



## Debt Facts and Figures - Compiled 1<sup>st</sup> October 2007

### Total UK personal debt

Total UK personal debt at the end of August 2007 stood at **£1,363bn**. The growth rate increased to 9.9% for the previous 12 months which equates to an increase of £115bn.

Total secured lending on homes at the end of August 2007 stood at **£1,148bn**. This has increased 10.8% in the last 12 months.

Total consumer credit lending to individuals in August 2007 was **£215bn**. This has increased 5.5% in the last 12 months.

Total lending in August 2007 grew by £9.5bn. Secured lending grew by £8.5bn in the month. Consumer credit lending grew by £1.0bn.

Average household debt in the UK is **£8,873** (excluding mortgages). This figure increases to **£20,635** if the average is based on the number of households who actually have some form of unsecured loan.

Average household debt in the UK is **£56,309** (including mortgages).

Average owed by every UK adult is £28,707 (including mortgages). This grew by **£160** last month.

Average outstanding mortgage for the 11.8m households who currently have mortgages is **£97,209**

Average interest paid by each household on their total debt is approximately **£3,725** each year (this equates to 9% of take home pay).

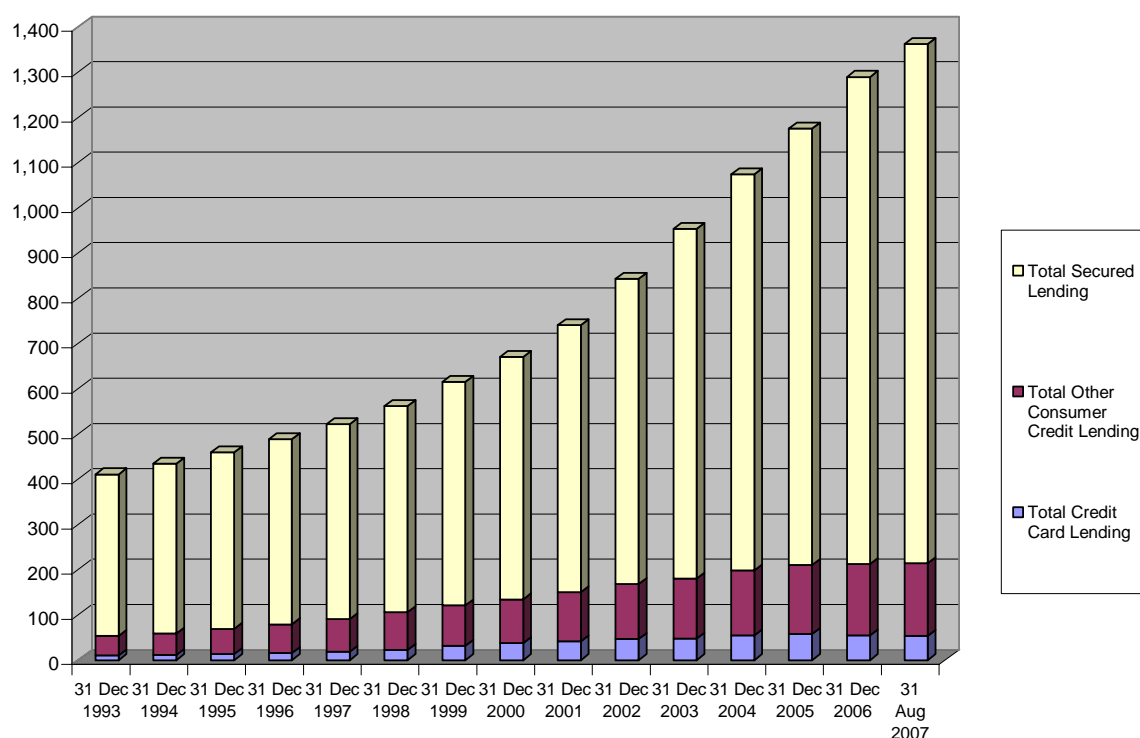
Average consumer borrowing via credit cards, motor and retail finance deals, overdrafts and unsecured personal loans has risen to **£4,524** per average UK adult at the end of August 2007.

