

It's Groundhog Day! The financial mistakes costing Australians year after year

- Credit card debt, staying loyal to one provider and paying unnecessary bank fees among the top financial mistakes costing Australians hundreds each year
- Mozo reveals the ways to avoid the same costly financial mistakes in 2018

Friday 2 February 2018: Many Australians start the New Year with good intentions of getting on top of finances, but by the time February rolls around it's easy to settle back into old habits. New research by Mozo.com.au reveals that Australians are blowing hundreds of dollars each year by falling prey to the same financial mistakes they swore off in the New Year.

“Bill Murray is destined to repeat the same day over and over again in *Groundhog Day*. In much the same way, Australians are making the same financial mistakes year after year and it's burning a sizeable hole in our pockets,” says Kirsty Lamont, Mozo Director.

The comparison site found the financial mistake costing Australians the most is sticking with the same provider, regardless of whether they're on the best deal or not. Mozo calculates the cost of failing to shop around for a better mortgage deal is \$2,016 each year for the average home borrower.

“For something as big as a mortgage, the difference between sticking with a less competitive provider and switching to a better deal could be in the tens of thousands of dollars over the life of the loan,” says Lamont.

“Utility bills are now the second biggest household bill after the mortgage with the average household potentially forfeiting up to \$643 in savings each year by failing to switch to a better energy plan. Whichever way you look at it, loyalty and laziness are costing Australians dearly and it's worth shopping around to ensure you're on the best deal possible.”

Carrying a balance on a credit card was found to be the second costliest financial mistake, costing the average Australian cardholder \$702 in interest charges every year.

“Mozo research found more than half of Australian credit cardholders have had debt at one stage in their lives. Many cardholders are struggling to stay in the black with close to one in five admitting to using their credit card as a financial lifeline to pay off rent, utility bills, and even groceries,” says Lamont.

“Long-term debt can be kicked for good using a balance transfer card as your repayments are targeted towards chipping away at your card's balance rather than the interest bill.”

Avoidable bank fees rounded off the top three costliest financial mistakes with Mozo calculations revealing that Australian households are paying \$477 in bank fees a year.

“Despite the number of banking products on the market with no upfront or ongoing fees, we’re still seeing households rack up hundreds of dollars worth of unnecessary charges every year. Switch over to fee-free alternatives and make 2018 the year you stop giving the banks free money,” says Lamont.

Setting and forgetting your savings in an account with average rates is another costly mistake that could see savers miss out on up to \$296 in interest every year.

“With most savings accounts barely keeping ahead of inflation these days, it’s easy to just give up and settle for miserly returns. However, there are still some providers out there offering competitive rates of around 3.00% to savers prepared to put in a little legwork.”

Top financial mistakes costing Australians every year

	Cost per year
Not shopping around for a better mortgage deal	\$2,016
Carry a balance on a credit card	\$702
Not shopping around for a better energy plan	\$643
Paying unnecessary bank fees	\$477
Settling for an average savings account	\$296

Source: Mozo.com.au as at 30 January 2018

-ENDS-

Notes on calculations: Home loan cost calculations based on a \$300,000, owner-occupier loan over 30 years. Energy cost calculations based on a typical 3-person household. Credit card spend and total debt calculations based on RBA Credit Card Statistics C01. Average debt based on 7,765,000 credit card holders according to Roy Morgan Research 12 month average June 2017. Bank fees calculations based on RBA Domestic Banking Fee Income C09 published 15 June 2017. Annual savings account interest based on a \$25,000 balance.

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