

Debt Facts and Figures - Compiled 1st November 2006

Total UK personal debt

Total UK personal debt has exceeded **£1 ¼ trillion** and at the end of September 2006 it stood at **£1,258bn**. The growth rate increased to 10.3% for the previous 12 months which equates to an increase of £109bn.

Total secured lending on homes has exceeded **£1 trillion** (£1,000 billion) and at the end of September 2006 it stood at **£1045.7bn**. This has increased 11.2% in the last 12 months.

Total consumer credit lending to individuals in September 2006 was **£212.0bn**. This has increased 6.3% in the last 12 months.

Total lending in September 2006 grew by £9.9bn. Secured lending grew by £8.9bn in the month. Consumer credit lending grew by £0.9bn.

Average household debt in the UK is **£8,582** (excluding mortgages) and **£50,918** including mortgages.

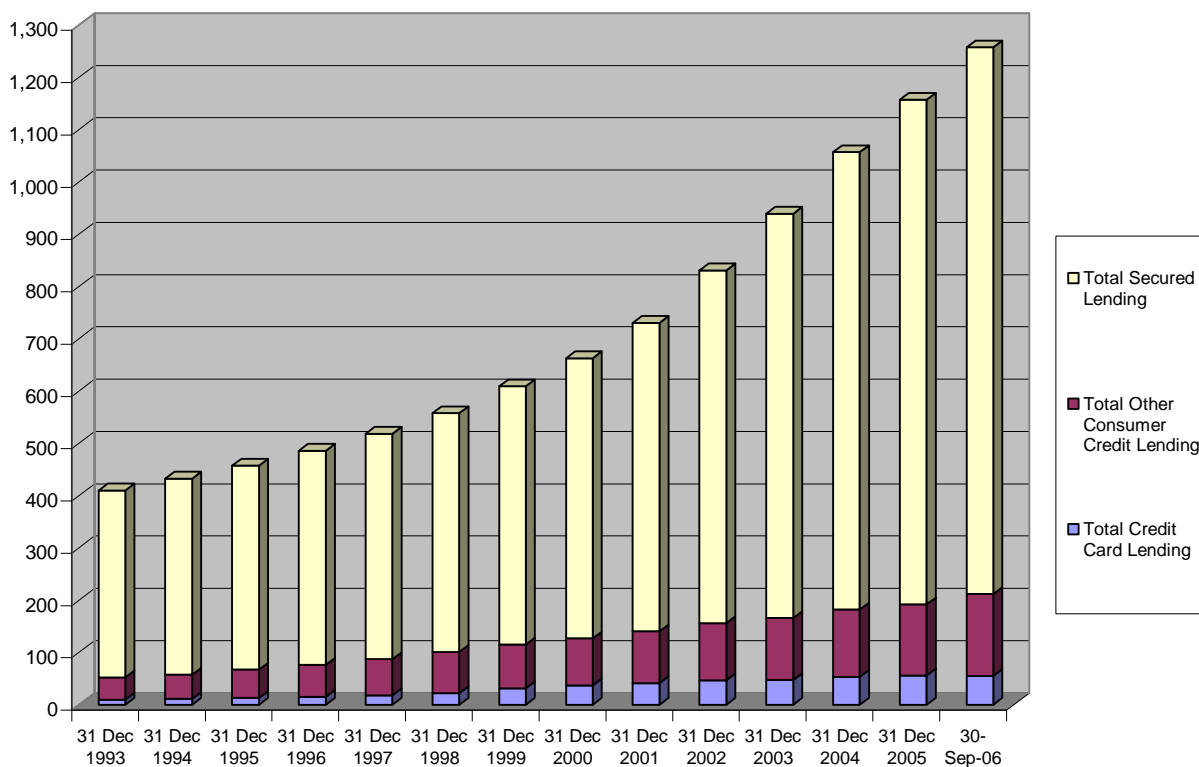
Average owed by every UK adult is £26,747 (including mortgages). This grew by £225 last month.

Average interest paid by each household on their total debt is approximately **£3,204** each year.

Average consumer borrowing via credit cards, motor and retail finance deals, overdrafts and unsecured personal loans has risen to £4,508 per average UK adult at the end of September 2006.

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

Total UK Personal Debt £bn



Plastic card / Personal Loans: The combined value of transactions made on charge, credit, debit and store cards was £470 billion in 2005. It is estimated that this will reach £639 billion in 2010.

Total credit card debt in September 2006 was £55.6bn.

According to the BBA the proportion of credit card balances bearing interest rose 0.7% to 75.3% in August 2006.

3.4 million credit cardholders in the UK regularly make only the minimum repayment on their credit card. 11% of those with a credit card only ever make the minimum repayment – increasing to 18% for the 25-34 age group.

