

## Debt Facts and Figures - Compiled April 2010

### Total UK personal debt

Total UK personal debt at the end of February 2010 stood at **£1,464bn**. The twelve-month growth was 0.9%. **Individuals owe more than what the whole country produces in a year.**

Total lending in February 2010 rose by £2.1bn; **secured lending increased by £1.6bn** in the month; consumer credit lending increased by £0.5bn (*total lending in Jan 2008 grew by £8.4bn*).

Total secured lending on dwellings at the end of February 2010 stood at **£1,239bn**. The twelve-month growth rate was 1.0%.

Total consumer credit lending to individuals at the end of February 2010 was **£225bn**. **The annual growth rate of consumer credit was 0.2%.**

Average household debt in the UK is ~ **£8,920** (excluding mortgages). This figure increases to **£18,583** 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 ~ **£58,083** (including mortgages).

**If you add to this the March 2010 budget report figure for public sector net debt (PSND) expected in 2014-15 (excluding financial interventions) then this figure rises to £113,876 per household.**

**Average owed by every UK adult is ~ £30,328 (including mortgages). This is 132% of average earnings.**

Average outstanding mortgage for the 11.1m households who currently have mortgages now stands at ~ £111,612.

Britain's interest **repayments on personal debt were £68.4bn** in the last 12 months. The average interest paid by each household on their total debt is approximately **£2,716** each year. According to PwC the average household will need to spend approximately 15% of net income purely to service the interest payments arising from this debt.

Average consumer borrowing via credit cards, motor and retail finance deals, overdrafts and unsecured personal loans has risen to **£4,658** per average UK adult at the end of February 2010.

#### Striking numbers

**9,500**

Number of new debt problems dealt with by CAB each day

**£58,083**

average household debt (including mortgages)

**£187m**

personal interest paid in UK daily

**every 11.4 minutes**

a property is repossessed

**1,841 people**

made redundant every day

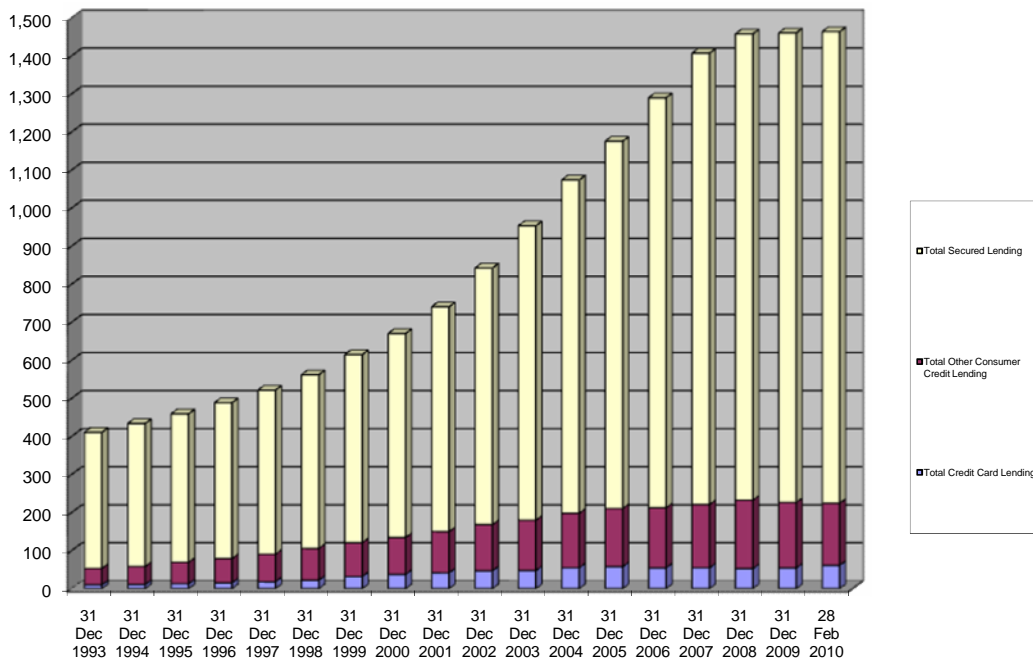
**every 3.69 minutes**

someone will be declared insolvent or bankrupt

**£397,500,000**

daily increase in Government national debt (PSDN)

Total UK Personal Debt £bn



Statistical Sources - Unless otherwise indicated statistics in the "Total UK personal debt" section are calculated by Credit Action - primarily using the Bank of England's debt figures.

