

## Debt Facts and Figures - Compiled 1<sup>st</sup> March 2008

### Total UK personal debt

Total UK personal debt at the end of January 2008 stood at **£1,412bn**. The growth rate increased to 9.1% for the previous 12 months which equates to an increase of ~ £113bn.

Total secured lending on homes at the end of January 2008 stood at **£1,187bn**. This has increased 9.7% in the last 12 months.

Total consumer credit lending to individuals in January 2008 was **£225bn**. This has increased 5.9% in the last 12 months.

Total lending in January 2008 grew by £8.4bn. Secured lending grew by £7.4bn in the month. Consumer credit lending grew by £0.9bn.

Average household debt in the UK is ~ **£9,052** (excluding mortgages). This figure increases to **£21,051** 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 ~ **£56,708** (including mortgages).

Average owed by every UK adult is ~ £29,747 (including mortgages).

Average outstanding mortgage for the 11.8m households who currently have mortgages now stands at ~ **£100,485**.

Two fifths of mortgagors have secured debts of over £90,000, up from one fifth in 2004.

Britain's interest **repayments have soared to £93.9bn** in the last 12 months which is an **annual increase of 13.2%**. The average interest paid by each household on their total debt is approximately **£3,775** each year which has increased £440 in the last 12 months.

Average consumer borrowing via credit cards, motor and retail finance deals, overdrafts and unsecured personal loans has risen to **£4,748** per average UK adult at the end of January 2008.

Britain's personal debt is increasing by ~ **£1 million every 5 minutes**.

### Today in the UK:

- Consumers will borrow an additional £310m today
- Consumers will pay £257m in interest today
- The average household debt will increase by over £12.45 today
- 74 properties will be repossessed today
- 292 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
- 4,000 fixed rate mortgages will come to an end today.
- 388 mortgage possession claims will be issued and 272 mortgage possession orders will be made today
- 404 landlord possession claims will be issued and 306 landlord possession orders will be made today.
- Citizen Advice Bureaus will deal with **6,600 debt problems** today
- The average car will cost £15.42 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
- £526m will be withdrawn from cash machines today.
- 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.

#### Striking numbers

**£1m every 5 min**

Growth in UK debt

**£310m**

Daily increase in UK debt

**£56,708**

Average household debt  
(including mortgages)

