

The
MONEY
Charity

Debt Statistics

**June 2014
Edition**

The MONEY Charity

Welcome to the June 2014 edition of The Money Charity's (formerly Credit Action) monthly Debt Statistics. The Debt Statistics provide a detailed overview of the level of debt in the UK as well as a range of other figures related to money, finance and the economy. We hope you find them useful.

Our headline personal debt figures are on **pages 3 and 4**. The Striking Numbers box in the right also summarises some of the most significant statistics from this month's release. The Striking Numbers are colour-coded, to help you navigate to the appropriate section using the key below.

Throughout this document, statistics that are written in **colour** have been calculated by The Money Charity. All the other statistics come from external sources and are written in **black**.

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STRIKING NUMBERS

£54,629

was the average household debt (including mortgages) in April

£161 million

was the daily amount of interest paid on personal debt in April

6,519

debt problems were dealt with by the CAB each working day over the year to March

1,400

people were made redundant every day between January and March

813,000

people had been unemployed for over a year between January and March

£7.3 million

of loans are written off daily by UK Banks and Building Societies (based on Q1 2014 trends)

Every **20 min 15 sec** a property is repossessed (based on Q1 2014 trends)

Every **5 min 12 sec** someone is declared insolvent or bankrupt (based on Q1 2014 trends)

£1.496 billion was the daily value of all purchases made using plastic cards in March



1. UK PERSONAL DEBT

TOTAL UK PERSONAL DEBT

Outstanding personal debt stood at **£1.443 trillion** at the end of April 2014.

- This is up from £1.424 trillion at the end of April 2013.

Outstanding secured (mortgage) lending stood at **£1.283 trillion** at the end of April.

- This is up from £1.268 trillion at the end of April 2013.

Outstanding unsecured (consumer credit) lending stood at **£160.2 billion** at the end of April 2014.

- This is up from £156.1 billion at the end of April 2013.

AVERAGE UK PERSONAL DEBT

Average household debt in the UK (excluding mortgages) was **£6,065** in April.

- This is up from a revised **£6,057** in March.

Average household debt in the UK (including mortgages) was **£54,629** in April.

- This is up from a revised **£54,556** in March.

The average amount owed per UK adult (including mortgages) was **£28,756** in April. This is up from a revised **£28,717** in March and was around **116%** of average earnings.

Average consumer borrowing (including credit cards, motor and retail finance deals, overdrafts and unsecured loans) per UK adult was **£3,192** in April. This is up from a revised **£3,188** in March.

The estimated average outstanding mortgage for the 11.2m households that carry mortgage debt stood at **£114,872** in April.

Based on April 2014 trends, the UK's total interest repayments on personal debt over a 12 month period would have been **£58.8 billion**.

- This is equivalent to **£161 million** per day.
- This means that UK households would have paid an average of **£2,226** in annual interest repayments.



1. UK PERSONAL DEBT

The Office for Budget Responsibility (OBR) predicted in March 2014 that total household debt will reach **£2.251 trillion** in Q1 2019. This would mean that average household debt would reach **£85,220** (assuming that the number of households in the UK remained the same between now and Q1 2019).