### Today in the UK:

- The average household debt will **increase by £0.44 today** (it grew by £11.11 a day in January 2008)
- **390 people today** will be declared insolvent or bankrupt. This is equivalent to **1 person every 3.69 minutes**
- Citizen Advice Bureaus dealt with **9,500 new debt problems** every day in England and Wales
- The average cost of raising a child from birth to the age of 21 is £26 a day.
- **1,000 people are seeking some form of formal debt rescheduling every working day.**
- **230,137 unsolicited telephone calls** made to UK consumers daily by debt management and personal loan companies
- In the last 12 months consumers saved an average of £2.76 every day
- 2,000 Consumer County Court Judgements (CCJs) were issued every day in the first 3 months of 2009
- **126 properties were repossessed every day during 2009**
- **Unemployment increased by 1,049 people every day** during 12 months to end January 2010.
- **1,841 people reported they had become redundant every day** during 3 months to end January 2010.
- **167 young people (18 – 24s) have become a NEET** (not in education, employment or training) every day during the last 12 months.
- £397,500,000 is the amount that the Government Public Sector net debt (PSDN) will grow today (**equivalent to £4,601 per second**).
- **£84,880,000** is the interest the Government has to pay each day on the UK's net debt of £857.5bn. This is projected to rise to £114m a day (£41.6bn) in 2010 – 2011 financial year.
- 219 mortgage possession claims will be issued and 185 mortgage possession orders will be made today
- 363 landlord possession claims will be issued and 244 landlord possession orders will be made today.
- The UK population is projected to grow by 1,178 people a day over the next decade
- 21.9m plastic card purchase transactions will be made today with a total value of £1.05bn.
- 8.1m cash withdrawals will be made today with a total value of £530m
- The average car will cost £15.13 to run today

### Other key national statistics:

The UK economy has exited recession, after figures showed the economy had grown by 0.3% in the last three months of 2009. The economy had previously contracted for six consecutive quarters - **the longest period since quarterly figures were first recorded in 1955.**

There were 5.9 million working age benefit claimants at August 2009. This is an increase of 663,000 in the year.

**UK base rate fell to a 315 year low when the official bank rate was reduced to 0.5% on 5<sup>th</sup> March 2009 and has been held at that level for 12 months in a row.**

There were 4,566 compulsory liquidations and creditors' voluntary liquidations in total in England and Wales in the fourth quarter of 2009 (on a seasonally adjusted basis). This was a decrease of 1.1% on the same period a year ago. In the twelve months ending Q4 2009, **approximately 1 in 114 active companies (or 0.9%) went into liquidation.** Additionally, there were 1,465 other corporate insolvencies in the fourth quarter of 2009 (not seasonally adjusted) comprising 397 receiverships, 849 administrations and 219 company voluntary arrangements. In total these represented a decrease of 39.7% on the same period a year ago.

In February 2010 the **public sector net debt (PSND) was £857.5bn**, equivalent to **60.3%** of gross domestic product and **equivalent to ~ £34,028 per household. PSND has increased £145.1bn in 12 months (equivalent to a growth of £4,601 per second or £5,758 per household). Net borrowing for the month was £12.4bn.** The interest paid on this debt by the Government in April 2009 to February 2010 was £28.4bn which is equivalent to **~ £1,229 per household / annum.**

According to the **UK 2010 Budget report** the public sector net debt (PSND), including unrealised losses from financial sector interventions, increases over the period to 2014-15 to £1,406bn (**£55,794 per household**) which is **74.9% of GDP.**

Unfunded pension promises made to past and present UK public sector workers now amount to almost £1.2 trillion, according to Towers Watson.

The number of **unemployed people in the three months to January 2010 was 2.45 million (7.8%), down 33,000** from the previous three months and up **383,000 (1,049 a day) over the year. 168,000 people (1,841 a day) reported they had become redundant** in the three months down 22,000 from the previous three months and down 108,000 from a year earlier.

