

The UK's inflation data has been seriously overstated

Published: January 12, 2026, 9:33 pm

FT Alphaville [has an article this morning](#) that has the headline:

The UK's inflation figures were wrong and now we just have to live with that

I won't quote it at length, although it is good investigative financial journalism of the sort that this team is known for. That is because the essence of the story is easy to summarise.

What the Office for National Statistics, which is responsible for preparing UK inflation data, has been doing is taking UK list prices for consumer items as the basis for their estimates. They have not been using the prices we actually pay, which are invariably lower. That is because of, for example, the existence of things like the Tesco Clubcard and equivalent schemes, which discount prices for those who join such schemes, which anyone can do without charge. They have pretended that everyone pays the higher price, when the majority of people do not.

This has a big impact. As they note, it was suggested in March 2024 that consumer prices rose at an annual rate of 3.2 per cent, down from 3.4 per cent in February. But if prices actually paid had been used to prepare the data, the ONS thinks that the CPI figure for that March should have been 2.8 per cent — 0.4 per cent below the originally-reported figure.

This is a massive difference, given the obsession with this inflation data, and its importance in policy making and in establishing things like price increases within the economy, as well as influencing pay rises. And all the while, the Office for National Statistics acted like typical economists and pretended the world was not what it really is, but was instead what they would have liked it to be. The consequence was a serious misstatement of inflation data.

I have long criticised the Office for National Statistics for its misstatement of the national debt. Now we know it also misstates inflation. It needs a radical overhaul. And one day it might even get a usable website, but that might be too much to hope for

because then we might all realise just how bad it is.