**£257m**

Interest paid in UK daily

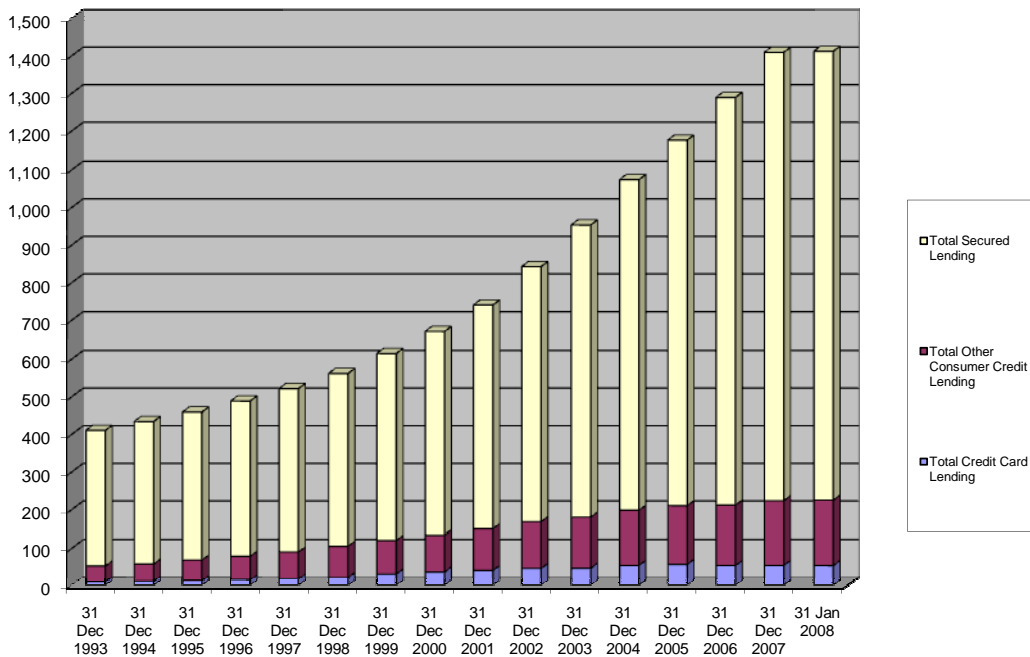
**£1,412bn**

Total UK debt

**292**

Number of people who will  
be declared bankrupt or  
insolvent **today**

Total UK Personal Debt £bn



**Servicing Debt:** 33% of adults with debts are concerned or very concerned about their ability to keep on top of their borrowing according to the latest MoneyExpert.com research. Around 9% (3.04m people) are very concerned about their ability to manage their debts. 27% of people with debts have increased the amount they have borrowed in the last three months. Around 2.03m have increased the amount they owe by 20% or more over the past three months.

During the fourth quarter of 2007:

35,662 mortgage possession claims were issued on a seasonally adjusted basis, 14% higher than in the fourth quarter of 2006 and 2% higher than in the third quarter of 2007. 25,008 mortgage possession orders were made on a seasonally adjusted basis.

37,127 landlord possession claims were issued and 28,116 landlord possession orders were made on a seasonally adjusted basis.

**27,100 properties (74 a day) were taken into possession** during 2007. This is a 21% increase on 2006.

The Insolvency Service said that 106,645 people went into bankruptcy or entered into an Individual Voluntary Arrangement (IVA) in the 12 months ended 31 December 2007, a decrease of 1% over the previous 12 months. In the most recent quarter there were 23,830 personal insolvencies representing a fall of 17 per cent on the same period in the previous year.

In spring 2007, over 4.3 million people of working-age and 1.79 million children were living in workless households. A workless household is a household that includes at least one person of working age, where no one in the household aged 16 or over is in employment. This equates to 16% of all working age households.

According to Equifax the number of people refused credit in 2007 increased from 54% to 63% compared to respondents to the same survey in 2006.

According to uSwitch Britain is suffering from a bad case of affluenza – “we are caught in the grip of a spiral of conspicuous consumption where it’s no longer enough to keep up with the Joneses, but instead we want to live like our favourite celebrities”. 4.8m adults spend more than they earn and 9m adults just break even at the end of every month.

MoneyExpert.com research shows that some 6.9 million household bills went unpaid in the past six months, showing that household budgets everywhere are feeling the strain. Figures show that of all household bills people are most likely to overlook their council tax bill, with a staggering 2.3 million people – around one in twenty adults – claiming to have paid their council tax late or not at all in the past six months.

15% of adults struggle with over £10,000 in unsecured debt according to Thomas Charles.

Money worries concern UK adults more than any other social issue, over and above terrorism, immigration, climate change and gun crime, according to a new report from AXA. However, despite the fact it worries more adults individually than any other social issue, as a nation we class terrorism, immigration and gun crime of greater social concern. 43% of adults said money worries is the social issue that has the greatest impact on them

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**.

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.

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.

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

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:** More than five million people have missed monthly payments on credit cards in the past six months (11% of credit card customers). Late payment fees average £12 a time for missed payments which totals to £61 million for the six months to December 2007.

Research from the Post Office reveals that one in four credit card holders will be starting the New Year more dependent on credit than in 2007, with 41 per cent intending to rely on their credit card for day to day living costs such as grocery shopping.

According to the BBA the proportion of credit card balances bearing interest rose to 73.1% in December 2007.

Total credit card debt in January 2008 was **£54.7bn**. The UK collective credit limit on credit cards is ~ £177bn.

The average interest rate on credit card lending is currently **17.67%**, around 12.4% above base rate (5.25%).

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

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 92 cash withdrawals / second (equal to £6,305 / second) from UK's 63,420 cash machines in 2007.

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.

**Young people - the IPOD generation (under 30):** Adult children are 'sapping' their parents' savings and investments at an increasing rate of knots, as Scottish Widows reveals the position has got even worse over the past year. Over half (55%) of parents have given or loaned their children or grandchildren thousands of pounds compared to a figure of 39% last year – an increase of 16%. The average amount given by parents to their offspring is £12,610. Four in ten (42%) adult children have used their handouts to pay off debts and 29% to buy a house.

Research from the Personal Finance Research Centre shows young adults seemed especially susceptible to strong pressures to consume, and were prepared to borrow to do so. The use of credit to meet everyday expenditure was a way of life. For some the line between needs and wants was virtually indistinguishable.

