years. **It's nice to have a new car.***
(M, 45-54,)

Car losing value

*I am getting older and so is the car! It's **almost 4 years** old now so it's **starting to lose its value.***
(F, 44-54)

Cannot get AA cover

*I'm with the AA and they don't cover for parts and labour if the **car is older than 10 years**, so I'd rather have a newer car that is within that life span.*
(M, 35-44)

To have lower running costs

*Aside from the red leather interior, **it will be cheaper to run and have cheaper tax.***
(F, 44-54)

Safety concerns

*I **don't enjoy driving** my current car and I think it maybe is **not quite as safe** as it could be in terms of **visibility and handling it..***
(F, 35-44)

Unprompted, tax, petrol, parts / servicing and insurance were all considered as part of the cost of a car the most



Cost	Number of unpromoted mentions
Tax	6
Petrol	6
Parts / service	6
Insurance	6
Upfront cost of car	5
Cost of extras (Sat Nave, colour etc.)	2

I'd want alloy wheels and a heated wind screen. It's not a case of being happy to pay more for extras but I'm willing to pay a bit more to make life a bit easier. Life's too short for basics.
(M, 35-44)

I travel a lot so fuel has to be a consideration.
(M, 45-54)

I want a nicer colour and built in Satnav, these all cost more.
(F, 44-54)

Well obviously there is the cost of the car, that's the biggie!
(F, 16-24)

Aside from the cost of buying the car, running costs (petrol, servicing etc.) were a priority for some



Tax can be quite a lot and it depends on the engine size. Mine at the moment is £200 and yet I know someone who has an equivalent Golf who doesn't pay virtually anything.
(F, 25-34)

The outright cost is the most important as it governs everything else.
(F, 44-54)

Buying the car is the priority as I want to get something I want rather than something I have to make do with.
(F, 44-54)

Running costs are important to me, the Mini I used to have cost me £150 per month, whereas my current car is £50 - £60, that's a huge difference.
(M, 45-54)

If I took it to an Audi dealer **it's a huge amount for a service and parts can be expensive** if you need something specific.
(F, 55-64)

The cost of fuel has been the priority as it has been extortionate and not value for money for a while.
(M, 55-64)

I would say the biggest expense after buying it is **putting petrol in it and servicing it**.
(F, 35-44)

Upon seeing the annual running costs of the car they were interested in, there were some surprises



Depreciation was at the back of my mind but **when you look at here it is quite a slap!**

(M, 55-64)

Nothing too surprising but **the fuel costs are a bit higher than what I'm paying now.**

(M, 45-54)

[On estimated depreciation costs] **Oh that's quite high!** I have never seen anything like this before, it is quite interesting.

(F, 44-54)

The car tax is fairly surprising! I'm paying a lot more than that because my vehicle is so old.

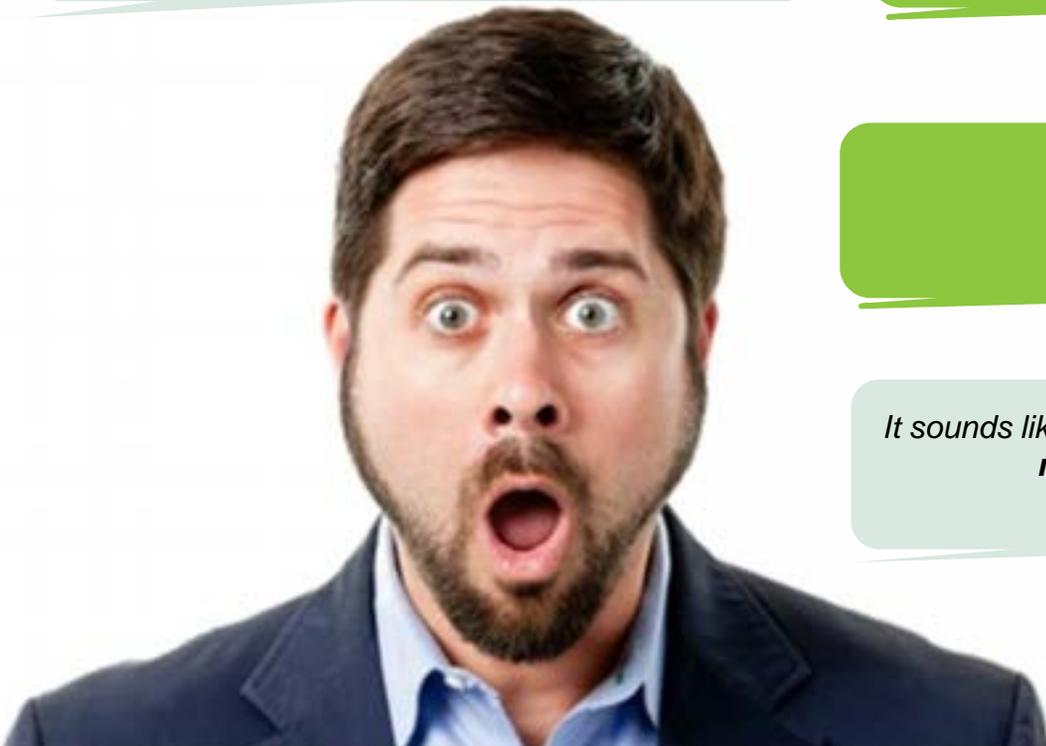
(M, 35-44)