Britain's personal debt is increasing by **£1 million every 4 minutes**.

### Today in the UK:

- Consumers will borrow an additional £315m today
- The average household debt will increase by over £13 today
- 77 properties will be repossessed today
- 317 people today will be declared insolvent or bankrupt
- 2,750 County Court Judgements (CCJs) issued
- Bank and building societies will hand out £1bn in mortgages today
- Citizen Advice Bureaus will deal with **6,600 debt problems** today
- The average car will cost £15 to run today
- More than 7,716 loan repayments are going unpaid every day
- The average home will cost £30 today to run
- Raising a child to the age of 21 will now set you back £23.50 daily
- The price of a typical house will increase by £42 today
- £500m will be withdrawn from cash machines today by 7.5m people across the UK
- 24.5m transactions worth £1.4bn will be spent on plastic cards today
- 1/3<sup>rd</sup> of all groceries we buy today will end up in the dustbin.

Total UK Personal Debt £bn



**Servicing Debt:** New figures show that debt enquiries to Citizens Advice Bureaux in England and Wales have hit a record high, increasing by 20% in the last year and bringing the total to 1.7 million in 2006/07. The number of debt problems brought to bureaux has doubled in the last 10 years. Debt is now the number one issue advised on in bureaux, accounting for one in three of all enquiries and equates to **6,600 new debt problems a day**.

Research from Alliance & Leicester has revealed that for 3.4 million Britons, **money is the biggest concern in their life**, with nearly a fifth (18%) worrying about money on a daily basis, and nearly a third (30%) fretting about money several times a week.

As many as 7.5 million parents (40% of parents with adult children) have had to help adult children pay off their debts with the average family forking out £2,540 on behalf of their kids, according to research by MoneyExpert.com. The most popular forms of child debt slashed by parents are mobile phone bills, car finance and credit card bills, although nearly one in ten parents have had to help their child keep up with mortgage repayments.

The majority of people who take out a personal loan to consolidate existing debts go on to build up more debt and struggle with the consequences. Research commissioned by moneysupermarket.com shows 28% of Brits (12.7 million people) have taken out a loan to consolidate some or all of their existing borrowing. Worryingly, of those who took out a personal loan to merge their existing debt, 8.4 million people (66%) continue to build up even more debt.

**14,000 properties (77 a day) were taken into possession** in the first six months of 2007. This rose by nearly 18% compared with the previous half-year, and nearly 30% compared with the first half of 2006.

The number of mortgages in arrears of three months or more at the end of June 2007 rose to an estimated **125,100**, up 4% compared with the end of December 2006.

There were **26,956 individual insolvencies** (bankruptcy or IVA - Individual Voluntary Arrangement) in England and Wales in the second quarter of 2007 on a seasonally adjusted basis. This was a decrease of 8.1% on the previous quarter and an increase of 4.2% on the same period a year ago.

8.2m British adults are in serious debt and **2.1m are struggling with repayments** according to the latest quarterly research commissioned by Thomas Charles and conducted by YouGov. They found that **18% adults in Britain have £10k or more of unsecured debt**, equivalent to 8.2 million adults. This is a rise of 30% on last year.

Over two million British consumers (6%) cannot quantify how much debt they're in, according to research carried out by Unbiased.co.uk. This trend seems worse amongst young people, with 41% of 18-24 year olds unaware of their current debt burden to within £500.

Around a quarter of working Britons will be refused loans, mortgages and credit cards by 2011 as they struggle with mounting debts. Analyst Datamonitor said the number of borrowers blacklisted by mainstream lenders will increase from 7 million to 8.6 million over the next four years.

