

For immediate release

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Australians urged to watch holiday spending as “Debt-lag” hits 2 million travellers

- ➔ 2 million Australians come home with credit card debt they can't afford to repay immediately
- ➔ Australian travellers paid an estimated \$139 million in credit card interest from their last holiday
- ➔ Travellers need to be extra cautious about overspending this holiday season!

November 9, 2015, Sydney, Australia – Australians preparing to spend the summer overseas are being warned by Australia's biggest credit card comparison website creditcardfinder.com.au¹ to be responsible with their spending, following a new study revealing millions of travellers are coming home with “Debt-lag”.

According to the Debt-lag Survey of more than 1,000 Australian travellers, commissioned by creditcardfinder.com.au, over one in three Australians (36 percent) who use their credit cards on holiday fail to pay off their accumulated debt in time to avoid paying interest. That's an estimated two million Australians every year who will be paying interest on holiday credit card debt, worth \$139 million.

While half of travellers who return home with credit card debt pay it off within the first three months, over one in five (21 percent) take between three and six months, paying an average \$117 in interest.

A further 28 percent of credit card-using travellers fail to pay their bills off within six months of returning. This means over half a million Aussies will be paying interest in excess of \$200 each.

The worst offenders – 10,300 Australian travellers – accumulated debts of over \$10,000 and took a year to pay it off, resulting in an interest bill of \$811.

Bessie Hassan, Consumer Advocate at creditcardfinder.com.au, says Australians need to be extra cautious about blowing their budgets this holiday season.

“Australians spend an average of about \$2,000 on their credit cards while on holiday and this can easily get blown out of control if you don't pay it back when returning home.

¹ Based on Experian Hitwise, since 2013

“In fact, the Survey found that almost 109,000 travellers (2 percent) say they will never pay off their holiday credit card debt. The average amount of debt accrued for this group was \$1,589, which would take almost 14 years to repay by making minimum repayments and cost over \$2,000 in interest charges.

“We also found that about 211,000 Australian travellers will take more than 12 months to pay off their holiday credit card debt this holiday season. This is an increase of 17 percent on our previous Debt-lag Survey in 2013.

“With many lenders increasing home loan interest rates right now and credit card rates expected to follow next year, it’s going to be a tougher year ahead for many Australian families. Adding ‘Debt-lag’ to the mix will be unnecessary added financial stress.”

The most cited travel rip-offs mentioned by Australian travellers were credit card and ATM fees and inflated “tourist prices” such as overpriced taxis, according to the Survey. Mobile phone roaming charges were the third biggest gripe reported, with 15 percent of people complaining about inflated charges while overseas.

Biggest travel rip offs

1. Credit card overseas transaction fees
2. Inflated tourist prices
3. Mobile phone roaming charges
4. Coerced into buying something you didn’t want, such as souvenirs
5. Paying for what you assumed was free, such as bread or water at a restaurant

When it comes to paying off holiday debt, almost half (44 percent) of Australian travellers will try to reduce their shopping spending and socialising, while 3 percent would be happy to be medical guinea pigs by doing clinical trials to pay off their debt.

“Others are planning to sacrifice buying a car (16 percent), and 2 percent of travellers will even put off having a baby to get their debt back under control,” says Ms Hassan.

“But there are other ways to avoid debt-lag this holiday season. For instance, plan a budget before heading off and think about your money options – are you going to places with multiple currencies? You might want to consider a travel card. If you’re planning to use a credit card look for ones with low international transaction fees such as from GE Money and Bankwest. This will also help avoid “bill shock” where many travellers come home to a huge bill from unexpected fees.

“If you do return home with ‘debt-lag’, consider balance transferring your debt to another credit card. There are currently 165 cards on [creditcardfinder.com.au](https://www.creditcardfinder.com.au) with a balance transfer deal, which is 65 percent of all cards monitored. And of those, 107 are offering 0 percent for up to 24 months.”

More findings from the [creditcardfinder.com.au](https://www.creditcardfinder.com.au) Debt-lag Survey

- Men (30%) were slightly more likely than women (25%) to have accumulated over \$2000 worth of holiday credit card debt
- Less than half (48%) of Australian tourists manage to stay within budget while on holiday
- Of the Australians who overspend, most come home up to 20% over budget
- 16% didn't prepare a budget

Generations

- **Gen Y:**
 - were more likely to find excess baggage charges and mobile phone roaming the biggest travel rip offs than other age groups. Gen Y were also the least concerned about overseas credit card fees
- **Gen X:**
 - were most likely to accrue between \$2,000 and \$5,000 in debt with 26% of respondents doing to, followed closely behind by Gen Y at 25%
 - Gen X were most likely to take more than a year to pay off holiday debt. One in 50 Gen X Australians took more than a year
- **Baby Boomers:**
 - were more likely to feel they paid for something they assumed was free, and felt ripped off by being charged 'tourist prices' by locals such as overpriced taxis
 - Baby boomers were the most likely generation to accumulate small holiday debts, with 51% of them returning home with under \$1,000 in debt compared with 39% of Gen X and 41% of Gen Y
 - They were the most likely group to pay off their holiday debt immediately, with 73% of 55+ year olds saying they did so

State by state:

- SA, VIC and WA travellers were the most sensible with their credit card use while overseas, as more people from these states paid their cards off immediately than other states
- **South Australia:**
 - Residents of South Australia were most likely to have small debts after going on holiday, with 56% of SA respondents saying they had under \$1,000 in debt
 - SA travellers were most likely to agree to clinical trials to pay off holiday debt
 - South Australians were also most likely to stretch out debt by paying off the minimum each month – with one in four doing so
- **Queensland:**
 - Queenslanders were most likely to have between \$1,000 and \$2,000 in debt, with 30% of residents in this category
 - More people in QLD don't think they'll ever pay off their debt than any other state
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- **Victoria:**

- Victorians were most likely to have large debts, with 9% of holidaymakers racking up debts of between \$5,000 and \$10,000
- VIC and NSW residents were the worst planners, with 17% of residents in both states failing to prepare a holiday budget
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- **Tasmania:**
 - Tasmanians are the best state in Australia at budgeting for a holiday, with 78% of respondents' overall spend coming in at or under budget, as opposed to only 47% of NSW residents
 - TAS travellers were more likely to have found excess baggage, paying for what they assumed was free and credit card fees, the biggest travel rip offs than those in other states
- **New South Wales:**
 - NSW and VIC travellers were more likely to spend up to 20% over their holiday budgets
 - NSW travellers were the least likely to take out a loan to pay off their holiday debt
- **Western Australia:**
 - Slightly more people in TAS and WA will take over 12 months to pay off their debt than other states
 - WA travellers were most likely to reduce spending on shopping or going out (54%) to pay off their holiday debt
 - Western Australians were most likely to put off having a baby - 5% of residents said they had considered doing so due to holiday debt. This compares to 2% of Victorians and NSW residents, and 4% of Queenslanders

Note: creditcardfinder.com.au can not directly compare the total estimated credit card interest accumulated (of \$139 million) to the previous Debt-lag survey two years ago because a different methodology was used this year to calculate the total. We excluded respondents who said they paid their credit card debts off immediately in this year's survey, but couldn't reflect this in the previous survey.

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