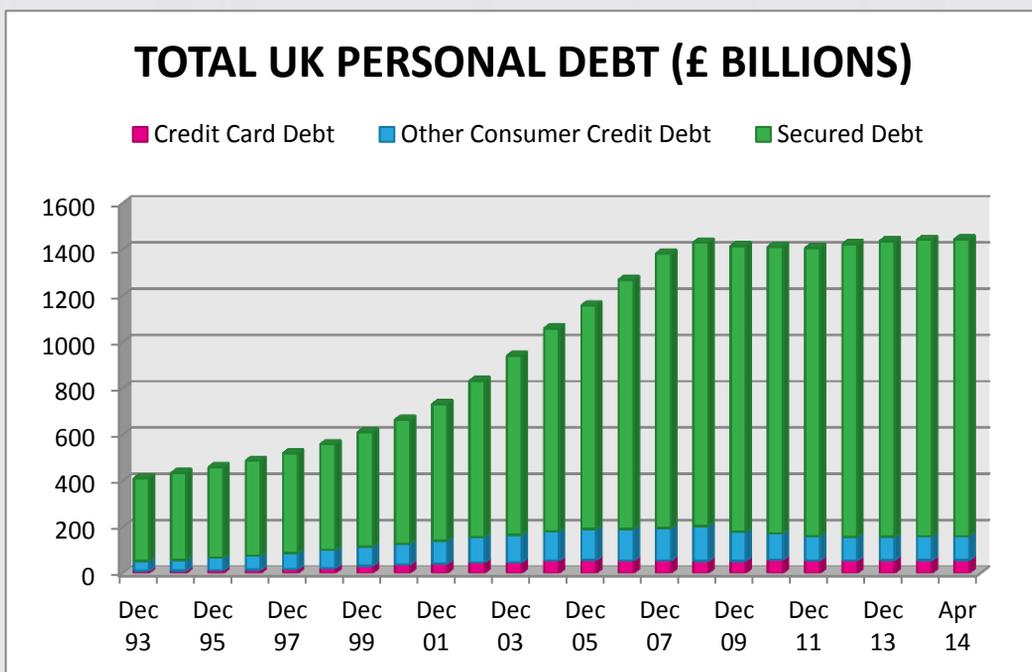
NET LENDING AND WRITE-OFFS

Total net lending to individuals by UK Banks and Building Societies **rose by £2.4 billion** in April 2014.

- Net secured lending rose by £1.7 billion in the month; net consumer credit lending rose by £0.7 billion.

UK Banks and Building Societies **wrote-off £3.42 billion** of loans to individuals over the four quarters to Q1 2014.

- In Q1 2014 itself they wrote-off £669 million (of which £319 million was credit card debt) amounting to a daily write-off of **£7.3 million**.



Based on Bank of England Data



2. EVERY DAY IN THE UK

Based on the latest available data, The Money Charity estimates that every day in the UK:

- **277** people are declared insolvent or bankrupt every day (based on Q1 2014 trends). This is equivalent to one person **every 5 minutes 12 seconds**.
- **1,910** Consumer County Court Judgements (CCJs) are issued every day (based on Q1 2014 trends). The average value of a Consumer CCJ in Q1 2014 was **£2,360**.
- Citizens Advice Bureaux in England and Wales dealt with **6,519** new debt problems every *working day* during the year ending March 2014.
- It costs an average of **£29.65** per day to raise a child from birth to the age of 21.
- **71** properties are repossessed every day (based on Q1 2014 trends).
- The number of people unemployed for over 12 months during the year ending March 2014 fell by **244** per day.
- **1,400** people a day reported they had become redundant between January and March.
- Public Sector Net Borrowing (excluding financial interventions) was **£7,364 million** in April 2014, meaning that the Government borrowed an average of **£245 million** per day during the month (equivalent to **£2,841** per second).
- **141** mortgage possession claims are issued and **99** mortgage possession orders are made every day.
- **525** landlord possession claims are issued and **373** landlord possession orders are made every day.
- The UK population grew by **1,114 people a day** between 2001 and 2011.
- **31.5 million** plastic card purchase transactions were made every day in March 2014 with a total value of **£1.496 billion**.
- **8.82m** cash machine transactions were made every day in April with a total value of **£357m**.
- A new car in the £13,000 - £18,000 price bracket travelling 10,000 miles per year costs **£14.04 per day** to run.
- It cost **£64.96** to fill a 50 litre tank with unleaded petrol in May.



3. NATIONAL STATISTICS

ECONOMY

The UK economy **grew by 0.8%** in the first quarter of 2014, according to latest estimates from the Office of National Statistics.

The Bank of England Base Rate is currently set at **0.5%** (since being established in 1694, the Rate has never been lower). It was reduced to this level on 5th March 2009, and has been held there for 62 months.

There were **5.3 million** working age benefit claimants at November 2013. This is a decrease of 343,000 in the year.

UNEMPLOYMENT

The number of unemployed people in the three months between January and March 2014 was **2.21 million** (6.8%). This is down by 133,000 from the previous three months, and down by 309,000 from a year earlier.