Nationwide Building Society has found that two-thirds of teenagers do not believe they have a good knowledge of finance. It also revealed that one in five teenagers do not view being in debt as a bad thing.

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.

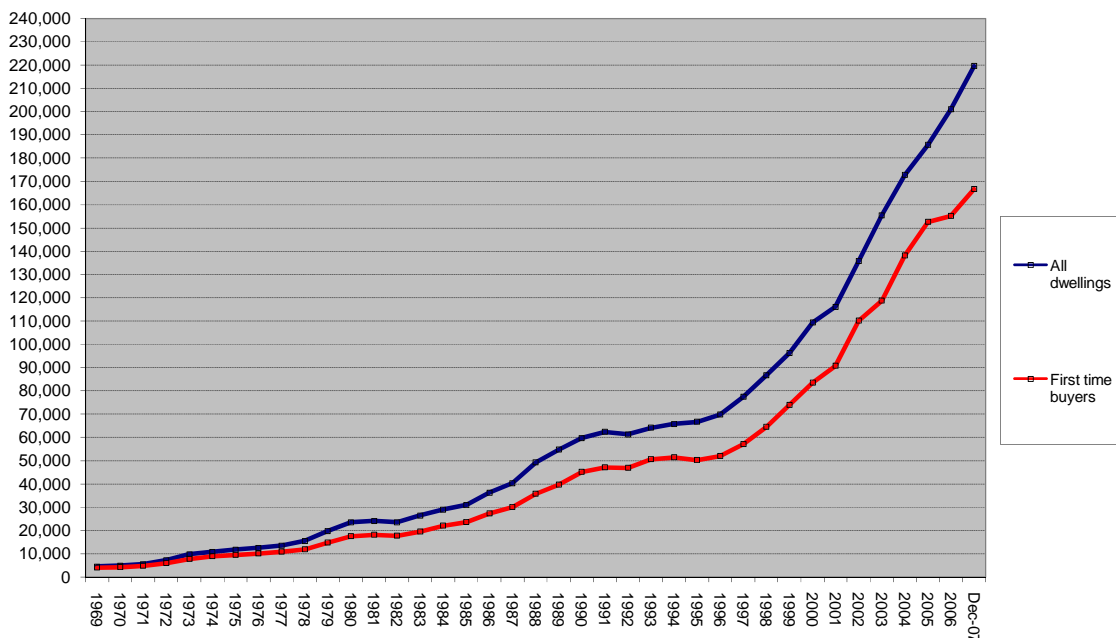
**Pensioners / Pensions:** Over 2.5 million older people (1 in 5) stay or live in just one heated room of their homes to keep warm and save heating costs. Over one million older people cut back on food shopping in order to pay for their home heating costs.

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.

**Housing:** According to the Department for Communities and Local Government (DCLG) the average house price in the UK in December 2007 now stands at **£219,591** (£227,765) in England). UK annual house price inflation rose by 9.1%. Annual house price inflation in London rose by 13.5%.

UK Average House Prices £



The average Mortgage Interest rate is 5.88%.

According to the FSA over the next 12 months, approximately 1.4 million fixed-rate mortgages will come to the end of their fixed-rate term. For many consumers, this will mean that the cost of their mortgage will increase significantly (an average of £210 a month if they simply revert to their lender's standard variable rate).

The number of owner-occupied households in England fell by 83,000 from 14.6m in 2006 to 14.5m in 2007. The rate of owner-occupancy in 2007 dropped to 69.8% from 70.3% in 2006, the lowest rate since 1998. The number of households living in privately rented housing rose by 107,000 (4.3%) in 2007 to just under 2.6m.

The Nationwide said house prices fell by 0.5% in February, the fourth consecutive monthly decline. The annual rate of house price inflation fell from 4.2% to 2.7%.

At the end of 2007 there were **129,808 mortgages which were > 3 months in arrears**.

The Bank of England said 74,000 new mortgages were approved in January 2008 which is the **lowest monthly figure since September 1995**.

Average national **asking prices** jumped by 3.2% (£7,428) in February 2008 to £237,856. Average time on the market also continues to be at historical highs, with an average of 93 days compared to 78 days a year ago.

House purchase approval numbers in January were 44,288. The average loan approved for house purchase in January 2008 was **£154,600**, some 5.3% higher than a year earlier.

At the end of 2007 there were 463,000 people have missed a monthly repayment on their mortgage in the past six months, representing around four per cent of the 11.8 million outstanding mortgages.

