



Debt Facts and Figures - Compiled 1st June 2007

Total UK personal debt

Total UK personal debt at the end of April 2007 stood at **£1,325bn**. The growth rate increased to 10.4% for the previous 12 months which equates to an increase of £114bn.

Total secured lending on homes at the end of April 2007 stood at **£1,112bn**. This has increased 11.4% in the last 12 months.

Total consumer credit lending to individuals in April 2007 was **£213bn**. This has increased 5.4% in the last 12 months.

Total lending in April 2007 grew by £9.4bn. Secured lending grew by £8.9bn in the month. Consumer credit lending grew by £0.5bn.

Average household debt in the UK is **£8,816** (excluding mortgages) and **£54,771** including mortgages.

Average owed by every UK adult is £28,189 (including mortgages). This grew by **£165** last month.

Average outstanding mortgage for the 11.6m households who currently have mortgages is **£95,871**

Average interest paid by each household on their total debt is approximately **£3,542** each year (this equates to 9% of take home pay).

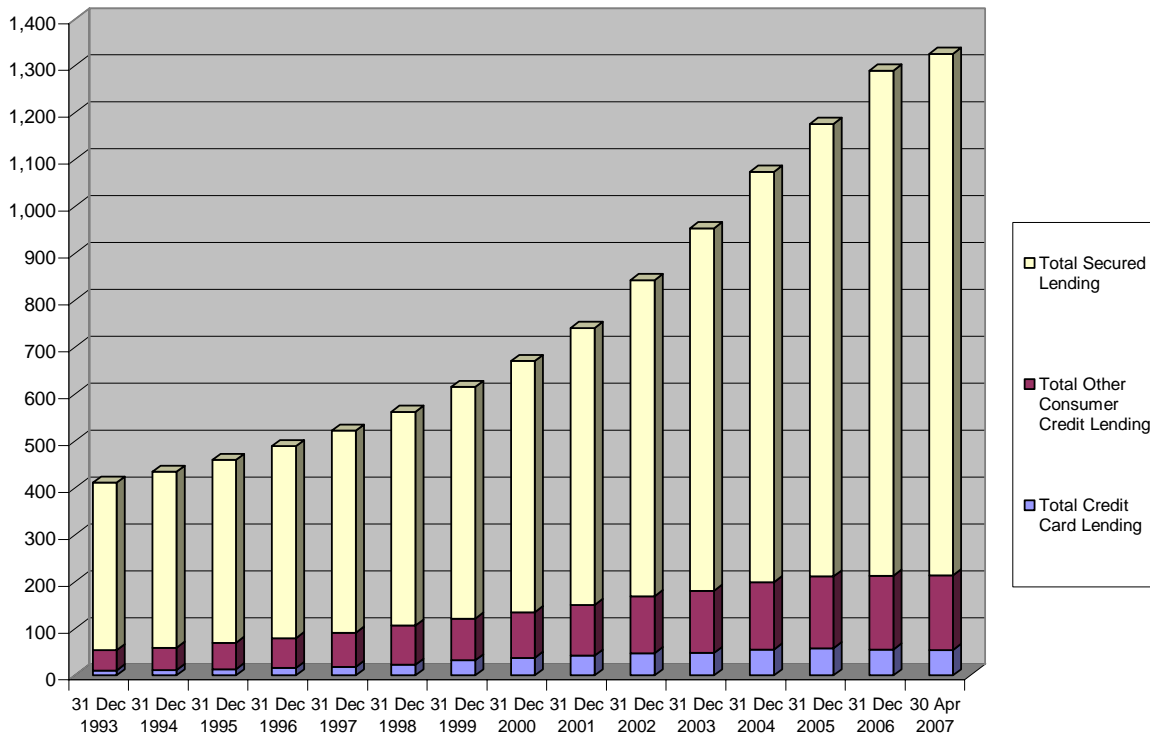
Average consumer borrowing via credit cards, motor and retail finance deals, overdrafts and unsecured personal loans has risen to **£4,537** per average UK adult at the end of April 2007.