- **126,000** people (**1,400 a day**) reported they had become redundant over the three months. This is up by 15,000 from the previous three months, but down by 14,000 from a year earlier.
- **813,000** people had been unemployed for over 12 months between January and March, down by 32,000 from the previous three months, and down by 89,000 (**244 a day**) from a year earlier.
- The number of economically inactive people aged between 16 and 64 fell by 85,000 over the three months, and fell by 155,000 over the year, to reach **8.85 million** in the three months to March 2014.

Public sector employment fell by **159,000** in the fourth quarter of 2013 to reach **5.507 million** overall. This fall was largely due to the reclassification of Royal Mail as private sector.

The Office for Budget Responsibility's March 2014 forecast for General Government Employment estimates a total reduction of around **1.0 million** staff between the start of 2011 and the start of 2019 - 100,000 less than estimated in its December 2013 forecast. However, they estimate that this will be more than offset by a rise of **3.3 million** in total market sector employment over the period, meaning overall employment will reach **31.4 million** in 2018/19.



3. NATIONAL STATISTICS

PUBLIC SECTOR NET DEBT

In April 2014, public sector net debt (PSND) *excluding* financial interventions was **£1270.8bn**, equivalent to 75.6% of GDP. This compares to £1182.5bn (73.8% of GDP) at the end of April 2013.

Meanwhile, public sector net debt *including* financial interventions was **£2219.8bn**, equivalent to 132.1% of GDP. This compares to £2179.3bn (136.0% of GDP) as at the end of April 2013.

- The Office of National Statistics includes complete data from the Royal Bank of Scotland and Lloyds Banking Group, which were part-nationalised in 2008, in its calculations for PSND including financial interventions.

According to the March 2014 Budget, public sector net debt is forecast to peak at **78.7% of GDP** in 2015-16, before falling to **74.2% of GDP** in 2018-19.

CORPORATE INSOLVENCIES

Figures from the Insolvency Service show that there were **3,721** compulsory liquidations and creditors' voluntary liquidations in England and Wales in the first quarter of 2014.

- This was an increase of 4.8% on the previous quarter, and up 4.9% on the same period a year ago.

In the twelve months ending Q1 2014, approximately **1 in 167** active companies (0.6% of all active registered companies) went into liquidation.

- This is down from 1 in 165 in the year ending Q4 2013.

Additionally, there were **884** other corporate insolvencies in Q1 2014 (not seasonally adjusted), comprising 205 receiverships, 537 administrations and 142 company voluntary arrangements.

- In total these have decreased 2.8% on the same period a year ago.



3. NATIONAL STATISTICS

INFLATION AND RETAIL ACTIVITY

CPI (Consumer Prices Index) annual inflation stood at **1.8%** in April, up from 1.6% in March.

RPI (Retail Prices Index) annual inflation stood at **2.5%** in April. This was unchanged from March.

- Note that following a re-assessment last year, the Office of National Statistics no longer designates RPI as an official “National Statistic”.

RPIJ is an improved variant of the Retail Prices Index which is calculated using formulae that meet international standards. In November 2013 it was confirmed as a National Statistic.

- RPIJ stood at **1.8%** in April, unchanged from March.

There were **176,820** new car registrations in April, according to the Society for Motor Manufacturers and Traders (SMMT), up 8.2% on the same period in 2013.

- This was 26th consecutive month of growth.
- Year-to-date sales were up 12.5% on 2013, and the SMMT now expects 2.4 million new registrations in 2014.



4. SERVICING DEBT

Citizens Advice Bureaux across England and Wales dealt with **614,000** new enquiries in the three months between January and March 2014.

- Debt was the second largest advice category (behind Benefits) with 442,685 issues. This is a 10% decrease on the same period last year. Debt issues represented 30% of all problems dealt with between January and March 2014.
- Based on *annual* figures up to the end of March 2014, Citizens Advice Bureaux in England and Wales are dealing with **6,519** debt problems every *working day*.
- CAB cite the loss of legal aid and falling trends in many individual debt types for the reduction in debt advice cases.

According to the Council of Mortgage Lenders (CML), **6,400** properties were taken into possession in Q1 2014 (this is up from 6,100 in Q4 2013, but down from 8,000 in Q1 2013).