I thought maybe **annual fuel cost** would be a little bit **lower than that.**

(M, 45-54)

It sounds like I **have missed something out** to be honest as it is **much more than I would have expected.**

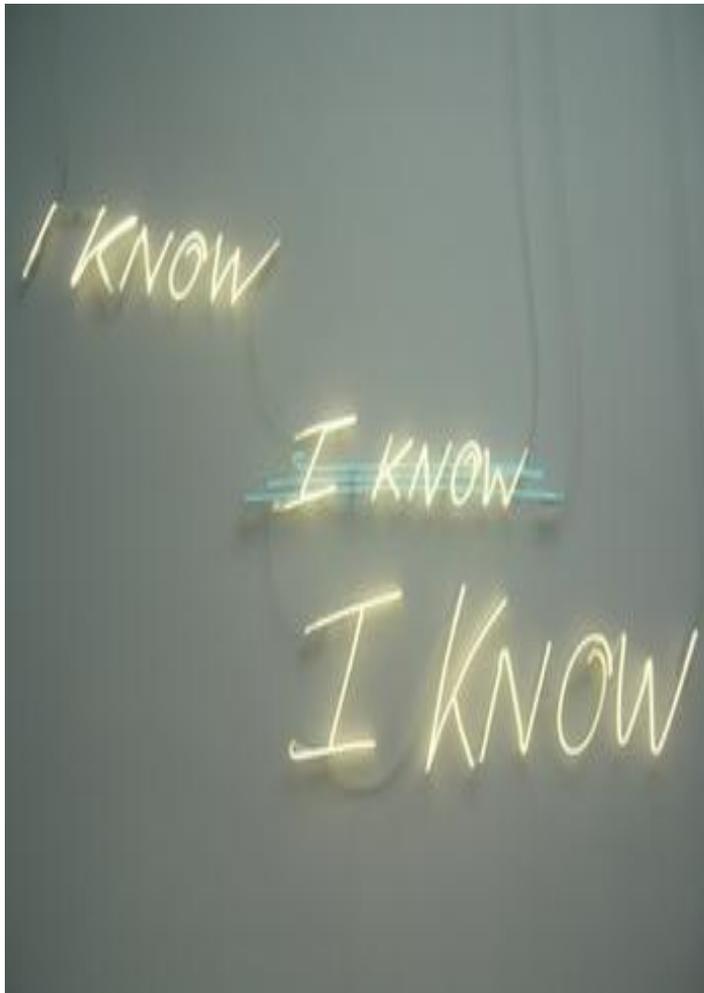
(F, 35-44)



Others were less surprised and were potentially even patronised when presented with the total car costs



Years of driving experience and currently owning a car were cited as reasons for being cost conscious



Maybe if I hadn't had one before I would be more surprised.
(F, 25-34)

*I just think of the initial cost of the car because I currently own a car so **there are no surprises** with tax and MOTs.*
(F, 35-44)

***These costs don't surprise me** in the slightest. **I have years of experience** of being on the road and I know what to expect.*
(M, 55-64)

***I've been driving a long time.** Although the information is useful, a lot of these things occur to me anyway.*
(M, 45-54)

Depreciation costs were singled out in the running costs – as something unavoidable, accepted and irrelevant



There was the indication that fuel, insurance and tax were not factored into costs for some as they were 'part and parcel' of car ownership

*I understand it can be huge cost [Depreciation] but **it's just something you can't avoid.***
(F, 55-64)

*I know some cars depreciate considerably but **it's not something I worry about** – if I like a car, I'll buy it anyway.*
(M, 25-34)

*Depreciation is a worry when buying new cars but **I keep my cars for a long time so not an initial concern.***
(M, 25-34)

*So that includes fuel, insurance and tax? Oh right! **I hadn't thought of them as it is part and parcel of the car** and not an additional cost.*
(F, 44-54)

When prompted, there was a good level of understanding of depreciation amongst some



Some were avoiding newer cars because of it and others were aware depreciation decreases with the value of a car

*I know the old saying as **soon as you drive it away from the showroom it loses a lot of its value.***

(F, 44-54)

*As soon as it **leaves the showroom you lose 30-40%.***

(M, 25-34)

*I know it can **typically drop by £2000 - £3000, depending on the initial cost of the vehicle. I've always gone for older cars to avoid it.***