2007 as a whole proved to be the strongest ever year for gross mortgage lending, according to the Council of Mortgage Lenders. It reached an **estimated £362 billion**, up 5% from £345 billion in 2006.

Gross mortgage lending rose to an estimated £26.5 billion in January, up 11% from £23.9 billion in December, and reached a similar level to January 2007 when it was £26.6 billion, according to the Council of Mortgage Lenders.

**36% of mortgages** taken out by home movers in December 2007 were "**interest only**" mortgages compared with only 12% taken out in June 2003. 27% of these "interest only" mortgages were taken out without a repayment plan specified to repay the capital.

Halifax estimates that the value of the UK's private housing stock rose by 9% (nearly £320bn) in 2007 to a **record £4.0 trillion (£4,000 billion)**. The value of the housing stock has more than tripled over the past decade, rising by 208% from £1.3 trillion in 1997. By comparison, the headline retail price index (RPI) has risen by 31% over the past ten years. Housing equity has increased by nearly £2 trillion over the past decade to £2.8 trillion. The value of the private housing stock was **3.4 times outstanding mortgage debt** at the end of 2007.

**Housing First Time Buyers (FTB) & Buy-to-let:** The average house price in the UK in December 2007 for first time buyers now stands at **£166,734** which is an annual increase of 9.5%.

Affordability pressures continued to squeeze first-time buyers as income multiples in December stood at **3.38 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 **£118,000**. The av. age of a first-time buyer is 28.

**Landlords see the value of their properties grow by £69.5bn a year (£5.8bn a month)**. Sainsbury's Home Insurance estimates that the collective value of rental properties has reached £641bn up from £571bn last year.

Buy-to-let lending totalled £24.1bn in the second half of 2007, up from £21.2 billion in the first half of the year. The number of loans (including remortgages) to buy-to-let landlords in the second half of the year was 179,100, up from 171,800 in the first half of the year. The total number of outstanding buy-to-let mortgages has now passed the million mark, standing at 1,038,000 at the end of 2007 - nearly 23% up on the 846,900 a year earlier.

Halifax research estimates:

- The number of FTBs is at its **lowest since 1980**. An estimated 300,000 first time buyers entered the market in 2007 – 44% less than in 2002 (532,000).
- The average deposit put down by a FTB was **£34,381** in 2007 - an 88% increase over the past five years.
- The average FTB deposit was 20% higher than UK average full-time earnings of £28,590 in 2007.
- FTBs cannot afford to purchase a terraced property – traditionally the least expensive property type - in 71% of towns across the UK (322 out of 454). This stood at 11% in 2002.

The Bank of England financial stability report said that recent first-time buyers are vulnerable as many have stretched themselves more than normal to get on the housing ladder because of the increase in house prices relative to income and the sharp increase in the proportion of new mortgages with high loan to income multiples.

**Spending:** Online spending in the January sales reached a record high of over £4.5bn. An equivalent of £74 was spent online for every person in the UK in January a year-on-year increase of 75%.

The average family car now costs £5,627 a year to keep on the road, an increase of £162.70 year-on-year. Motorists buying the UK's top ten best-selling new cars are left £510 per month (£17/day) out of pocket due to depreciation in the first year.

Research from Alliance & Leicester reveals 4.2 million Britons could be reaching for the brochures without having paid for their previous jaunt. More than one in five (22 per cent) spent as long as a year paying off their last main holiday and nearly 900,000 (2 per cent) still haven't paid the final bill.

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

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.**

**Money Education / Financial Literacy:** A high number of people **regularly fail to budget effectively** each month resulting in 64% of people running out of cash on average 5 days before their next pay cheque.

Research from Nationwide Building Society reveals that 75% of people in the UK don't understand the monetary value a 1% difference in mortgage rates can make.

National Consumer Council research reveals more than 27m 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.**

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:** The Wealth and Assets Survey, by the Office for National Statistics, found that **39 per cent** of respondents agree with the statement 'I would rather enjoy a good standard of living today than save for retirement'. It also found that over **14m adults (30%) have no financial savings or investments.**

HBOS expect liquid savings to increase by £80 billion to £1.1 trillion in 2008. Total savings (which include the amount invested in equities and pensions schemes as well as deposit based savings) are expected to increase by £400 billion to exceed £4.5 trillion by the end of 2008. Total savings will therefore be more than three times the forecast outstanding level of household debt (£1.4 trillion).

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

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.**

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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