**The number of people unemployed for more than 12 months increased by 61,000 over the quarter to reach 687,000. The number of inactive people of working age increased by 149,000 over the quarter to reach a record high of 8.16 million.**

The claimant count in February 2010 was 1.59 million, down 32,300 on the previous month and up 194,700 on a year earlier. There is a gap of 860,000 between the number of people who are currently unemployed and the number of people claiming Jobseeker's Allowance benefit.

In the year to February, the consumer prices index (CPI) rose by 3.0 per cent, down from 3.5 per cent in January. In the year to February RPI **rose by 3.7 per cent**, unchanged from January.

New car registrations rose by 26.4% in February to 68,686 units. The market rose for an eight successive month. The scrappage scheme continued to boost market, accounting for 19.6% of sales.

UK retail sales values increased 2.2% on a like-for-like basis and rose 4.5% on a total basis, from February 2009.

**Servicing Debt:** uSwitch estimate that consumers now owe an estimated £728m on their energy bills. **5.5m households (21%) are now in debt to energy suppliers** compared with 6.5m (25%) last year. However, the average amount owed today is £132 - 5% higher than last year when the average debt was £126.

The CCCS helpline received a record number of calls in 2009, with 335,323 calls, a 25% increase on 2008. Over 150,000 people sought help online via *CCCS Debt Remedy* in 2009. **Less than a quarter of the people CCCS counselled had the means to go on a plan to repay their debts.** The year before, that figure was well over a third; the year before that, 45%. For the single biggest group of clients, around 30%, no immediate solution could be offered for their debt problems. Most had budget deficits, unable to meet the basic costs of living and their only recommended option was to increase income. Debt levels continued to fall for all clients, irrespective of age, income or housing status, with the majority (56.9%) owing less than £20,000. Overall, average debt in 2009 was £24,274 – down from £25,664 in 2008. 70% of households owed less than 20 times their net incomes.

uSwitch estimate that every month, **5.4m adults (11%) spend more than they earn, 13m (26%) just break even** and 26m (53%) have less than £100 left in their bank account when all else has been paid.

Figures released by R3 indicate that almost a **third (31%) of personal insolvencies that occur in March have been triggered by overspending during the festive season.**

There has been a rise in the people using home credit with one company reporting customers grew by 5.1% to 1,842,000m in 2009. They also say that 63.1% of those customers are in arrears.

**Total write-offs on lending to individuals by financial institutions reached £9.34bn** (£984m on secured loans, £4.117bn on credit cards and £4.235bn on other forms of borrowing, such as loans and overdrafts) during 2009, up 36% from £6.85bn during the previous 12 months.

More than one in four mortgage holders (26%) say that a drop of up to £300 in monthly income would mean that they would be unable to meet their mortgage repayments according to research from Callcredit. They also say that 6% of people have applied for credit knowing they might not be able to meet the repayments, rising to 1 in 10 (10%) people aged 35 – 44 years

Santander estimate that 81% of Britons are still continuing to cut back on their outgoings.

Citizens Advice Bureaux in England and Wales are currently dealing with **9,500 new debt problems and 8,200 new benefit problems every working day**. Debt and benefit issues combined now account for over 60% of the CAB workload. Fuelled by the impact of the recession, enquiries in these areas are currently growing at an annual rate of 24%, with CAB advisers handling 2.27 million debt problems and almost 2 million benefits problems in 2009.

Research from moneysupermarket.com has found that 10% of British adults (5m) are permanently overdrawn. In addition to this, a further 12% drop into the red five times or more a year.

The Insolvency Service said there were 35,574 individual insolvencies in England and Wales (**390 people a day or 1 every 3.69 minutes**) in the fourth quarter of 2009 on a seasonally adjusted basis. This was an **increase of 1.0%** on the previous quarter and an **increase of 24.9%** on the same period a year ago. **These are currently at the highest levels on record.**

Personal insolvencies were 134,142 in 2009. R3 said that even these record personal insolvencies are just the tip of a very worrying personal debt iceberg. What lies below the waterline is a much larger group who are sadly not facing up to their debt problems. R3's research indicates that around 500,000 people are on a Debt Management Plan (DMP), a further half a million (574,000) have contacted their creditors informally for help after struggling with their debts, and around one million people are struggling without seeking and form of help.