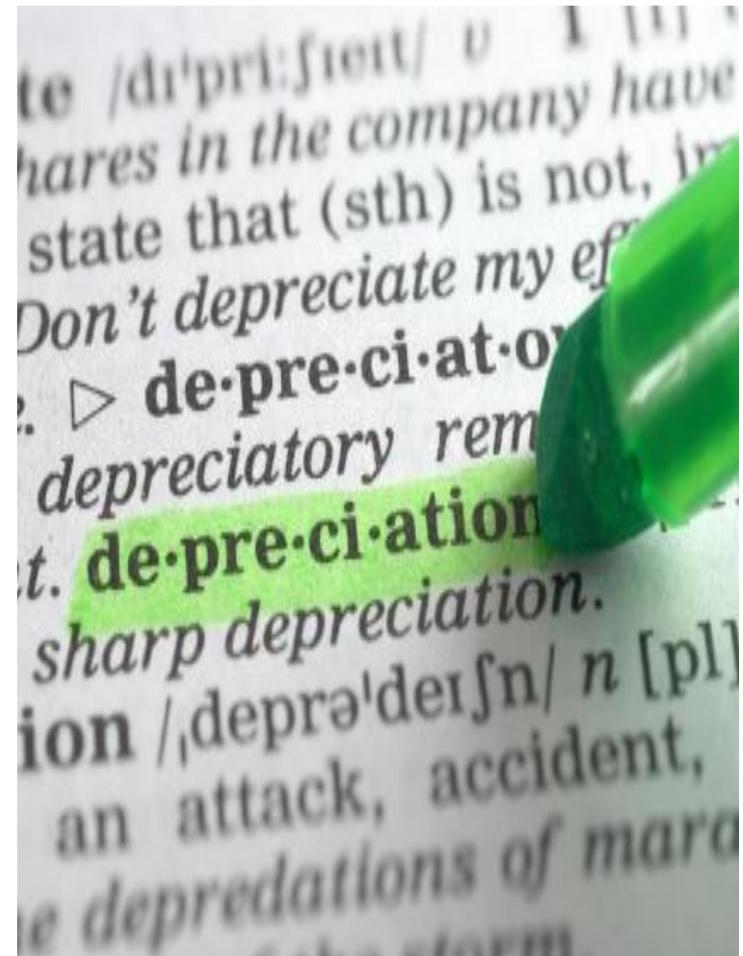
(M, 35-44)

When I last looked to buy a new car the price of a brand new one was similar to that of a 3 year old one once you had taken into account all of the manufacturers discounts.

(F, 35-44)

*With the **age of a car the depreciation decreases.***

(F, 35-44)



Although the validity and usefulness of the depreciation costs presented were questioned by some



The depreciation cost is not the same every year

That figure is not accurate as it does not depreciate by that amount every year so it doesn't make sense in the long-term.
(F, 45-54)

Intention to keep car for a long duration

It depends on the person as to whether it is useful. If I was changing my car every 3 years then I would want to take it on board but I do low mileage and I don't want to change it anytime soon.
(F, 44-54)

My view is that I will be looking to keep my car for a length of time, I had my previous car for 10 years. So depreciation doesn't really cross my mind.
(F, 44-54)

I don't tend to look at things like residual costs or values as I tend to keep my car for as long as is economically viable.
(M, 35-44)

I don't look at depreciation because I plan on keeping it for a long time. I consider any money I get when I come to sell it as a bonus.
(F, 44-54)



Unprompted, solicitors fees were considered as part of the cost of buying a home the most, followed by the deposit



Cost	Number of unprompted mentions
Solicitors fees	5
Deposit	3
Estate Agent fees	2
Surveyors fees	2
Mortgage payments	2
Mortgage fees	1
Removal costs	1
Renovations	1

*Obviously the **deposit is going to be the biggest part.***
(F, 16-24)

*I think initially there's only really **legal fees and mortgage arrangement fees.***
(M, 25-34)

I have all of the costs written down somewhere, the only ones I can remember are mortgage payments, legal fees and surveyor fees.
(M, 35-44)

Respondents had different views on which costs were considered the priority:



Solicitors fees



*The solicitors fees can wait but **the mortgage arrangement fee has to be paid upfront** or they can add it on to the mortgage which I don't want.
(F, 25-34)*

*It is the **solicitor fees**, to **ensure that everything gets done right**.
(F, 45-54)*

The deposit



***Deposit is the main thing**, I need that to actually buy the house
(M, 25-34)*

Mortgage repayments



***The actual mortgage repayments** as once you have got all of the fees out of the way this is what **you have to pay on an ongoing basis each month**.
(M, 25-34)*

Some of the costs were a surprise, particularly stamp duty, legal fees and electronic transfer and fees



I've never even heard of these before. I never would have thought about legal fees!
(F, 25-34)

If the Interest rate goes up by 3% that would be a struggle. It's a bit of a shock to see what it would be if it does go up.
(M, 25-34)

I just thought stamp duty was for much higher priced houses.
(F, 25-34)

I just thought stamp duty was for properties above £150,000.
(M, 25-34)

The valuation fee, again that is something I haven't really considered at all. The electronic transfer I have never heard of.
(M, 35-44)

I didn't know about the electronic transfer fee, that's a bit much.
(M, 25-34)