- This equates to **71** properties being repossessed every day, or one property being repossessed **every 20 minutes 15 seconds**.
- In terms of payment difficulties, **138,200 (1.24%)** of mortgages had arrears equivalent to at least 2.5% of the outstanding mortgage balance – the lowest since Q2 2008. In the previous quarter this was 144,600 (1.29%), and in Q1 2013 it was 159,700 (1.42%).
- One in every 400 mortgages was 10% or more in arrears.

The Financial Conduct Authority estimates that at the end of Q4 2013 there were **264,862** mortgage loan accounts in reportable arrears (i.e. arrears of over 1.5% of current loan balance), a drop of 5.3% from the previous quarter, and the lowest figure since Q1 2007.

- At the end of Q4 2013, loans in arrears represented **2.10%** of the value of the residential loan book.
- The performance of loans in arrears (payments received as a percentage of payments due) improved for the sixth quarter in succession to **61.9%** in Q4 2013.

The Insolvency Service said there were **24,931** individual insolvencies in England and Wales in Q1 2014. This is equivalent to **277** people a day or, one person **every 5 minutes 12 seconds**.

- This was a rise of **2.6%** on the previous quarter but a fall of **0.3%** on the same period a year ago.
- This was made up of 5,671 bankruptcies (down 15% compared to Q1 2013), 6,549 Debt Relief Orders (down 9.3% compared to Q1 2013) and 12,711 Individual Voluntary Arrangements (up 14.3% compared to Q1 2013).
- The number of Debt Relief Orders was higher than total bankruptcies for the seventh consecutive quarter, while Bankruptcy Orders have been lower than Individual Voluntary Arrangements for the last 12 quarters.
- Individual Voluntary Arrangements now make up more than half of all individual insolvencies.



5. PLASTIC CARDS & PERSONAL LOANS

During March 2014 an average of **365** purchases were made in the UK every second using debit and credit cards, based on figures from the UK Cards Association.

- An average of **£17,318** was spent every second using debit and credit cards.
- On a daily basis, purchases using plastic cards were worth **£1.496 billion** during March.

Meanwhile, data from LINK shows that, on average, **102** cash machine transactions (including balance enquiries and rejected transactions) were made every second in April 2014.

- In total, cash machine transactions were worth an average of **£4,129** per second in April.
- LINK's transaction figures do not include transactions or withdrawals made by customers at their own bank's or building societies' ATMs.

Total credit card debt in April 2014 was **£57.1bn**.

- The average interest rate on credit card lending was **16.98%** in April. This is **16.48%** above the Bank of England Base Rate (0.5%).
- British Bankers Association figures show that 59.9% of credit card balances were bearing interest in March 2014.



6. YOUNG PEOPLE

691,000 economically active 18-24 year olds were unemployed between January and March 2014. This was down by 43,000 (5.9%) compared to the previous three months.

- This meant that **16.9%** of all economically active 18-24 year olds were unemployed between January and March.
- **337,000** (48.8%) had been unemployed for over 6 months.
- **223,000** had been unemployed for over 12 months. This is a fall of 11,000 (4.5%) over the previous 3 months, and a fall of 22,000 (8.9%) from a year earlier.

The number of 18-24 year olds not in education, employment or training (NEET) in England at the end of Q1 2014 was **922,000** (16.1%).

- The number of 16-17 year olds classed as NEET stood at **53,000** (3.6%) at the end of Q1 2014.
- The overall number of 16-24 year olds NEETs was **975,000** (13.5%).
- We have changed from reporting DfE figures to those from the ONS.



7. OLDER GENERATIONS & PENSIONS

379,000 people aged over 50 were unemployed between January and March 2014. This is down 12,000 (3.1%) from the previous three months, and down 27,000 (6.7%) from a year earlier.

- **45.6%** of unemployed workers aged over 50 - a total of **173,000** people - have been out of work for over a year. **106,000** have been unemployed for more than two years.
- **1,087,000** people aged over 65 were *in work* between January and March, which is up 25,000 (2.3%) from the previous three months, and up 107,000 (10.9%) from the previous year.

At November 2013, there were 12.91 million claimants of State Pension, a rise of 70,000 on a year earlier. Of these 41% were male and 59% female.



