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News in Review

26 November 2025

"Price pressures are gradually subsiding"

The latest figures from the Office of National Statistics (ONS) show that inflation fell to 3.6% in October, the lowest level in four months. While this is down slightly from 3.8% in September, it remains significantly above the Bank of England's target of 2%.

The largest downward contribution to inflation came from housing and household services, where the 12-month inflation rate fell from 5.9% in September to 5.0% in October. This easing was mainly driven by smaller increases in gas and electricity prices. The restaurants and hotels divisions also helped reduce overall inflation, with accommodation services recording a 2.2% monthly fall in prices, compared with a 0.2% decline in October 2024.

Food and non-alcoholic beverages made the largest upward contribution to inflation last month, following a dip in September. The 12-month inflation rate rose to 4.9%, up from 4.5% the previous month. On a monthly basis, prices increased by 0.5%, compared with a 0.1% rise in October 2024. Bread, cereals, meat and fish all saw price increases, while the cost of fruit decreased slightly.

Ben Jones, Lead Economist at the Confederation of British Industry (CBI), commented, *"With Q3 GDP figures confirming a weak growth backdrop and the labour market continuing to soften, today's figures add to the evidence that price pressures are gradually subsiding. Combined with the likelihood of further fiscal consolidation measures at the Budget, the data should give the Bank's Monetary Policy*

Committee confidence that inflation risks are diminishing. If this trend continues, the case for an interest rate cut in December looks increasingly compelling."

PRA announces higher deposit protection limit

From December, customers with savings accounts will benefit from increased protection if their bank or building society fails. Since 2017, UK bank customers have been entitled to claim up to £85,000 under the Financial Services Compensation Scheme (FSCS) if their bank collapses. The Prudential Regulation Authority (PRA) confirmed last week that this deposit protection limit will increase to £120,000. The new figure, which is more than the PRA's initial proposal of £110,000, takes inflation into account and reflects feedback from consultations.

Martyn Beauchamp, CEO of the FSCS, commented, *"This rise ensures that consumers can feel confident their money is safe, from the very first penny up to £120,000. At FSCS, we know that trust in financial services is vital for stability and growth. This enhanced protection will reassure consumers and support confidence in the UK's financial system."*

In addition, the limit for temporary high balances will also increase, meaning the FSCS will protect up to £1.4m for six months, provided that the customer is funding a significant life event such as buying a house or in receipt of an insurance payout. This is up from the current limit of £1m.

Budget day has arrived

Chancellor Rachel Reeves will deliver her much-anticipated Budget today

(26 November) after Prime Minister's Questions. There is speculation that, according to new forecasts from the Office for Budget Responsibility (OBR), the 'black hole' in public finances may be smaller than previously thought.

Some reports also indicate that Reeves is no longer planning to announce increases to Income Tax, as per the Labour Party's manifesto pledge *'not to increase taxes on working people.'* Potential measures that may be announced include revisions to Dividend Tax rates and an extension of the freeze on tax allowances and bands. We'll know more when the Chancellor sets out her plans later today.

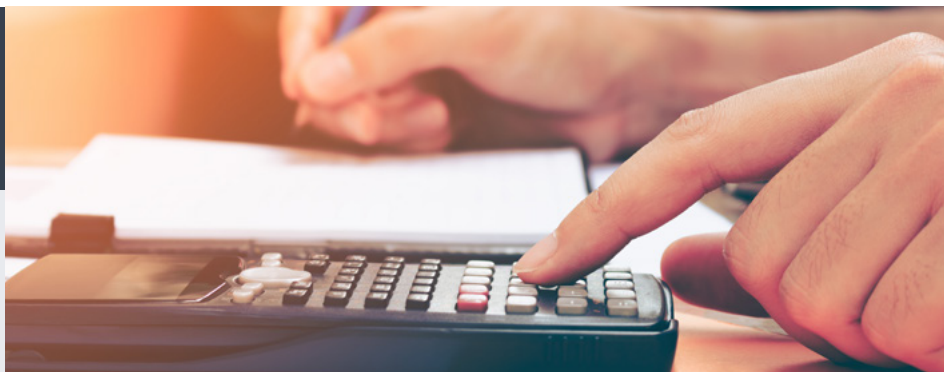
Consumer confidence falls

According to GfK's index, consumer confidence dropped across the board in November. The overall index score fell by two points month-on-month to -19 and all other measures were down. Expectations for the general economic situation over the next 12 months have fallen by two points to -32, which is six points lower than in November 2024.

Last week, Consumer Insights Director at GfK, Neil Bellamy, said, *"This is a bleak set of results as we head towards next week's Budget. A fall across all five measures suggests the public is bracing for difficult news, with little in the current climate to lift expectations."*

Here to help

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



***The value of investments can go down as well as up and you may not get back the full amount you invested.
The past is not a guide to future performance and past performance may not necessarily be repeated.
All details are correct at time of writing (26 November 2025)***