



Nearly 1 in 3 Millennials Have Been Denied A Financial Product This Year Due to Credit Score

Nearly half who have been denied a financial product say it negatively impacted their financial situation

NEW YORK – November 23, 2020 –Thirty-two percent of millennials (ages 24-39) have been denied a financial product this year because of their credit score, according to a new survey from Bankrate.com. This includes 19% who were rejected for a credit card, 8% for a car loan, 6% for rental applications, 5% for mortgages, insurance and utilities/home services, respectively and 7% for other loans. Additionally, 47% of U.S. adults denied a financial product this year said it negatively impacted their finances. Click here for more information:

<https://www.bankrate.com/finance/credit-cards/credit-denial-survey/>

Compared to millennials, more than 1 in 5 (22%) of their Gen X counterparts (ages 40-55) and 11% of comparable baby boomers (ages 56-74) have been denied a financial product so far this year due to their credit scores. Credit cards again led the way (15% of Gen Xers and 8% of boomers were rejected for a card).

Rejections are most prevalent among those with lower incomes; 31% with annual household incomes under \$40K have been rejected for at least one financial product this year, compared with 19% of those who have incomes between \$40K and \$80K and 14% who make \$80K+.

Overall, 21% of U.S. adults have been denied a financial product this year due to their credit score, including 13% rejected for a credit card, 5% for a car loan and 3% for mortgages, rental applications and insurance, respectively.

“Lending standards have tightened considerably in 2020 due to the COVID-19 pandemic and the related economic uncertainty. This has been especially apparent in the credit card industry, because that’s typically unsecured debt which is very sensitive to employment and economic trends,” says Ted Rossman, Bankrate.com’s credit card analyst. “It will eventually bounce back, but for now, it’s a risk-off environment that has card issuers looking for the most creditworthy applicants and many consumers in debt payoff mode.”

Among those who were rejected, 47% said their personal finances were either somewhat or very negatively affected and 21% said they were either somewhat or very positively affected. The negative effects rose with age (46% of rejected millennials, 50% of rejected Gen Xers, 52% of rejected Boomers). People rejected for credit cards felt negative about it 51% of the time and positive just 19% of the time.

Nearly three-quarters (73%) who were rejected for a financial product this year have taken steps to improve their credit, led by paying down debt (41%), asking creditors to remove negative information (19%) and correcting inaccuracies (18%). Just 35% who were not rejected for a

financial product have taken steps to improve their credit. Paying down debt was the runaway winner among them (32%, nothing else rated higher than 4%).

And, while an August poll from Bankrate's sister site CreditCards.com found millennial credit card debtors to be the most likely to have added to their credit card debt as a direct result of the pandemic (<https://www.creditcards.com/credit-card-news/pandemic-missed-payments-poll/>), 51% of millennials have now taken steps to improve their credit score, more than both Gen Xers (43%) and baby boomers (38%).

Methodology:

Bankrate.com commissioned YouGov Plc to conduct the survey. All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 3,780 adults. Fieldwork was undertaken October 21-26, 2020. The survey was carried out online and meets rigorous quality standards. It employed a non-probability-based sample using both quotas upfront during collection and then a weighting scheme on the back end designed and proven to provide nationally representative results.

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