Mortgage lenders took 10,200 properties into possession in the fourth quarter of 2009 - 13% lower than in the third quarter, and 2% down on the fourth quarter of 2008, according to the Council of Mortgage Lenders. In 2009 as a whole the total number of possessions was 46,000 which was 15% higher than the 40,000 in 2008. This equates to **126 properties being repossessed every day or 1 property being repossessed every 11.4 minutes.**

In terms of payment difficulties, 188,300 mortgages ended the year with arrears equivalent to at least 2.5% of the outstanding mortgage balance. This was 3% lower than at the end of the third quarter, but still 3% higher than at the end of 2008.

The FSA estimate that at the end of 2009 there were **378,000 loan accounts in reportable arrears (> 1.5% of current loan balance)**, a decrease of 4% from Q3 and is similar to the level at the end of 2008. At the end of 2009, loans in arrears represented 3.42% of the value of the residential loan book.

Research for the OFT reveals the scale of mass-marketed scams in Britain, which arrive by post, email, text, phone or the internet and aim to mislead people to part with their cash. The survey found that around one in 11 (just over 4m) adults say they have responded to a scam at some time in their life, of whom nearly a third lost money. One in 25 (about 2m) adults have responded to a scam in the last 12 months. **Around half (49%) of those scammed have lost more than £50 in total, with five per cent losing more than £500.**

Scottish Widows estimates that 11.3m UK households (44%) are dependent on more than one salary to cover bills. Of the 6.6m UK households with dependent children, 4m are reliant on two or more salaries (60%).

The ONS Wealth and Assets Survey estimated that one in ten of all households (2.5m) were in arrears on at least one credit commitment in 2006/2008. This increased to 13% among households with any borrowing commitments, that is, a mortgage or non-mortgage borrowing. It was higher still among those with any non-mortgage borrowing, whether or not they also had a mortgage (17%).

**Plastic card / Personal Loans:** Research from moneysupermarket.com has discovered the depth of reliance Brits have on credit cards. The research found that one in five of us carry more than three credit cards and that 17% of credit card holders use their card at least once a day, with a further 28% using their card at least once a week. The research also discovered a worrying trend in that **over 14 million Brits are using their credit cards to fund day to day expenses.**

R3 estimate that 78% of insolvency practitioners believe that consumers view spending on store cards as less 'real' than spending in cash and so unwittingly go over budget.

Shelter estimate that more than one million householders have used credit cards to pay their mortgage or rent in the last 12 months.

According to the BBA the proportion of balances bearing interest rose by 1.5% to 67.7%.

Total credit card debt in February 2010 was **£61.4bn**. The UK collective credit limit on credit cards is **£158bn, which is an average credit card limit of £5,129 per person**.

PricewaterhouseCoopers in their precious plastic 2010 report estimate that the average borrowing per credit card has increased by 5% and has surpassed £1,000 for the first time.

The average interest rate on credit card lending is currently **18.5%, which is 18.0% above base rate (0.5%)**. Moneyfacts research shows that despite bank base rate being at an all time low, personal loan rates stand at a nine year high.

There were 146.3m debit, credit or charge cards in circulation in the UK at the end of 2008 according to APACS. **An average 254 plastic card purchases were made in the UK every second** during Q3 2009 using debit and credit cards (equal to £12,367 /second). 94 cash withdrawals were made every second (equal to £6,233 / second) from UK's 63,400 cash machines during Q3 2009.

There are **more credit cards in the UK than people** according to APACS. At the end of 2008 there were 71.3m credit and charge cards in the UK compared with around 60 million people in the country.

**Young people - the IPOD generation: Almost half (47%) of parents with children over 16 have given or loaned money to their adult children or grandchildren;** this is a drop of 9% from 2009, but the average 'Savings Sap' is £13,660 (up from £11,800 last year), revealing those parents able to give are being forced to give more as their children struggle. 35% said the money was used for day to day spending and living expenses and 38% needed the parental handouts to pay off debt.

Research from money.co.uk, has revealed that **31% of parents borrowed money from their kids at least once during 2009**. On average, piggy-bank raiding parents borrowed £15 at a time, which equates to just under £54m loaned to the Bank of Mum and Dad over the course of the year.