On further discussion awareness of stamp duty was apparent, albeit sub-consciously



I just forgot about the stamp duty and the valuation I suppose. I do know about them though.
(F, 45-54)

Stamp duty just completely slipped my mind to be honest.
(M, 35-44)

Others considered costs such as stamp duty and legal fees as a given

In terms of stamp duty, legal fees etc. I didn't speak about it as it is a given. I didn't mention it but I know it has to happen anyway.
(M, 25-34)



There was the sense amongst some that it was worth stretching the finances and “struggling” to be a homeowner

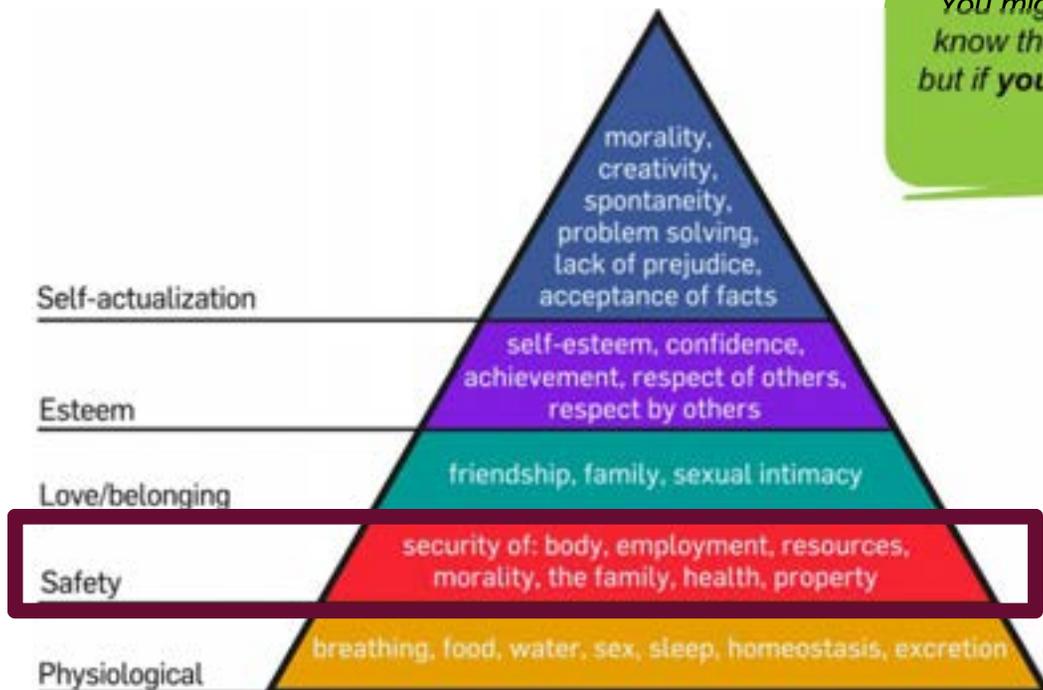


It's a lot of work but worth it for the home I really want.
(F, 25-34)

The cost of that mortgage will definitely be a struggle initially as we are paying much less than that in rent. Adjusting to the new outgoings would be a culture shock to be honest but once my wife goes back to work it will be a lot more manageable.
(M, 35-44)

*You might not consider all the costs of buying a home and you know there might be a certain amount of hidden costs involved but if **you want a home that you really desire you just try and work your way around it.***
(M, 35-44)

I would rather struggle with the costs for 2-3 years in the knowledge that I am paying my own mortgage rather than continuing to pay rent for someone else.
(M, 25-34)



Behavioural Changes

Overall, there was evidence that behaviour would change as a result of seeing the calculators (more so for home buyers):



Wait and increase savings

It changes the time frame, I'll save up a bit longer. I'd prefer to save more than buy a cheaper home.
(M, 25-34)

It makes me think I might delay the purchase by a couple of months. I could afford the fees out of my home deposit but I'd want to keep as much of that as possible.
(M, 25-34)

Take a step back and reassess requirements

Having spoken to you today it has made me realise that we really shouldn't rush into things. We need to take a step back and review everything as buying a home is such a large commitment. I need to weigh up the costs and the locations etc. I am now thinking it might make more sense to move out of London and get more for my money.
I will be more in control.
(M, 25-34)

Be more savvy / negotiate

I would still buy the home but I would try and negotiate more, if I can get it down a bit that would help.
(M, 25-34)

Get a model that does not depreciate as much

I will be going for and Audi A3 rather than A1 now as that doesn't depreciate as much.
(F, 45-54)

Respondents were genuinely thankful for being introduced to the long version of the budget planner



*Fantastic tool, I'm **glad to have learned about it!***
(F, 25-34)

*Having just completed the longer version of the Budget Planner which I found detailed and very interesting. **I really enjoyed completing the task. I found it was very helpful.***
(F, 45-54)

Thank you** for introducing me to this great tool, which is **definitely a positive addition to my saving routine.
(F, 25-34)

***I found this really interesting.** It forced me to think about hidden expenses that you don't normally consider, e.g. one off expenses like Christmas, birthday cards etc.*
(M, 35-44)

***It's well laid out, interesting and helpful.** It's not just insurance and tax!.*
(M, 55-64)



For some, the longer version budget planner reassured of their financial position and put minds at ease



*I enjoyed the task and **it gave me confidence in my decision making.**
So very good and well set out.
(M, 45-54)*

*I enjoyed doing this task. It **confirmed that my budgeting is right.**
(F, 45-54)*

Yes!