It has been estimated that in 2005 banks & finance companies sent 1.26bn items of junk mail such as credit card offers and invitations for loans. This equates to approximately 27 enticements to take on new credit per adult.

Credit card arrears rose consistently throughout 2005. The proportion of balances more than three months in arrears increased to 8.5%.

The average interest rate on credit card lending is currently 16.46%, around 11.75% above base rate.

Plastic cards in issue were 183m in 2005. This works out at 4 plastic cards for every adult in the UK.

The number of credit card holders who repaid in full each month the outstanding balance was 59% in 2005.

282 plastic transactions took place every second in the UK in 2005. There were 86 withdrawals made every second (equal to £5,455 / second) from UK's 58,000 cash machines in 2005.

There are more credit cards in the UK than people according to APACS. At the end of 2005 there were 74.6m credit and charge cards in the UK compared with around 60 million people in the country.

Servicing Debt: 8.3 million letters were sent last year to household water customers warning that they could face legal action because of the non-payment of bills. This is an increase of 43 per cent compared to the previous year. Unpaid water bills more than a year old totalled £490m. Bills left unpaid for less than a year hit £446m.

A recent survey shows that some 770,000 people throughout Great Britain, with a mortgage have missed one or more mortgage payments in the last 12 months. The survey showed that younger people are more likely to have missed a mortgage payment, with 13% of 21-24 year-olds surveyed said they had missed one or more mortgage payments last year. This suggests that some people who are new to homeownership may be getting straight into difficulties.

The number of people hit with a County Court Judgement (CCJ) - ordering repayment of outstanding debts - has leapt by 18per cent. 165,000 people had CCJs imposed on them between April and June of this year, which is up by 25,050 on the same period in 2005. Lenders were aiming to recover around £½billion of bad debts through CCJs last quarter.

A recent report from Datamonitor reveals that the UK is responsible for a third of all unsecured debt in Western Europe and that the average UK consumer owes over twice as much as the average western European owes.

Over two million households are estimated to be struggling to pay council tax according to a recent report for the Joseph Rowntree Foundation.

Approximately 9.8% of individuals consider unsecured debt to be a "heavy burden". A further 31% saying they are keeping up, but struggle from time to time

One person is falling victim to insolvency every minute of the working day - 26,021 people became insolvent between April to June 2006 which is a 66% increase on the same quarter last year. The number of people becoming insolvent in 2006 is likely to exceed 100,000.

Citizens Advice Bureau (CAB) dealt with 1,128,000 debt enquiries last year. In the last decade the number of consumer debt problems dealt with by CAB has increased 118%. 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.

The average debt of a client coming to Consumer Credit Counselling Service (CCCS) for advice is now £32,000. The number of people earning more than £30,000 a year who are asking it for help has risen by 257% in the past three years.

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

Research from AXA shows money worries are a significant cause of worry, anxiety and stress according to GP and leading mental health expert, Dr Roger Henderson, who recently published a paper identifying the condition Money Sickness Syndrome (MSS). Almost half (43%) of the UK adult population is affected by money worries and have experienced MSS symptoms. 3.8m people admit money worries have caused them to take time off work and more than 10.76m people suffer relationship problems because of money worries, with almost one in five complaining of a sex life slump.

A quarter of those in debt are receiving treatment for stress, depression and anxiety from their GP.

Young people (under 30): Graduates leaving university this year had average debts of £13,252, a 5% increase on 2005, according to a survey by NatWest bank. 62% of graduates leave university with debts of over £10,000.

Sixth-formers heading for college this year expect to leave their courses with debts of nearly £15,000. For those starting university this summer, the biggest concern was money being tight. Students are now increasingly relying on part time jobs to finance their life at university. A massive 87% of this year's intake believes that they will have to get a part time job and 46% of current students have to rely on their income from term time work to get by, working an average of 14 hours a week.

Recent research shows that budgeting is the last thing on many students' minds as the vast majority (80%) of 16-24 year olds admit they don't keep track of their finances. Also, despite the likelihood of being on a tight budget, 1 in 5 doesn't know within £100 what their financial state might be.

A recent FSA report highlighted:

- 29% of 16-24 year olds said they would not know how to prepare and manage a weekly budget;
- 19% of 22-24 year olds have short-term debts over £5,000;
- 62% of young people said if they got into money trouble or debt they would not be able to name any advice or support services they could turn to for advice
- One in five students dropped out of courses; Of undergraduates who considered dropping out financial difficulty was a strong factor for 34.4%;
- 94% of 16 year olds believe it is important to know how to manage money; only 53% have been taught how to

Pensioners / Pensions: Age Concern estimate that 2 million people are living in fuel poverty and more than one in four people (around ½ million households) living in fuel poverty are over 70 years old. Since 2003 domestic gas prices have risen by 87% and domestic electricity prices by 56%

1.4 million pensioners (14% of the UK's pensioner population) live on an income of £5,000 or less each year. After council tax, water and electricity bills, this leaves only £3,092 per annum – which is equivalent to £59.46 each week or £8.49 a day. More than 38 per cent (3.6 million people) get by on £10,000 or less, and over half of the British pensioner population live on £15,000 or less each year.