Borrowing costs **hit a six-year high** as the Bank of England pushed up interest rates in July 2007 by a quarter-point to 5.75% following a jump in inflation. This was the fifth rise in 12 months.

1.2m electricity customers and 0.8m gas customers are in debt and have debt payment arrangement scheduled to last longer than 13 weeks.

Almost half of working Brits were in the red at least once last year and over **2.1m are permanently overdrawn**.

More than **7.4m household bill payments** have been missed or paid late in the past six months. ~ 1.23m regular bill payments ranging from gas and electricity to mobile phones and council tax have been missed each month.

More than 160,000 people contacted the Consumer Credit Counselling Service (CCCS) in the first half of this year - an **increase of 18.5%** on the same period last year.

According to research by the Conservative Social Justice Policy Group between 7 and 9 million people in Britain claim to have had a serious debt problem and they estimate that British consumers are on average twice as indebted as those in Continental Europe.

Personal debt as a proportion of income has risen from 105% in 1997 to 164% in 2006 - the highest ever recorded and the highest in the developed world.

The number of county court judgments (CCJs) has risen to a near **10-year high**. A total of 247,187 consumer debt related CCJs were issued in the first three months of the year - the highest quarterly total since the summer of 1997.

According to a recent report by the Legal Services Research Centre (LSRC) 89% of debt clients interviewed reported worrying about their money problems 'most' or 'all' of the time. Perhaps as a consequence, the great majority of clients believed their **health had been adversely affected by their debt problems**. 48% of clients described the impact of problems on their health as 'great', and 43% felt that their health had suffered 'to some extent'. Around three in five clients reported having received treatment, medication or counselling as a result. 45% of clients stated that debt problems had a negative effect on relationships with partners

Almost half of people in the UK are getting stressed at least once a week (47%) according to the Samaritans, with three quarters of people getting stressed at least once a month (74%). The biggest cause of stress for most people is money (51%), followed by job (38%), then family (27%).

Research by BBC Breakfast suggests that more than a quarter (27%) of us are anxious about how to pay the bills.

Citizens Advice Bureau (CAB) clients have an average of £13,000 of debt which is nearly 17.5 times their monthly income. On average it would take CAB clients **77 years** to pay back their debts in full.

Three quarters (74%) of British couples find money the hardest subject to talk about with their partners according to the Financial Services Authority (FSA). They also found that over a quarter (27%) of couples regularly argue when they try to discuss their finances; about a third (32%) of couples lie to their partners about how much they spend on their credit cards; over a third (35%) of British couples are kept awake at night worrying about their money situation

**Plastic card / Personal Loans:** MoneyExpert.com research shows more than **4.1 million credit card bills (700,000 per month)** have been missed in the first six months of 2007. A fee of £12 is usually charged for each missed payment.

The combined value of transactions made on charge, credit, debit and store cards was £511bn in 2006.

Total credit card debt in August 2007 was **£53.4bn**.

According to the BBA the proportion of credit card balances bearing interest was 74.3% in July 2007.

The average interest rate on credit card lending is currently **17.27%**, around 11.5% above base rate.

Plastic cards in issue were 181m in 2006. This works out at just under 4 plastic cards for every adult in the UK.

284 plastic transactions took place every second in the UK using payment cards (excluding petrol and oyster cards) and there were 86 cash withdrawals / second (equal to £6,279 / second) from UK's 58,000 cash machines in 2006.

There are **more credit cards in the UK than people** according to APACS. At the end of 2006 there were 74.4m credit and charge cards in the UK compared with around 60 million people in the country.

The percentage of credit card holders who repay in full in 2006 stood at 58%.

**Young people (under 30):** The average graduate debt has dropped for the first time in six years. Graduates who leave university with debt now owe on **average £12,363**, a decrease of £889 (6%) on 2006. 54% graduates leaving university with debts of over £10,000.