8. HOUSING MARKET

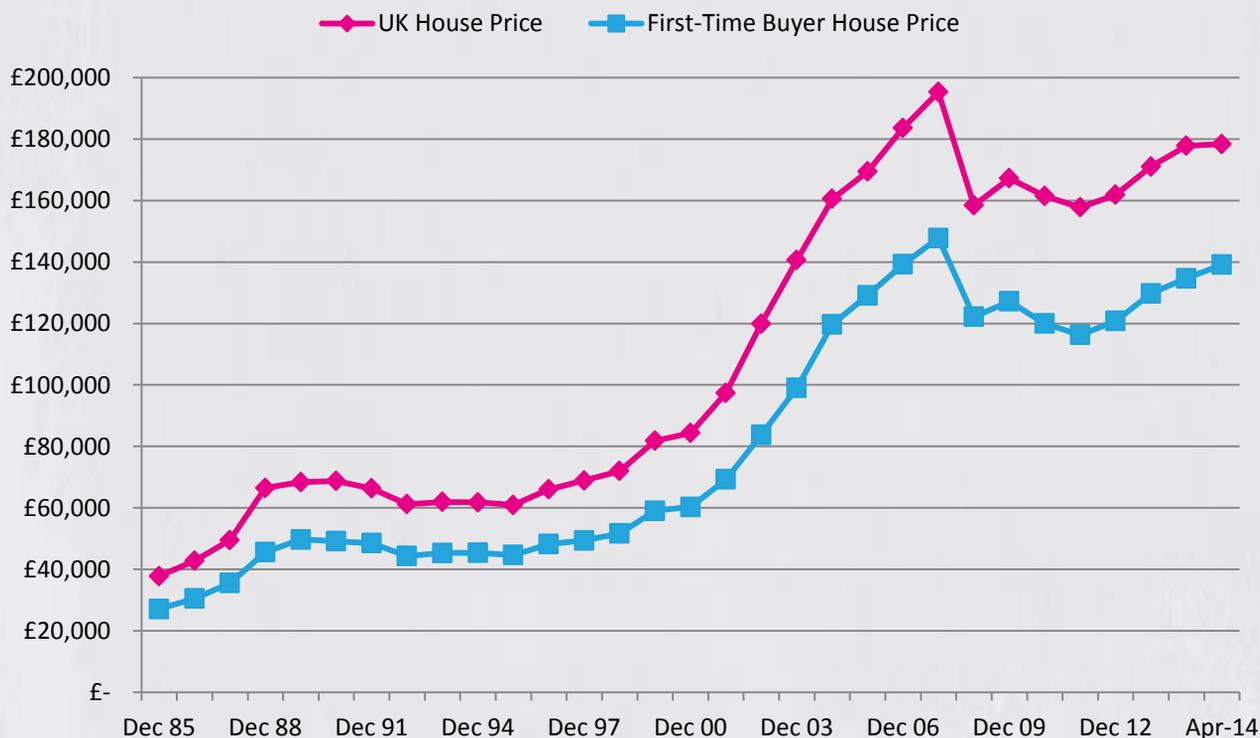
According to the Office of National Statistics the average house price in the UK in March 2014 stood at **£252,000** (£263,000 in England).

- Average UK house prices fell by 0.5% over the month to March 2014 (seasonally adjusted).
- Over the year to March 2014, however, UK house prices **increased by 8.0%**.
- Average house prices in London **increased by 17.0%** in the year to March 2014.

Nationwide estimate that house prices rose 0.7% during May 2014, and rose 11.1% compared to May 2013.

Halifax said that house prices fell by £348 in April 2014. This is a monthly drop of 0.2%. However, prices rose 2.3% over the quarter and 8.5% over the year.

UK HOUSE PRICE



Data from Halifax House Price Index (Standardised, Non-Seasonally Adjusted)



8. HOUSING MARKET

The average Mortgage Interest rate was 3.23% at the end of April.

According to the Council of Mortgage Lenders, gross mortgage lending in April totalled an estimated £16.6 billion.

- This is 8% higher than in March 2014, and 36% higher than April 2013 (£12.2 billion).

The April RICS Residential Market Survey shows that prices are reported to be rising across all of the UK's regions, with sustained increase in demand alongside a lack of new instructions. Nine of the 12 regions saw a decline in the number of new sellers.