9% of 18 – 24 year olds have three or more personal current bank accounts with an overdraft facility.

The proportion of 18-24 year olds not in education, employment or training (NEET) at the end Q4 2009 was 812,000 (17.4%). The proportion of 16-18 year NEETs stood at 177,000 (9.3%) at the end of Q4 2009. **The total of 16 – 24 classed as NEETS now stands at 895,000.**

The unemployment rate for 18 to 24 year olds decreased by 34,000 (-4.5%) on the quarter and increased 87,000 (13.8%) in the last 12 months to reach 715,000. **This means that 17.5% of all 18 to 24 year olds are unemployed.** 322,000 (45%) have been unemployed for longer than 6 months.

The UK's largest survey of student finance, published by Push.co.uk, reveals that students who started at university last year can expect to owe nearly £21,200 by the time they leave and new students should reckon on at least £2,000 more than that.

**Pensioners / Pensions:** By 2011, there will be almost 18 million people in the UK who are over 55. Aviva's Real Retirement Report reveals that while many over 55s have significant financial concerns, those approaching retirement have finances in far worse shape than those either aged 65 - 74 or over 75. Pre-retirees (55 - 64) have the lowest savings (£8,593), lowest incidences of home ownership (76%) and largest average mortgages (£16,694). Two fifths (40%) of pre-retirees save nothing per month and one fifth (20%) still owes more than £75,000 on their mortgage.

Older consumers have grown into a market force to be reckoned with, says Age Concern and Help the Aged, as new figures reveal the amount of money spent annually by people over the age of 65 in the UK is set to hit the £100 billion mark.

**There are currently 398,000 elderly people in residential care.** In the UK the average annual fee for a single room in a private residential home is £24,492, and for a nursing home it is £35,100.

The average equivalised **income of retired households is 61% of that of non-retired households.**

MGM Advantage estimates that the average retired household where the main occupant is aged 65-74 needs to find an extra £429 a year to maintain the standard of living they enjoyed 12 months ago

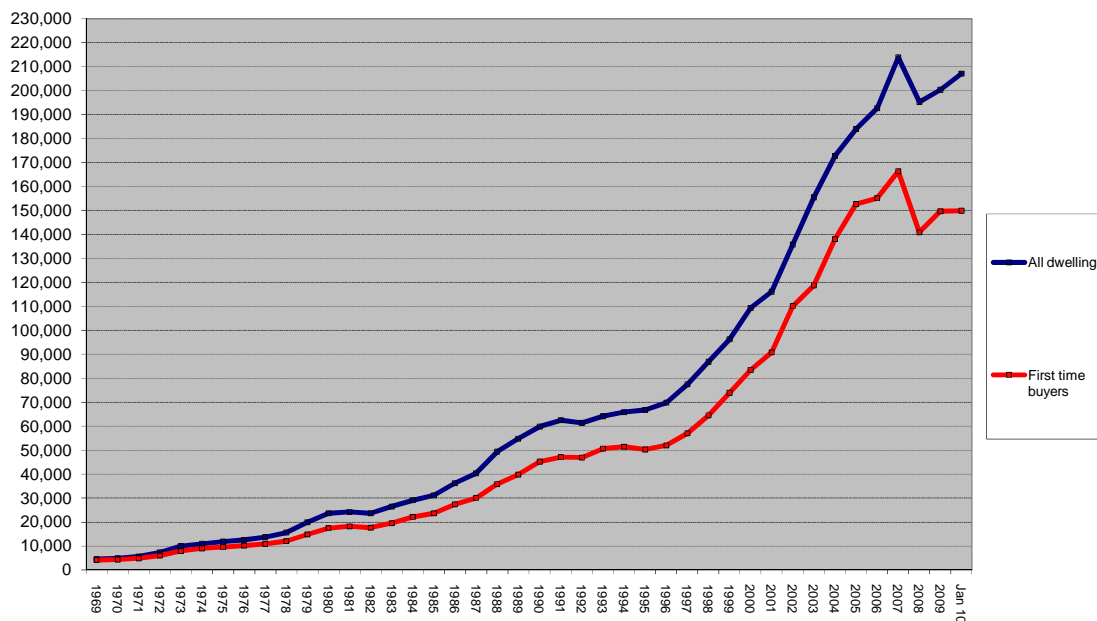
At August 2009, there were 12.6m people of state pension age claiming a DWP benefit, an increase of 243,000 since August 2008. Of these, 66% were claiming State Pension (SP) only.