CCCS research shows that **debt levels for the under-25s increase with age**. The average consumer debt for 24 year olds in 2006 was £16,351. Personal loans make up the largest part of this debt (56%), followed by credit cards (28%). Homebuyers under 25 owe an average of £20,290 on unsecured credit, compared to £12,113 for tenants in the same age group.

Research by pfeg (Personal Finance Education Group) has revealed that over **half of England's teenagers have been or are in debt by the time they are 17**. In addition, 90% worry about their money and spending but tend to think of overdrafts and credit cards as easy ways to spend more than they earn, or to buy things they couldn't normally afford.

Nearly half (44%) of young Britons aged 16 to 24 say their friends put pressure on them to keep spending even when they have run out of money.

**Pensioners / Pensions:** Britain's pension gap continues to increase with more than a quarter (26%) of British adults failing to make any provision for retirement, according to the annual retirement confidence index (RCI) provided by Alliance Trust. This has jumped from 20% a year ago.

Research from Scottish Widows reveals that over 1.5 million of those aged 55 and over (34% of those aged over 55) claim they can't afford to retire at state retirement age due to lack of pension savings.

Research from Scottish Widows reveals around **one in five (over 1.1 million)**, retired homeowners in the UK have an **outstanding mortgage** on their home – with an average debt of £38,000. What is more, one in eight owe more than £50,000 putting increased pressure on retirement income. When it comes to short term debt (e.g. credit cards, personal loans etc) the situation is no better. Almost **one in three** have carried over short term debts for each of the last three months – with the average outstanding balance owed being £5,900.

Between 2004 and 2006 total membership of occupational pension schemes fell. In 2006 total membership was estimated to be 27.5 million. This was a **decrease of 0.5 million** since 2004.

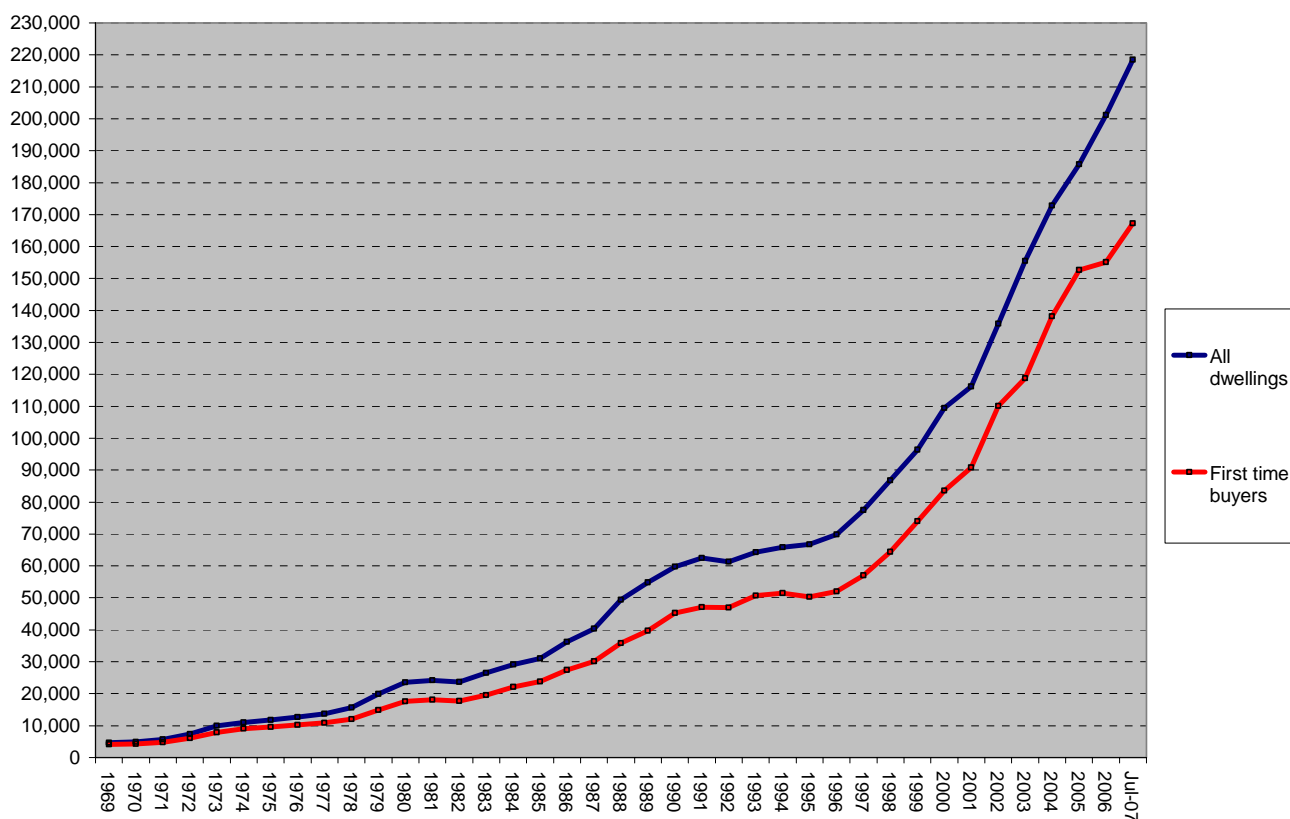
Nearly a quarter of over-55s with debt over £10,000 said that they are "quite likely" or "certain" to go insolvent.