One in six (over 1 million), pensioner homeowners in the UK have an outstanding mortgage on their home – each with an average debt of £45,313 – making a nationwide debt of almost £47 billion. What is more, one in three owe more than £50,000 and one in ten more than £100,000 putting increased pressure on retirement income.

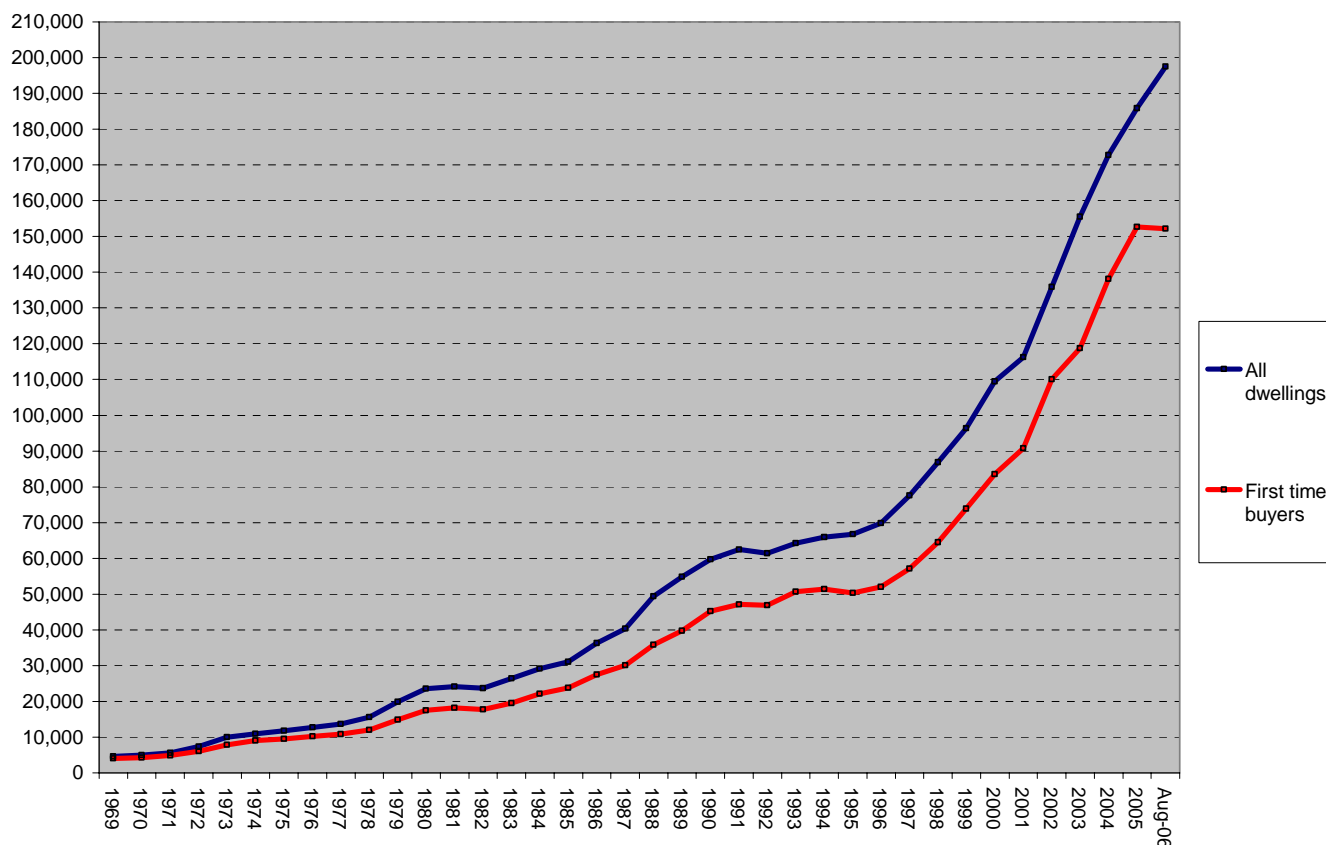
Over 8 million British workers (21%) don't have any pension provision. This is despite continued warnings from the Government and the pension industry of the need to save now to avoid inadequate income at retirement.

Housing: According to the Department for Communities and Local Government (DCLG) the average house price in the UK in August 2006 stood at £197,631 (£205,556 in England). UK annual house price inflation rose by 7.7%. Annual house price inflation in London rose by 7.9%.

