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News in Review

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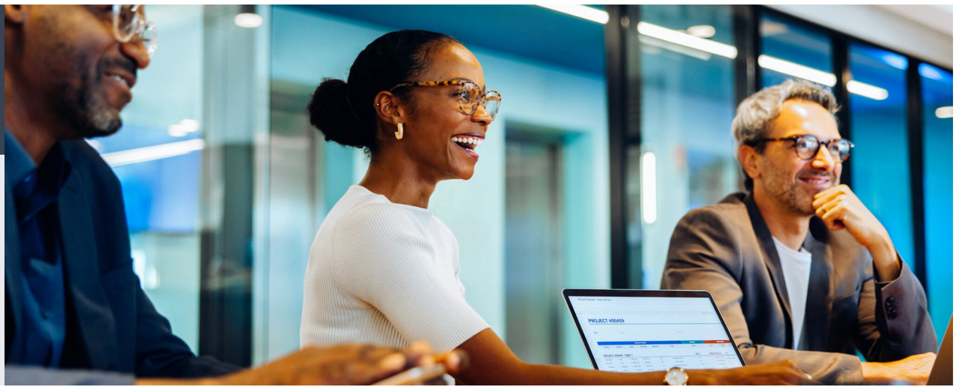
“Improving the outlook now depends on restoring business dynamism”



The latest data from the Office for National Statistics (ONS) shows that the UK economy expanded by 0.1% in the three months to December 2025. This modest growth follows falls of 0.1% recorded in both the three months to November and October 2025.

The main driver of GDP growth was the production sector, which grew by 1.2% in the three months to December. Meanwhile, the services sector showed no growth and construction output decreased by 2.1%, marking the sector’s weakest quarterly performance since September 2021.

In terms of annual growth, ONS estimates that the economy expanded by 1.3% in 2025 when compared with 2024. This was driven by 1.4% growth in the services sector and 1.8% growth in construction. It has therefore raised concerns that both these sectors declined or showed no growth in the three months to December 2025.

David Bharler, Head of Research at the British Chambers of Commerce, said, *“Improving the outlook now depends on restoring business dynamism. Government must move from strategy to delivery – backing infrastructure projects, speeding up planning decisions, addressing skills gaps, and strengthening export support – so firms can invest, export and grow.”*

UK leads G7 inflation

According to recent figures from the Organisation for Economic Co-operation and Development (OECD), the UK recorded the highest yearly inflation rate among the G7 countries in December 2025. Prices in the UK rose annually by 3.6% in December – up slightly from 3.5% in November, but down from 3.8% in October. The US recorded the second-fastest inflation rate across the G7 at 2.7%, followed by Canada at 2.4%. Across the G7 economies, the average annual inflation rate was 2.4% in December and is relatively stable, having been 2.5% in November 2025.

Survey reveals financial knowledge gap

A survey from Money Ready suggests that, while many UK adults feel confident managing their money, there are gaps in their financial knowledge, particularly when it comes to long-term planning. According to the study, 83% of Brits consider themselves to be financially confident. However, nearly half (48%) of respondents admitted they have little or only some knowledge about investments. Similarly, 47% said they have limited understanding of pensions. As well as indicating a disconnect between perceived confidence and actual financial literacy, the findings highlighted some common misconceptions, such as 23% believing it is not possible to go into debt with a debit card. This knowledge gap comes at a price, with financial confusion estimated to cost the average UK adult £641 each year.

More mortgage choice for FTBs

A report from Moneyfacts has found that there is greater availability of mortgage products for borrowers with smaller deposits. In January, options for 90% LTV mortgages reached a record high, while 95% LTV deals hit their highest point since March 2008. Rachel Springall, Moneyfacts’ Finance Expert, commented, *“This year is setting itself up to be a fruitful one for first-time buyers, and really, they need all the help they can get amid the lack of affordable housing. Despite the volatility in mortgage rates over recent weeks and a typical seasonal slowdown in activity that resulted in a rise to the average shelf-life of a deal to 33 days, the latest boost to product choice and sentiment towards relaxing stress tests will be encouraging news to borrowers.”*

Valentine’s Day proves beneficial for the economy

Valentine’s Day has become an important day for retailers, with Brits expected to have spent a record £2.38bn this year. According to Parcelhero’s research, UK spending was anticipated to be 7% higher than last year. Other research found that 42% of UK shoppers planned to celebrate Valentine’s Day this year.

UK unemployment rate close to five-year high

According to the latest ONS figures, the UK unemployment rate increased to 5.2% in the final three months of 2025, reaching close to its highest level in five years. The increase is driven by weak hiring, rising redundancies, and more inactive job seekers, with youth unemployment reaching 14%.

Here to help

Financial advice is key, so please do not hesitate to get in contact with any questions or concerns you may have.