The Consumer Credit Counselling Service (CCCS) said that the number of over-60s with money worries grew faster than any other age group last year. Pensioners are being forced into debt because of the rising cost of living.

**Housing:** According to the Department for Communities and Local Government (DCLG) the average house price in the UK in July 2007 now stands at **£218,479** (£225,988 in England). UK annual house price inflation rose by 12.4%. Annual house price inflation in London rose by 19.1%.

**The price of a typical house increased by the equivalent of £42 per day during the last 12 months.**

## UK Average House Prices £



The average Mortgage Interest rate is 5.82%.

The Nationwide said that house prices defied gloomy expectations and showed another gain in September but the trend growth of house prices is now the lowest since July 2006. Prices increased by 0.7% during the month, but the annual rate fell to 9.0%.

It is estimated that over the next 18 months, nearly two million borrowers will see their **fixed rate mortgage deals expire**. They will need to budget at least £100 / month more than they are currently spending and may also need to pay re-mortgage and / or large arrangement fees if they want to fix their mortgage for an additional period.

Average national asking prices in September fell 2.6% (£6,298) and were the lowest September for new sellers since 2004.

The average loan approved for house purchase in August 2007 was **£153,800**, some 9% higher than a year earlier.

Gross mortgage lending fell by 6% in August compared with July, to an estimated £32.2 billion from £34.1 billion, according to the Council of Mortgage Lenders. This was 3% down on the £33 billion figure for August last year.

Britain's housing stock is worth a total value of £3,915 billion – up 10 per cent on the previous year

**35% of mortgages** taken out by home movers in July 2007 were “**interest only**” mortgages compared with only 12% taken out in July 2003. 27% of these “interest only” mortgages were taken out without a repayment plan specified to repay the capital.

Banks and building societies will hand out **£1 billion every day** this year in the biggest-ever home loan bonanza in Britain. The Council of Mortgage Lenders said 2007 will be a record year with an extraordinary £360 billion borrowed in mortgages.

**Housing 1<sup>st</sup> Time Buyers:** The average house price in the UK in July 2007 for first time buyers now stands at **£167,314** which is an annual increase of 13.2%.

**Parents are paying on average £21,314** to help their children get on the property ladder. 20% have already dipped into their savings to help their children buy their first home, while a further 22% plan to offer financial help to their offspring when they come to buy.

A typical two-income British couple buying their first property in Q4 2006 would have had to commit 34% of their take home pay to meet their initial mortgage payments, the highest level since 1990.