The number of people aged 50+ out of work is 398,000, **which is an increase of 3.7% over the last quarter and an increase of 25.4% (81,000)** over last year. The number of people over state pension age in work continues to rise – with an increase of 14,000 in the three months to the end of January to 1.42 million, a rise of 79,000 (5.9%) over the previous year.

On average someone who requires care in a residential care home may expect to pay in the region of £25,000 per annum.

**Housing:** According to the Department for Communities and Local Government (DCLG) the average house price in the UK in January 2010 now stands at **£207,159** (£214,003 in England). UK annual house price inflation increased by 6.2%. **Annual house price inflation in London increased by 11.2%.**

UK Average House Prices £



The average Mortgage Interest rate is 3.67%.

Council of Mortgage Lenders research estimates that the number of borrowers currently in negative equity (the vast majority of whom will be paying their mortgage in full and on time every month) has fallen to 650,000, compared with around 900,000 in April.

Research by The Co-operative Bank Mortgages reveals that almost two thirds of mortgage holders (62%) are aiming to be mortgage-free by the time they reach 50 years of age.

The English Housing Survey (EHS) found that the number of owner occupied households fell from a peak of 14.8m in 2005 and 2006 to 14.6 million in 2008-09. Over half (59%) of all private renters expected to eventually buy a home in the UK compared to only around a quarter (27%) of social renters.

**Homeowners rate buying a house as more stressful than having a child.** House buying tops the table of 'most stressful life experiences' with one in four (24%) homeowners finding it the most demanding and stressful thing they have done, according to research from Unbiased.co.uk.

Gross mortgage lending in February increased to an estimated £9.2 billion, a 6% rise from £8.7 billion in January, according to the Council of Mortgage Lenders. Lending in February was down 6% on £9.7 billion a year earlier, but the first two months of this year are broadly in line with our forecast for lending of £150 billion for 2010 as a whole.

Halifax said that house prices fell by 1.5% in February, the first decline since June 2009 following seven consecutive monthly increases. Despite this fall, the average price is 8.0% above the trough reached in April 2009.

The Royal Institution of Chartered Surveyors (RICS) said that the seasonally adjusted net balance of surveyors reporting rising rather than falling prices over the last three months was 17%. There were an average of 17.6 completed sales per surveyor during the last 3 months.

Rightmove said average national asking prices increased by £216 (0.1%) this month the lowest rise ever recorded in March.

According to the NAEA the number of house-hunters registered per branch **decreased from 291 in January to 258 in February**. The number of sales agreed per branch increased from an average of **six (5.7)** in January to **seven (6.8)** in February and the average number of properties available for sale per branch increased slightly from 55 in January to **56** in February.

House purchase mortgage approval numbers in February were 35,276 which were **16% higher than a year ago**. The average loan approved for house purchase in February was **£140,800**, some 11.5% higher than a year earlier.

Existing home sales across the United States (including single-family, townhomes, condominiums and co-ops) decreased 0.6% over last month but rose 7% year on year in February 2010. The **average price decreased 1.8% year on year** to \$165,100. More Than 300,000 properties receive foreclosure filings for 12th straight month. RealtyTrac® said there were a total of 308,524 foreclosure filings — default notices, auction sale notices and bank repossessions — were reported on U.S. properties in February 2010, a 2% decrease in total properties from last month and a 6% increase in total properties from February 2009. The report also shows that one in 418 of all U.S. housing units received at least one foreclosure filing in February 2010.

**Housing First Time Buyers (FTB) & Buy-to-let:** The average house price in the UK in January 2010 for first time buyers now stands at **£149,924** which is an **annual increase of 8.9%**.

A YouGov survey, commissioned by the National Housing Federation, revealed that **86% of 18-30 year-olds, who do not own their own home, could not currently afford to buy a home if they wanted to**, despite recent falls in house prices. A massive 83% of 18-30 year-olds, also thought buying a home was now more a dream than a reality for young adults.

The typical first-time buyer deposit in January was **25% (£38,348)**. The average first-time buyer borrowed 3.08 times their income and the average first-time buyer loan was £115,044.