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

Today in the UK:

- Consumers will borrow an additional £313m today
- The average household debt will increase by over £13 today
- 330 people today will be declared insolvent or bankrupt
- Bank and building societies will hand out £1bn in mortgages today
- Citizen Advice Bureaus will deal with 5,300 debt problems today
- The average car will cost £15 to run today
- 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 £46 today
- 24.3m transactions worth £1.3bn will be spent on plastic cards today
- £82m will be spent online today
- 1/3rd of all groceries we buy today will end up in the dustbin.

Total UK Personal Debt £bn



Servicing Debt: Borrowing costs **hit a six-year high** as the Bank of England pushed up interest rates in May 2007 by a quarter-point to 5.5% following a jump in inflation. This is the fourth rise in nine months.

330 people are becoming insolvent each day. There were 30,075 individual insolvencies (bankruptcy or IVA - Individual Voluntary Arrangement) in England and Wales in the first quarter of 2007 on a seasonally adjusted basis. This was an increase of 1.2% on the previous quarter and an increase of 23.9% on the same period a year ago.

In the year to April 2007, 0.27% of the population became insolvent, up from 0.08% at the start of the decade.

33,715 mortgage possession claims were issued during the first quarter of 2007, 1% higher than in the first quarter of 2006 and 10% higher than the previous quarter. 21,931 mortgage possession orders were made, 1% higher than in the first quarter of 2006.

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.

Consumers who decide to take out consolidation loans in order to tackle mounting debt are being advised to exercise caution, following reports that the majority of consolidation loan borrowers go on to accumulate further debt. Fool.co.uk has found that **three out of five consumers who opt for consolidation loans generate more debt**, while a quarter manage to clear their debts early due to consolidation.

Research published in May 2007 reveals that the cost of running a home means that almost half (44%) of the nation's households require more than one breadwinner to maintain an acceptable standard of living. This reliance on two incomes to buy and run the family home means millions of households are effectively doubling the risk of financial hardship should one of the breadwinners become unable to work.

More than **80% of Britons admit to regularly overspending** (26% overspend to cheer themselves up when they are feeling low - they don't call it retail therapy for nothing!). 5% have considered or taken out an IVA or declared themselves bankrupt. 9% have taken out a credit card to pay off debt on another credit card. 10% have missed payments on credit cards, store cards, loan or mortgage repayments.

The Consumer Credit Counselling Service (CCCS) received **33% more calls** in the first quarter of 2007 compared with the same period in 2006. A total of 86,990 calls were made to its helpline in the first three months of the year.

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

Over six million UK consumers have taken out debt consolidation loans over the last three years in order to ease their debt problems.

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%).

Citizens Advice says they were approached for help with **15% more debt problems** in January 2007 than in January 2006. They dealt with **1.4million** debt problems in the past year – 11 % up on the previous 12 months and double the figure just eight years ago. This equates to ~ **5,300 new debt problems a day**.

The ratio of household debt to income has risen from around 100% in the late 1990s to over 150%, increasing the vulnerability of some households to an abrupt change in macroeconomic conditions.

Over one million adults are currently falling behind with payments and a further two million are constantly struggling. People living in rented accommodation, particularly those in local authority housing, were more likely to show signs of financial distress than those who owned their home outright, and almost 10% of respondents have experienced financial difficulties within the last five years.

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

The number of households struggling to repay their mortgage debt has risen to 7.7% according to the Bank of England.

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.

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

Total credit card debt in April 2007 was **£54.0bn**.

According to the BBA the proportion of credit card balances bearing interest was 75.1% in March 2007.

The average interest rate on credit card lending is currently **17.1%**, 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%.

Almost five million UK credit card holders paid a penalty fee on their plastic in 2005, according to research by MoneyExpert.com and Defaqto. More than 10 per cent of the population racked up charges for items such as late payments and exceeding credit limits

Young people (under 30): Less than 40% of young adults know of any advice or support service that would be able to help them if they got into money trouble.

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.

Graduates leaving university in 2006 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.