The average house price has increased by almost £50 / day during 2006.

New Halifax research shows that house prices have risen by an average of 187% across the UK during the last 10 years – an average increase of 10.6% per annum. Over the same period, stock prices rose by 61% or 4.6% p.a. Nominal earnings increased by 54% or 4.2% p.a. Retail prices rose 31% or 2.6% p.a.

UK Average House Prices £



Note: the weightings used by DCLG were changed for the February 2006 figures.

The average Mortgage Interest rate at the end of September 2006 was 5.42%.

Bristol & West become the latest bank to increase its 'income multiple'. A single person can now take out a mortgage which is 4.5 times their salary and a couple can borrow four times, which has been raised from 3.25 times.

According to the Nationwide house prices increased 0.7% during October, bringing the annual rate of increase to 8.0%.

According to Rightmove the average asking prices hit a new national record of £218,954 in October 2006 and prices were 11.5% higher than a year ago.

The average loan approval for house purchases in September increase to £140,400 - 8% higher than a year earlier.

According to The National Association of Estate Agents (NAEA) the average time between instruction and completion is 16.5 weeks.

Gross mortgage lending hit a new September record of £29.5 billion, according to the latest data from the Council of Mortgage Lenders (CML). Lending was down by 11% on the all-time record reached in August of £33 billion, but up by 7% on September last year (£27.6 billion).

28% of mortgages taken out in July 2006 were "interest only" mortgages compared with only 12% taken out in June 2003. 22% of these "interest only" mortgages were taken out without a repayment plan specified to repay the capital.

Approximately 280,000 mortgages are one month or more in arrears. This represents an increase of 4% from the same period one year ago.

During the second quarter of 2006, 33,180 mortgage possession actions were entered, and a total of 22,254 orders were made – 11,020 of which were suspended orders. This is a 17% increase from the second quarter of 2005.

The amount of unmortgaged property wealth held by UK home-owners currently stands at £3.6 trillion. Housing equity is the largest component of total wealth held by people living in the UK. Mortgage lending has helped fund a dramatic expansion of home-ownership, from 60% to 70% of the population during the last 20 years. Roughly 40% of the housing stock is owned outright, mainly by retired and older middle-aged households,

Housing 1st Time Buyers: The average house price in the UK in August 2006 for first time buyers now stands at £152,172 which is an annual increase of 6.9%.

First-time buyer income multiples reached their highest level ever in August at 3.27 times the average income, according to the Council of Mortgage Lenders (CML). The average new mortgage for first time buyers has now reached £112,000. The average age of a first-time buyer is 29.

According to the National Association of Estate Agencies (NAEA) first time buyers accounted for 11.1% of properties purchased in September.

Housing costs have risen sharply for first-time buyers: their average mortgage costs are now a third of average earnings. As a consequence a third of all working households under 40 cannot afford to buy even at the low end of local housing markets.

First-time buyers are increasingly relying on their parents for a cash handout to help them fund a deposit on a property purchase. One in four people aged 20 to 35 was counting on parental help. One in eight, meanwhile, said they expected their parents to act as mortgage guarantor - thereby putting the parental home at risk.

High Street Spending: The average car now costs **£5,539** a year to run, equivalent to **£15** a day.

Sales of National Lottery tickets reached fever pitch on October 13th when 1 million tickets were sold an hour (250 per second) for the October Triple rollover.

Britons now spend more on eating out in restaurants, pubs and on takeaway meals than on buying fresh and processed food and drink products to have at home.

The average wedding costs around £19,595. 45% of couples - some 117,000 nationwide - have no financial planning to pay for the big day, a study by stockbrokers Brewin Dolphin Securities found.

Money Education / Financial Literacy: Nearly half of UK households are dependent on more than one salary but only one in four believe they are adequately protected should they lose the main income from their household.

25 million Brits (56%) spend 60 minutes or less per week reviewing their finances, with the average amount of time we dedicate as a nation reaching only 1 hour 19 minutes – the least amount of time in Europe, according to a study from Scottish Widows. We spend nearly twice as long (2 hours 11 minutes) chatting on the phone or texting each week, and 6 times as long (8 hours 4 minutes) watching TV.

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: Over half of Brits have less than two months' salary tucked away in savings. 27% of people have no savings at all and a further one in four (25%) have less than £3,000 tucked away for a rainy day.

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. 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. Note: new / changed statistics are at the start of each section.**

Extracts of these debt statistics and figures may be reproduced subject to the following conditions;

- *No commercial or financial gain is made from the reproduction.*
- *Acknowledgement of Credit Action as the provider of the information is mentioned in the reproduction.*

Where the above criteria cannot be realised, application should be made to Credit Action.