- Contributors to the survey expect prices nationally to rise by 6% annually over the next 5 years, which amounts to compound growth of over 33%.

Hometrack's monthly survey of agents and surveyors showed that demand for housing rose 2.0% in May and the supply of homes for sale rose by 1.5%. The gap between supply and demand remains extended, but growth in demand is starting to slow.

- Average time on the market has risen slightly to 6.5 weeks.
- 96.8% of properties across England achieved their asking price – the highest since September 2002. In London this figure was 99.2%.

Rightmove said new seller asking prices hit a record high of £272,003 in May, up 3.6% on the previous month and 8.9% on May 2013. The annual rate of increase is the highest since October 2007. The average asking price in London also hit a new high of £592,763.

There were 42,173 loans for house purchase approvals in April, according to the British Bankers Association (BBA), 25% higher than a year earlier. The average loan approved for house purchase rose to £164,500.



8. HOUSING MARKET

Statistics from the National Association of Realtors show that existing home sales across the United States (including single-family, townhomes, condominiums and co-ops) increased 1.3% during the month of April. This was the first increase this year.

- The average price increased 5.2% year on year to \$201,700.
- Meanwhile, RealtyTrac® said that a total of 115,830 foreclosure filings — default notices, auction sale notices and bank repossessions — were reported on U.S. properties in April. This is a 1% increase on March and a 20% decrease from April 2013.

FIRST-TIME BUYERS AND BUY TO LET

The Office of National Statistics say that the average house price for first time buyers was **£193,000** in March 2014, which is an annual increase of 10.0%.

According to the Council of Mortgage Lenders (CML), the typical first-time buyer deposit in March was **20% (around £34,836)**. The average first-time buyer borrowed 3.41 times their income and the average first-time buyer loan was an estimated **£139,344**.

The CML says that 16,200 buy-to-let mortgages were advanced in March, up 10.2% on February 2014, while the loans were worth a total of £2.0bn, up 10.0% on the previous month. Both of these figures were much higher than March 2013 (55.8% more buy-to-let mortgages were advanced, with a increase in value of 46.4%).

There were 50,500 loans for house purchase, worth around £8bn, while there were 25,000 remortgage loans worth around £3.6bn. All of these figures were up on the month and the year.

The April 2014 RICS Residential Market Survey found that new landlord instructions remained flat. Respondents to the survey expected rents to increase by just under 2% over the coming year.



9. SPENDING

The AA calculate that in May 2014 the average price of unleaded petrol rose by 0.18ppl (pence per litre) to 129.92ppl.

- This meant it cost **£64.96** to fill a 50 litre unleaded tank.
- The average price of diesel fell by 0.09ppl to 136.17ppl.
- The cheapest unleaded petrol in the UK was in Yorkshire and the Humber, at 129.5ppl.

According to the AA, it costs 51.60 pence per mile to run a car. This is based on buying a new petrol car in the £13,000 - £18,000 price bracket, replacing it after 4 years and averaging 10,000 miles per year.

- Do 30,000 miles per year in a car that cost less than £13,000 and the cost falls to 25.46ppm
- Do 5,000 miles per year and spend £25,000 - £32,000 on the vehicle and the cost soars to 126.04ppm.

An annual report by LV has calculated that the cost of raising a child to their 21st birthday now stands at a record **£227,266**. This is up 2.2% compared to last year, and has increased 61.9% since the study first began in 2003.

- Education and childcare represent the biggest areas of expenditure, costing parents £73,803 and £66,113 respectively over the course of their children's childhoods.
- The cost of education (including uniforms, after-school clubs and university costs) has increased 126.4% since 2003, while the cost of childcare has risen by 66.9%.
- Parents now spend 28% of their annual income on raising a child.

NOTES

The Money Charity's Debt Statistics are compiled on a monthly basis by Jamie Thunder. Email jamie@themoneycharity.org.uk for information and enquiries.

If you would like to receive regular monthly updates of the statistics then please register at <http://themoneycharity.org.uk/debt-statistics/>

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N.B. All the statistics in this release are based on the latest available data at the time of writing.