In the three months to January, tenant demand for residential property continued to rise at a similar pace to that recorded in the three months to October. A net balance of 16% more surveyors reported a rise in demand for property than a fall according to the RICS Lettings Survey. The net balance of chartered surveyors reporting rising rather than falling rents in the three months to January 2010 was zero. This follows five quarters of negative readings, and is in marked contrast to April last year when 58 percent more chartered surveyors were reporting falling rents, an all-time low for the survey.

The number of landlords with arrears of more than 1.5% of the balance stayed the same in the fourth quarter of 2009 at 20,700, but is 37% down from the 32,900 seen in the same period the year before. The number of buy-to-let properties taken into possession in the fourth quarter fell by 25% from quarter three but rose 9% from quarter four 2008.

**Money Education:** The number of households without bank accounts has been cut by half. The latest report on access to banking by the Financial Inclusion Taskforce shows that the number has fallen from 2 million in 2003/04 to less than 900,000 in 2007/08. The proportion of low-income households without a bank account has fallen sharply in recent years, from 20–25 per cent in the mid-1990s to 4 per cent in 2007–08

In a disturbing reflection of attitudes towards planning and financial literacy in the UK, **more than a quarter of Brits are relying on winning the Lottery to help improve their financial situation**. This is compared to just one in 20 who will seek professional help to improve their finances, according to a YouGov survey commissioned for Financial Planning Week 2009. The survey also found that:

- More than half of Brits said they were struggling to some degree to keep up with bills and credit commitments at the moment. However, on a positive note, only five per cent were actually falling behind.
- 43% of people often or sometimes struggle to make it to the next payday.
- **Only a quarter of people (26%) have a budget they follow regularly**
- Only 31% have made a Will, with 49% of those without one saying it's because they've just not got round to doing it yet

**63% of the population are more aware of their finances** and are making an increased effort to look after their accounts as a result of the credit crunch, according to research by NS&I.

**Spending:** The annual survey from insurance and investment group LV= on the Cost of a Child, now in its seventh year, shows that, for the first time, parents are likely to have to shell out more than £201,000 on raising a child from birth to the age of 21. This equates to £9,610 a year, £800 a month or £26 a day.

Gocompare.com research revealed that cat and dog owners spend on average £676.92 a year on each pet. The biggest outlay is for food, which costs on average £314.40 a year for each animal, followed by trips to the vet - £241.68, while the average annual bill for bedding, treats, toys and clothes comes in at a surprising £120.84.

Britons believe their average outgoings to be £892 per month. **The reality is they're spending £486 more than this at £1378 per month** according to the Reality Gap Report, commissioned by Bright Grey. If push came to shove, four in 10 people (43%) think they could use their savings to cover the bills if they lost their income source but the report reveals 38% of the UK's working population could not survive beyond one month on their savings alone.

The Office of National Statistics estimates that real household disposable income rose by 1.2% in the Q3 2009 following a 1.7% increase in Q2 2009. Real household disposable income rose by 5.2% when compared with the corresponding quarter of 2008.

**The average new family car now costs £5,523 annually to keep on the road, equating to £106 per week or 46p per mile.**

Weddingplan estimates that couples looking to get married in 2009 can expect to pay a huge £21,089 on their big day.

**Savings:** This winter, **the amount of money the population is saving has decreased to its lowest level for over two years**, according to NS&I's Savings Survey. On average, the British public is now setting aside 6.25% (£81.94) of their monthly take-home income. This figure has fallen consistently since this time last year (6.48%), and is at its lowest level since summer 2007 (6.22%). **Fewer people say they are regularly saving money this quarter. Over the past five years, this figure has fluctuated between 47% and 55%, but this winter it has fallen to 44%, one of the lowest ever recorded levels.**

56% said that they had met or had exceeded the savings goals they had set themselves in the past year according to the Scottish Widows fourth annual Savings and Investments Report. This year those who said they are currently saving nothing doubled from 20% last year (2009) to 37%.

Research from Aviva estimates that without further borrowing, the average British household could get their hands on only £914 of disposable cash, less than two weeks of the average weekly household expenditure of £471. One in four (24%) of British households say they could only access £100 without further borrowing.

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