

Bankrate

Over 4 in 10 Who Extended Financial Assistance to Friends and Family Suffered Consequences

1 in 7 millennial assistors have gotten into a physical altercation over financial assistance gone wrong

NEW YORK – December 13, 2021 – ‘Tis the season for giving, but you may want to rethink your generosity: more than 4 in 10 (44%) of those who provided financial assistance to a family member or friend experienced negative consequences, according to a new Bankrate.com report (including not only cash loans but lending out credit cards, co-signing, or paying a group bill with the expectation of being paid back).

Of those who provided a financial helping hand, 38% lost money, 23% suffered a damaged relationship, 14% harmed their credit score and 7% got into a physical altercation. Additionally, millennials (ages 25-40) are most likely to have suffered from their generosity. Click here for more information:

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

Nearly two-fifths (38%) who lent cash and one-third (33%) who paid a group bill with the expectation of being paid back ended up losing money at least one time, as did 21% who co-signed for a financial product and 21% who lent their credit card.

A majority of millennials (62%) who gave financial assistance to friends/family reported suffering a negative consequence at least one time, significantly more than any other generation, including Gen Z (47%, ages 18-24), Gen X (36%, ages 41-56) and baby boomers (34%, ages 57-75). Forty-two percent of millennial assistors lost money, 31% said the relationship was harmed, 20% suffered damage to their credit score and 14% got into a physical altercation.

“I generally find that it’s best to avoid mixing friends, family and money. If you really want to offer assistance, don’t lend more than you can afford to lose and consider treating the money as a gift to limit the potential for hard feelings,” said Ted Rossman, senior industry analyst at Bankrate.com. “There are other ways to help, too. For instance, you could connect someone with job opportunities or alternate sources of funding. Or you could invite your adult child to live with you for a while rather than co-signing a mortgage or apartment lease.”

Overall, 20% say they would never lend money to a friend or family member. However, among those who would, just 50% would attempt to collect a \$100 debt if it wasn’t repaid when they expected and 50% would allow it to go unpaid. Seventy-one percent of prospective Gen Zer lenders would attempt to collect the money, followed by 57% of millennials, 47% of Gen Xers and 43% of baby boomers.

More than two-thirds (69%) of U.S. adults have given financial assistance to friends and family.

- 54% have lent cash with the expectation of being paid back
- 24% have paid a group bill with the expectation of being paid back
- 21% have co-signed to help someone else get a financial product
- 19% have lent their credit card

Methodology:

Bankrate.com commissioned YouGov Plc to conduct the survey. All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2,225 adults. Fieldwork was undertaken November 18-19, 2021. 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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