*I think the plan has helped **confirm what I already knew** which is very reassuring.
(M, 25-34)*

For others completion of the budget planner has led to a reassessment of their situation



Wait and increase savings

After putting down all my expenses, I don't think I could afford the car at present. Or would need help from my partner. If I did get the car I would be looking for a cheaper option. I would wait and save up more money instead of having a loan.

(F, 35-45)

Be more sensible

I think it may have impacted. Cutting back further will leave things very tight indeed. Whilst home ownership is still a massive dream, perhaps trying to secure a bigger deposit to help reduce mortgage payments, or waiting till I have a cash windfall due to other circumstances may be the more sensible option. It could even be I wait till my kids are older and I don't need as big a property. This combined with a bigger deposit saved could result in a more sensible option.

(M, 25-34)

Finding more ways to save

I think if anything we can look at different ways to try and cut back, Birthdays, clothes etc. for a defined period of time if it means getting the property we want quicker.

(M, 35-44)

Heightened awareness of total costs

I will take into consideration the running costs of the vehicle, such as maintenance, insurance, tax and petrol.

(M, 35-44)

Positively, respondents expressed interest in using the planner again, and not just for car and home purchases



*I have learnt that if we incorporate this budgeting tool in our monthly to-do list, **it would help us greatly to save more** and we can see which are the areas where we can spend more / less. **This can help me manage and save my money for other things as well e.g. illness or some emergency.***

(F, 25-34)

***I will use the detailed budget planner to ensure I do not miss any expenditure** out and to make sure I have an emergency fund so I am not caught out with unexpected bills.*

(F, 45-54)

***I think it is something I will continue to use on a month by month basis** so I can keep up-to-date with where I stand as planning a year in advance can change dramatically within weeks so I think this could be my guide to staying ahead with my finances.*

(M, 25-34)

I have saved the budget spreadsheet to my Desktop so I can change it and refer back as and when I need to.** I suspect it will be a very important tool when I go to mortgage interviews and try and explain my lifestyle to bankers. I don't think they will have met many like me around, it's always nice to have figures to back things up so while I don't know about other people, **this is something I will be using again in the future and likely working with quite closely to keep track of my future prospects.

(F, 25-34)

***I would be interested to use this not just for buying a car but if other things crop up to see what the effects on my finances** are likely to be. E.g. if household bills increase, if we consider moving house and need a bigger mortgage, if I needed a loan etc. It will make me more confident that the costs of things are transparent to me in terms of whether they are affordable for me or not.*

(M, 35-44)



Overall, there was an indication participating in this research could improve financial capability in the long-term



The calculators will be referred to again in the future



Before purchasing any car I will use the tool and I will tell family and friends about it.
(F, 45-54)

I feel like I know more now, I will use the tools and do a more detailed budget.
(F, 25-34)

It's made me more aware and more sensitive towards planning in the future.
(M, 25-34)

I'd think about how much I'd really need, including all the extras. There's a lot to weigh up.
(M, 25-34)

I am quite anal with regards to our finances so I will certainly use all this again in the future if we were looking to move again.
(F, 45-54)

Respondents unanimously agreed that MAS should be informing people about the total costs of buying a car / home



Definitely, I really had not considered fuel and car tax as part of the cost. I just saw it as a normal expense until it was laid out in front of me in that table.

(F, 45-54)

There are things I didn't budget for, the unknown, unfamiliar and unexpected. People need to be made aware of that so they know it might affect their budget and ability to buy.

(M, 25-34)

There are so many extra fees – people will get caught out!

(M, 25-34)

It is a massive step buying a house so you need to be completely aware of what the potential costs are so you know the full impact of what might happen to you.

(M, 34-44)

They should because it is an integral part of it all. A lot of people don't know all of the costs involved and will forget about the little things.

(F, 45-54)

Definitely, I didn't know about it until the conversation on the community. It should be taught in schools, they are important life skills.

(F, 25-34)



Case Study 1 – Re-evaluating area and property size



- Interested in £280,000 3 bed home
- £12,500 deposit saved over 6 years
- 5% deposit (accessing NHS Key Worker Scheme)

Mortgage Calculator Repayment: £1,549

Mortgage Affordability Calculator: £129,500

Reading article on buying and moving costs

Completing the short budget planner

The monthly mortgage costs are a bit higher than I would have thought. I think it is maybe £150-£200 higher than I imagined.

Looking at this there is no way we can afford that home. We will have to re-evaluate the area and the size of the property.