Affordability pressures continued to squeeze first-time buyers as income multiples reached their highest-ever level in July at **3.39 times the average first-time buyer income** according to the Council of Mortgage Lenders (CML). The average new mortgage for first time buyers has now reached **£119,000**. The average age of a first-time buyer is 29.

**Spending: More than 8.3 million holidaymakers get into debt to fund their summer break** and confirms the reliance on debt by millions of people to fund their lifestyles 18% of people getting away from it all - nearly one in five holidaymakers - are getting into debt. 63% of those borrowing to pay for their summer break are putting it on their plastic, 9% are relying on unsecured personal loans and 14% use bank overdrafts.

July saw a massive spike in online sales, up 80% on last year to a new all-time high. IMRG said that UK **e-retail sales had exceeded £4bn in a month** for the first time (£4.2bn).

The average wedding costs around £20,000. It costs an average of £386 to attend a wedding.

In 2006 / 2007, the average annual cost of sending a child to **private school** as a day pupil was £9,627 compared to £6,820 in 2002, an increase of 41%. The average annual cost of boarding fees is £20,970. The number of children who attend a private school is 669,300.

The number of gamblers who called Gamcare's helpline shot up by more than a third last year. Gamblers aged between 26 and 35 constituted the largest single group of callers to the helpline. The average debt specified by callers was £13,867.

Research by WRAP (Waste & Resources Action Programme) has revealed that households in the UK **throw away around a third of all of the food we buy**.

Norwich Union's "Cost of Divorce" survey reveals that couples now spend an average of £28,000 when a marriage ends - twice the amount spent in 2003.

**Money Education / Financial Literacy:** National Consumer Council (NCC) research reveals more than 27 million people in England and Wales do not have a will.

It seems that money is fast becoming the nation's most uncomfortable topic. Research from Scottish Widows shows that we'd rather talk about sex and health than money.

One in three adults – or around 12.4 million people – refuse to plan their finances at all, and those that do find the time to review them set aside a miserly **five minutes a week**.

A quarter of Brits (25%) have no idea how much they spend in a week, and a similar number (26%) have no idea of their monthly cash flow. This lack of knowledge extends into other financial aspects of life. Only half (51%) the population know the balance on their credit cards and nearly half (46%) have no idea what interest rates they receive on their savings or are paying on their accounts and debts.

Around 15 per cent of 18 to 24- year-olds think an individual savings account (ISA) is an iPod accessory, and one in 10 reckon it's an energy drink. With rising personal debt levels in Britain, and a lack of long-term savings, better money management seems a pressing issue.

**Savings:** Sainsbury's Bank estimates that on a typical monthly basis, 11.7 million people are saving less in July 2007 than they were three months ago, and even more worryingly 6.8 million people are not saving anything at all

The number of people who save regularly is at the lowest level recorded in two years (46%).

Less than half (43%) of the population are planning for their financial future, with a tenth (11%) of these planners confessing that any plan they have is very vague.

Over one in four (27%) have no savings at all – and a further one in four (25%) have less than £3,000 – meaning that the savings pot of more than half of all households in the UK will **last less than three months**.

Over 7.5 million people only save money for **short-term goals** and about 3 million describe themselves as 'frivolous spenders' - making purchases based solely on desirability rather than affordability. For every financially aware person there are two frivolous spenders who spend for today with no thought to tomorrow - the buy now, think later culture.

Half the population (52%) could survive financially for just 17 days, should they suffer an unexpected loss of income, according to research by Combined Insurance.

Compiled monthly by Richard Talbot. [richardtalbot@creditation.org.uk](mailto:richardtalbot@creditation.org.uk). If you would like to receive regular monthly updates of these statistics then please register using the “**Register to receive Debt Statistics**” link at [www.creditation.org.uk/debtstats.htm](http://www.creditation.org.uk/debtstats.htm). Note: new / changed statistics are at the start of each section.

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