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.

Pensioners / Pensions: One in four over-60s still have outstanding mortgage debts with an average of £31,000 per head. Over 70s are most vulnerable with an average mortgage debt of £37,000 each

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.

The Pensions Commission says that 11.7 million workers do not make any contribution to a private pension.

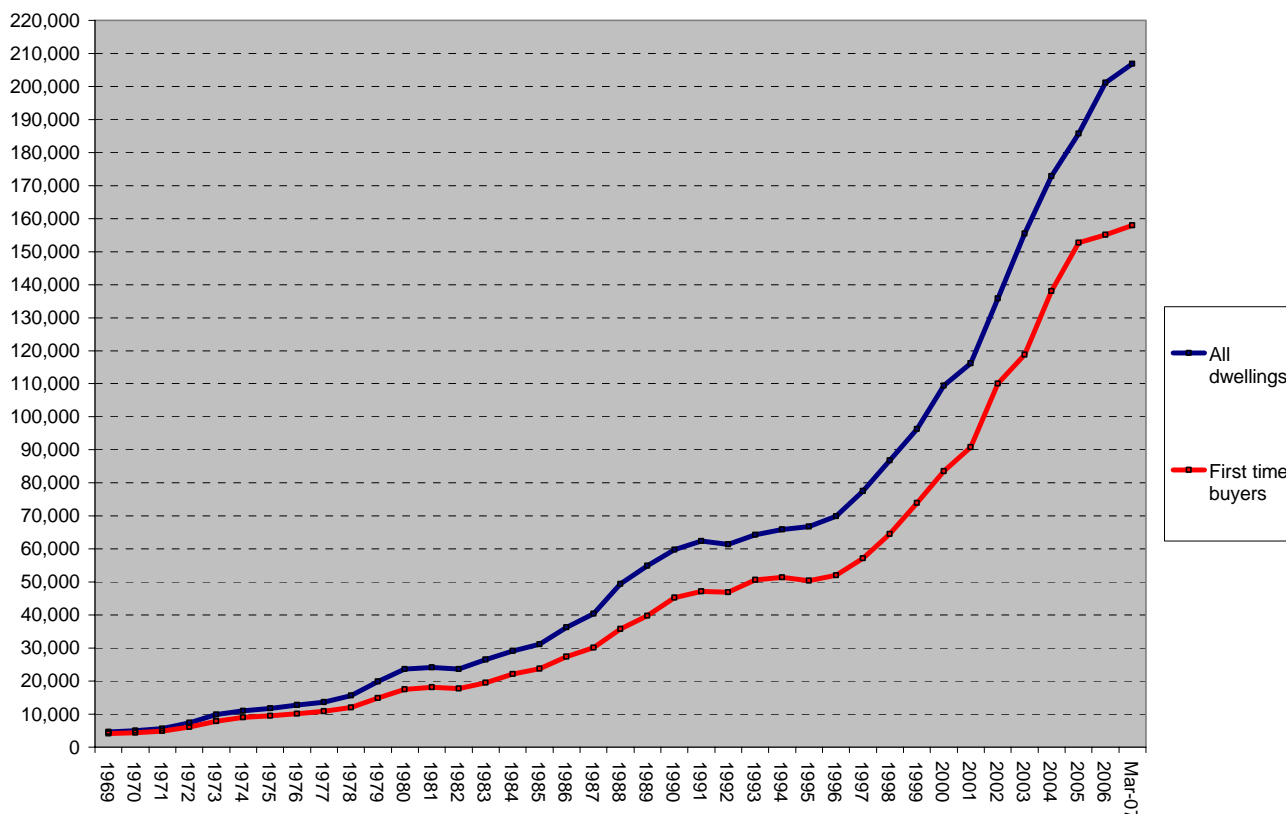
Half of Britain's pensioners are said to be cutting back on other things to pay annual fuel bills averaging £1,100. A survey by energy comparison website uSwitch indicated that two million over-60s spent more than a tenth of their income on fuel.