It is a lot more daunting when you see the extra ones involved. And it is really adding up so we will be pushing ourselves even more.

It's not as bad as I thought to be honest as a loan I have ends next year which will free up some money.

The next steps...

It has made me more aware of the costs so now I will have to look at the fees involved so I have a better idea of what I will be paying and why. I also need to think about the budget and if it is really affordable. I will be looking at other areas and prices too.

(Male, 35-44, East of England)

Case Study 2 – Contradictory calculator outcomes (1)



- Interested in £216,950 1 bed home
- £22,000 deposit saved over 10 years
- 10% deposit

Mortgage Calculator Repayment: £406

Mortgage Affordability Calculator: £153,300

Reading article on buying and moving costs

Completing the short budget planner

The next steps...

(Male, 25-34, London)

That's probably at least a third less than I thought it would be. We were thinking it would be around £650-£700, so that is very good.

*Based on this it would be **cutting it fine**. It would take me to potentially £177k so **it would be tricky**.*

*I wasn't 100% sure about the help-to-buy scheme so **it is interested to see there is only a 5% deposit requirement** on that.*

It says I will have £1,500 left over which is perhaps a bit higher than I envisaged. Though it doesn't take into account unexpected costs like vet bills.

*From what I have seen, the affordability calculator was making me worry but then the repayment calculator and budget planner have been better than I thought. **So maybe I can actually stretch myself a little further** and maybe even **up our budget slightly**. It makes me think it **might be worthwhile holding on for another 6 months** to see if that perfect property does come up.*

Case Study 3 – Contradictory calculator outcomes (2)



2 bedroom end of terrace house for sale
Church Road, NR30

£70,000



- Interested in £70,000 2 bed home
- £7,000 deposit saved over 10 years
- 10% deposit

Mortgage Calculator Repayment: £368

Mortgage Affordability Calculator: £28,043

Reading article on buying and moving costs

Completing the short budget planner - £136 left over

The next steps...

(Female, 25-34, East England)

That's nearly £100 less than what I pay now in rent! I thought it was supposed to be cheaper to rent!

No, I wouldn't be able to afford it actually, that is low! You can't buy a house for that, so I imagine a bank might turn its nose up. If the banks say yes, I would still buy.

I've never heard of half of them! Electronic transfer fee?!

It makes it more likely again. It depends what you look at as to whether or not you can afford it.

I will need to speak to the banks and see if they'll let me borrow. I am going to use the budgeting tools and be more thorough with my costings. There is the other house I'm looking at for £58,000, it's not in as nice an area but I don't want to wait too long before I buy. I live quite frugally but it doesn't take that into account with some of the tools.

Case Study 4 – Under estimated costs



- Interested in £122,500 3 bed home
- £35,000 deposit saved over 2-3 years
- 29% deposit

Mortgage Calculator Repayment: £511

Mortgage Affordability Calculator: £224,000 -
£336,000

Reading article on buying and moving costs

Completing the short budget planner

I hadn't initially thought about the interest rate, if it goes up that would be a struggle.

I could probably afford a more expensive home but I wouldn't want to bite off more than I can chew. The monthly repayment would be too much.

*I didn't realise that **stamp duty** was applicable to me!*

The daily bills would be higher but I'd still be comfortable.

The next steps...

*There are things I didn't budget for. It has made me think I might **delay purchase for two months**. I could fund the extra costs out of my deposit but I wouldn't want to. I still think the homes I have been looking at are good value for me. I will start viewings and get more of an idea.*

(Male, 25-34, Ireland)

“Life event” Scenarios

Respondents were asked to consider three different scenarios...



SCENARIO 1

“You have recently started a new job and have been there for 4 months. The company you work at is having financial issues which results in you being made redundant with no pay-out. It subsequently takes you another 6 months until you can get a new job.”

SCENARIO 2

“You purchase a new home / car and significantly underestimated the yearly running costs (i.e. you had not taken all costs, such as petrol / tax or council tax / utility bills into consideration) which results in you having to make cut-backs elsewhere. In the first instance you stop making payments into your work or private pension.”

SCENARIO 3

“You get a long term illness which is quite serious and means you can no longer work.”

Some were unprepared for any of the scenarios, especially had they just bought a home / car



If it happened shortly after I moved in, I'd have no savings!
(F, 25-34)

I'd cope for a couple of months but then I'd be in a bit of a mess
(M, 25-34)

It worries me, you lose all your savings once you buy the house.
(F, 25-34)

I'd struggle if I couldn't earn, especially as I am single, I wouldn't be able to pay my mortgage.
(F, 16-24)

At the moment my priority is saving for my mortgage, I haven't even thought about insurance or illness cover.
(F, 16-24)

A close family member had cancer and they only got paid for 6 months then it was onto statutory sick pay. I know how difficult it was for them.
(F, 45-54)



How can you prepare for illness? How long is a piece of string?
(M, 25-34)

All respondents felt it necessary for MAS to bring such scenarios to the forefront



Especially in the context of significant purchases such as car / home

Definitely, it's good to get people thinking about it. Many just live day-to-day.
(M, 25-34)

Information should be available. You don't realise that it would really ruin your plans
(M, 25-34)

Yes, younger people think they are invincible and they think nothing will happen to them. So they need to be made aware.
(F, 45-54)

It is so easy to just take out car finance and then the running costs and then if anything happens you're stuck with a hefty finance payout.
(F, 45-54)

It brings to home the reality and makes people think long and hard about the purchases.
(M, 55-64)

It is essential to make people fully aware of the implications.
(M, 35-44)

Discussion of the scenarios had an impact on respondents with regards to purchase consideration:



To be more prepared

*Today has really opened my mind so I would like to think **I will now be more prepared** for these scenarios.*
(M, 25-34)

*I feel more aware of what **could happen** and the potential drawbacks if anything went wrong.*
(M, 25-34)

*I'd want **to do it when I am as stable as possible***
(F, 25-34)

Considering taking out insurance

*I haven't really considered it before but I think when I buy my home I will look at getting insurance to make sure I can cope with that kind of thing. I have never thought it necessary but when **it is such a big financial commitment** like that and your family home is at stake then **you have to be prepared.***
(M, 35-44)

*I'd probably **get some insurance.***
(M, 25-34)

*It wouldn't put me off buying a home but **I would want a more solid critical illness policy.***
(M, 25-34)

Re-visit budget

*It will make me **revisit my budget and be more prepared** not to be sold extras by the car salesmen. **I'll be armed with all the information** so I won't be as easy a target. It's making me **feel empowered.***
(F, 45-54)

Final message for MAS



Respondents final messages include:



Keep up the good work

Judging by all the links you have sent me, MAS have everything covered. It is really innovative.

(M, 55-64)

Promote the car cost calculator

I think the calculator you shown me is a really good idea as it makes it very transparent in an accessible format. That should be promoted, I have seen TV campaigns and stuff online.

(F, 35-44)

Advertise

Advertise on car programmes and promote the use of the calculator on Autotrader.

(F, 45-54)

Promote the “hidden costs”

MAS should highlight hidden costs, flag good practice and the best deals.

(M, 55-64)



Respondents final messages include:



Promote the calculators

Direct people to the very detailed calculators like what you already have there.
(F, 45-54)

Raise awareness of the full costs of buying

I think they should raise awareness of the full costs of buying.
(M, 25-34)

Forge relationships with banks / mortgage advisors

MAS should align themselves with banks and mortgage advisors so people can be fully aware of all the costs and criteria.
(M, 25-34)

Use social media – detailing real life case studies

Banks should be recommending MAS!
(F, 16-24)

MAS should do a campaign on social media or online, it should be upbeat and friendly as if a friend is helping you out.
(M, 25-34)

Real life scenarios could be shared on social media.
(M, 25-34)

Summary...

Summary (1)



- **The majority of respondents enjoyed participating in the research and welcomed the introduction of the tools and calculators. Furthermore, respondents liked the way the interview had made them think about their situation and finances in the context of purchasing a home or car**
- **When discussing (unprompted) costs of buying a car, there was a near even spread of which costs were considered. With tax, petrol, parts / servicing, insurance and the up-front costs of the car all top of mind**
- **When presented with the costs via the car cost calculator there were some shocks**
 - **Some considered the running costs as part and parcel of car ownership**
 - **Depreciation was singled out. On the whole there was the perception that it could not be avoided (and was therefore accepted).The depreciation costs were also considered irrelevant where the intention was to keep the car for a long period**
 - **Some of the older (and more experienced) drivers were almost patronised by the presentation of the costs – feeling they were fully aware of them**

Summary (2)



- **In comparison to car buyers, there was much more variation in the number of unprompted cost considerations. Solicitors were mentioned the most, followed by deposit, estate agent fees, surveyor fees, mortgage payments and to a lesser extent mortgage payments, removal costs and renovations**
 - **None mentioned stamp duty, though when prompted they were aware. There was however, a lack of understanding around it, with some believing it was only applicable to more expensive houses or houses above £150,000**
 - **Some were also unaware of legal costs and electronic transfers and fees**
- **With home respondents, there were some instances where the results of the calculators provided different (and potentially contradictory results), which led to the respondent changing their feelings towards the purchase**
 - **It is clear that the longer version of the budget planner is the most accurate**

Summary (3)



- Overall, across both home and car there was a sense amongst some that the total costs were considered to be ‘part and parcel of it’ (i.e. they were not consciously separating the costs out in their mind)
- In terms of modifying and changing behaviour, there was definite evidence that taking respondents through the calculators and articles would have an impact on their consideration to purchase
 - With home purchase being a much more significant outgoing, there was a wider scope for respondents to miss-judge what they could afford and as such behavioural changes were more evident amongst home owners
- For home, viewing the full costs and completing the mortgage calculators and budgeting tools had led to some;
 - Realising that the home they were considering may actually be out of reach;
 - Having heightened awareness of the total costs of purchasing;
 - Deciding to postpone purchase and increase savings;
 - Taking a step back to reassess their purchase requirements (size, location etc.)