More of us are saving for a holiday (49%) than for our retirement (46%) whilst just 28% of us are satisfied with our current savings for retirement.

Housing: According to the Department for Communities and Local Government (DCLG) the average house price in the UK in March 2007 now stands at **£206,890** (£214,424 in England). UK annual house price inflation rose by 10.9%. Annual house price inflation in London rose by 13.9%.

The price of a typical house increased by the equivalent of £46 per day during the last 12 months.

UK Average House Prices £



The average Mortgage Interest rate at the end of April 2007 was 5.65%.

The Nationwide said the price of a typical house increased by 0.5% in May down from 0.9% in April. However, the headline annual rate remained stubbornly in double-digits (10.3%), largely due to slower house price inflation at this time last year. The **underlying trend is still showing signs of slowing** however.

Average asking prices in May 2007 were up by 0.4% (£871), the lowest monthly rise this year.

The average loan approval for house purchases in April 2007 now stands at **£152,800** – 9% higher than a year earlier. It has taken just under 4 years for the average loan size to rise from £100,000 to £150,000, having taken around 9 years to double from £50,000 to £100,000.

Gross mortgage lending in March saw a seasonal fall to £28.8 billion in April, according to the Council of Mortgage Lenders. This was 9% down on the March figure of £31.7 billion, but still 18% up on the April 2006 figure of £24.4 billion, and the highest April figure on record.

35% of mortgages taken out by home movers in March 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.

Sainsbury's Bank home insurance estimates that the annual cost of running a home is now around £11,035. This is 12% higher than the equivalent cost in 2004/05.

The desire for owner-occupation has returned to near record levels, with 84% of adults hoping to be homeowners in ten years' time. In 1939, there were 3.8 million home-owners in England and Wales, 1.5 million of whom had a mortgage. Today, there are 18.4 million owner-occupiers in Great Britain, and 70% of them have a mortgage

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 equity significantly outweighs mortgage debt. The value of housing assets increased by £410bn in 2006 versus a £100bn increase in mortgage balances. In 2006, the value of the private housing stock (£3.8 trillion) was 3.5 times the value of outstanding mortgage debt of £1.1 trillion.

Housing 1st Time Buyers: The average house price in the UK in March 2007 for first time buyers now stands at **£157,917** which is an annual increase of 10.8%.

Over the past decade first-time buyers appear to be relying more and more on parents and others to help with their deposit. CML estimate that 38% of first-time buyers under 30 – roughly 80,000 in number – got such financial assistance in 2006.

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 in March as income multiples were **3.31** times the average first-time buyer household income, according to the Council of Mortgage Lenders (CML). The average new mortgage for first time buyers has now reached **£114,000**. The average age of a first-time buyer is 28.

According to the National Association of Estate Agencies (NAEA) the number of first time buyers was 10.3% of sales in March 2007 – the lowest figure recorded since April 2006.

A first time buyer couple will now have to save up to the equivalent of 81.8 percent of joint take home pay, to build up the £32,784 needed for up front buying costs on a typical home, deposit and stamp duty.

Spending: About four million people enjoy spending their money too much to increase the amount they save (a massive increase of 75% on last year) and approximately one third of the British adult population haven't changed the ways they manage their finances in the last twelve months.

April saw a massive 55% increase in online sales as £3.5bn was spent online in April 2007.

Some 12 million people admit to taking on debt to pay for a holiday and 6 percent admit to going into the red most or every time they go on holiday.

Almost 20% of Britons have got into debt by spending on credit in anticipation of receiving a pay rise or work-related bonus.

The Office of National Statistics (ONS) reported that the deficit on trade in goods in March was £7.0 bn, compared with a deficit of £6.9 billion in February. Exports rose by £0.9 billion and imports rose by £1.0 billion.

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.

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

The cost of bringing up a child from birth to their 21st birthday has jumped to £180,137 (**£23.50 per day**). In the last year alone, the cost of raising offspring has risen by 9%, according to research from Liverpool Victoria.

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: 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.**

Recent research estimates that **50% of people don't have a will.**

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 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. 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.

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