Summary (4)



- **For car respondents there was some evidence of intended behavioural change:**
 - **Some would use the tool in the future to assess the running costs of the car they were interested in**
 - **Others expressed an interest the car cost calculator similarly to a comparison tool – to weigh up all the options**
 - **One respondent stated they would buy a different model to reduce depreciation**
- **In terms of life events and scenarios such as losing jobs or becoming ill most were unprepared for such events**
- **Discussing the scenarios could lead to some behavioural changes:**
 - **To have a contingency in place and be more prepared for potential set-backs / emergency situations**
 - **To consider taking out insurance when purchasing a home**
 - **To re-visit budget**
- **Positively, some respondents expressed interest in using the tools and calculators in the longer term (and not just in the context of purchasing a home or car)**
 - **There was even mention of recommending to family and friends**
- **The tools are extremely powerful and have clearly had an impact on purchase consideration amongst some respondents and will have a longer lasting impact too**

Appendix

MAS - Car Cost Calculator





the Money Advice Service

Free & impartial money advice

Home > Cars and travel > How to buy a car

Car Costs Calculator

Find out how much it costs to run a used car over a year

Enter the **registration number** of the car you want to buy to get started.

GB XY09 ABC

or, enter the model details

Add car



How to find the right car for your budget

Buying a car is one of the biggest purchases you will make. However, once you have bought your car, you have to keep it on the road. It's important you think about how much this is going to cost in the long run. Follow our guide to work out how much you can afford to spend on buying the car and the running costs.

Work out your budget for buying a car

Your budget will determine whether you can buy new or used and how much you can afford in running costs.

It's crucial that you are realistic about your budget. Over-extending yourself can lead to problems later on – particularly if you have little or no savings and your income drops unexpectedly.

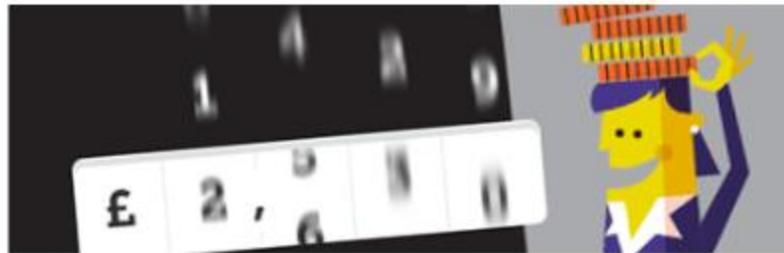
Use our simple Budget planner to work out how much you can afford to spend buying a car. It takes just a few minutes.

MAS – Short budget planner



Budget Planner

What's left over after major bills?



How much spending money do you have after you've paid your most important bills? Work it out now.

Complete in 5+ minutes

Get started!

MAS – Longer budget planner



Your detailed spending breakdown

Every	Month	I get	£ 0.00	£0.00
Every	Year	I get	£ 0.00	£0.00
Every	Month	I get	£ 0.00	£0.00
		I get	£ 0.00	£0.00

Where does your money go each month? Work it out now with our list of items that will remind you of all your expenses.

Complete in 10+ minutes

Get started!

MAS – Mortgage payment calculator



Mortgage Calculator

Calculate your monthly mortgage payment

This is a guide to how much you'd pay each month. The exact amount will depend on the type of mortgage and the lender.

If you already have a mortgage and want to work out how much an interest rate rise will impact your payments, then , in 'price of property' enter how much you have left to pay on your mortgage, put nothing in deposit.

Plan ahead and estimate your monthly payment now.

Price of the property is

Deposit available is

Next

MAS – Mortgage affordability calculator



Mortgage Affordability Calculator

How much can you borrow?

This tool will help you estimate how much you can afford to borrow to buy a home. We'll work it out by looking at your income and your outgoings. Mortgage lenders will look at these figures very closely to work out how much they'll offer you.

It should take about five minutes to complete.

Required fields are followed by *

Annual Income

Your annual income *

£ per year

Your income before tax



Estimate your overall cost of buying a house and moving

When you buy a property or move home, there will be a number of upfront fees, beyond just your mortgage costs, which you'll need to take into account. Be sure to include these when working out your overall budget.

Major upfront costs

Make sure you have saved enough to cover all of the upfront costs. These include:

Cost	What it covers
Deposit	This is the amount you put towards the cost of the property when you buy your home. On average, you need at least 5% to 20% of the purchase price (for example: £10,000 to £ 40,000 when buying a £200,000 home). Help to Buy and other housing schemes only require a 5% deposit. Generally, the bigger the deposit, the more

Keep in touch...

3rd Floor, 56 Princess Street
Manchester
UK
M1 6HS

P +44 (0) 161 235 5270
W www.mustard-research.com
E anthony.shephard@mustard-research.com
T @MustardResearch