

The
MONEY
Charity

Debt Statistics

**May 2014
Edition**

The MONEY Charity

Welcome to the May 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

£54,546

was the average household debt (including mortgages) in March

£161 million

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

6,706

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

1,300

people were made redundant every day between November and January

807,000

people had been unemployed for over a year between December and February

£10.6 million

of loans are written-off daily by UK Banks and Building Societies (based on Q4 2013 trends)

Every **18 min 11 sec** a property is repossessed (based on Q4 2013 trends)

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

£1.645 billion was the daily value of all purchases made using plastic cards in February



1. UK PERSONAL DEBT

TOTAL UK PERSONAL DEBT

Outstanding personal debt stood at **£1.441 trillion** at the end of March 2014.

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

Outstanding secured (mortgage) lending stood at **£1.281 trillion** at the end of March.

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

Outstanding unsecured (consumer credit) lending stood at **£159.8 billion** at the end of March 2014.

- This is up from £156.3 billion at the end of March 2013.

AVERAGE UK PERSONAL DEBT

Average household debt in the UK (excluding mortgages) was **£6,048** in March.

- This is up from a revised **£6,020** in February.

Average household debt in the UK (including mortgages) was **£54,546** in March.

- This is up from a revised **£54,434** in February.

The average amount owed per UK adult (including mortgages) was **£28,712** in March. This is up from a revised **£28,653** in February and was around **115%** of average earnings.

Average consumer borrowing (including credit cards, motor and retail finance deals, overdrafts and unsecured loans) per UK adult was **£3,184** in March. This is up from a revised **£3,169** in February.

The estimated average outstanding mortgage for the 11.2m households that carry mortgage debt stood at **£114,520** in March.

Based on March 2014 trends, the UK's total interest repayments on personal debt over a 12 month period would have been **£58.7 billion**.

- This is equivalent to **£161 million** per day.
- This means that UK households would have paid an average of **£2,222** 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).

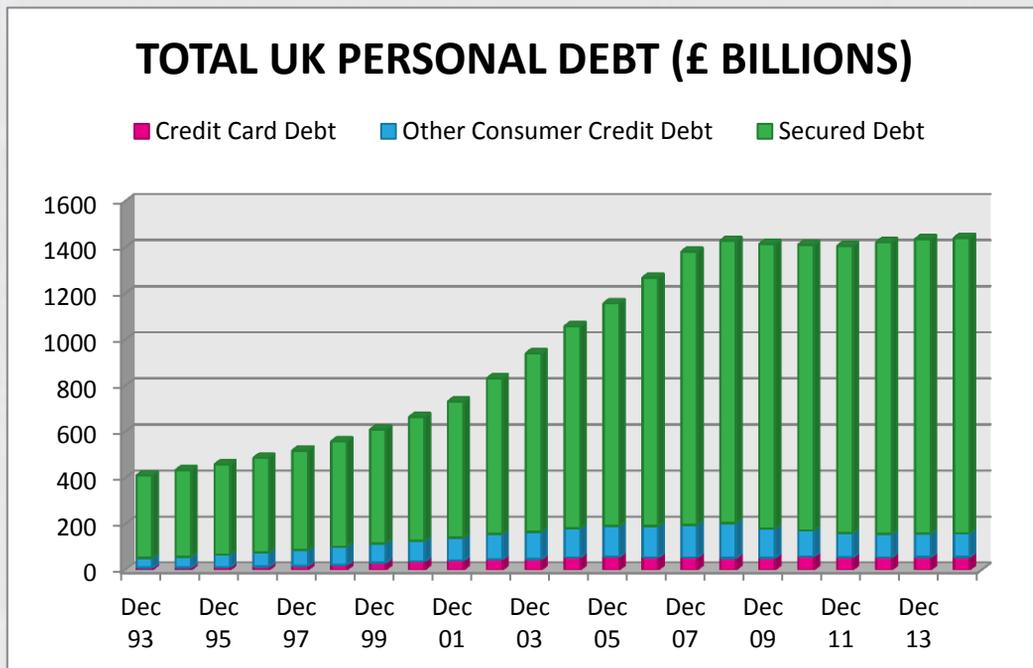
NET LENDING AND WRITE-OFFS

Total net lending to individuals by UK Banks and Building Societies **rose by £2.9 billion** in March 2014.

- Net secured lending rose by £1.8 billion in the month; net consumer credit lending rose by £1.1 billion.

UK Banks and Building Societies **wrote-off £3.61 billion** of loans to individuals over the four quarters to Q4 2013.

- In Q4 2013 itself they wrote-off £971 million (of which £560 million was credit card debt) amounting to a daily write-off of **£10.6 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**.
- **1,537** Consumer County Court Judgements (CCJs) are issued every day (based on Q4 2013 trends). The average value of a Consumer CCJ in Q4 2013 was **£2,531**.
- Citizens Advice Bureaux in England and Wales dealt with **6,706** new debt problems every *working day* during the year ending December 2013.
- It costs an average of **£29.65** per day to raise a child from birth to the age of 21.
- **79** properties are repossessed every day (based on Q4 2013 trends).
- The number of people unemployed for over 12 months during the year ending February 2014 fell by **255** per day.
- **1,300** people a day reported they had become redundant between December and February.
- Public Sector Net Borrowing (excluding financial interventions) was **£6,693 million** in March 2014, meaning that the Government borrowed an average of **£216 million** per day during the month (equivalent to **£2,499** per second).
- **133** mortgage possession claims are issued and **103** mortgage possession orders are made every day.
- **483** landlord possession claims are issued and **354** landlord possession orders are made every day.
- The UK population grew by **1,346 people a day** between 2001 and 2012.
- **34.2 million** plastic card purchase transactions were made every day in February 2014 with a total value of **£1.645 billion**.
- **8.82m** cash machine transactions were made every day in March with a total value of **£354m**.
- A new car in the £13,000 - £18,000 price bracket travelling 10,000 miles per year costs **£14.14 per day** to run.
- It cost **£64.87** to fill a 50 litre tank with unleaded petrol in April.



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 61 months.

There were **5.4 million** working age benefit claimants at August 2013. This is a decrease of 285,000 in the year.

UNEMPLOYMENT

The number of unemployed people in the three months between December 2013 and February 2014 was **2.24 million** (6.9%). This is down by 77,000 from the previous three months, and down by 320,000 from a year earlier.

- **117,000** people (**1,300 a day**) reported they had become redundant over the three months. This is up by 5,000 from the previous three months, but down by 20,000 from a year earlier.
- **807,000** people had been unemployed for over 12 months between December and February, down by 32,000 from the previous three months, and down by 93,000 (**255 a day**) from a year earlier.
- The number of economically inactive people aged between 16 and 64 fell by 86,000 over the three months, and fell by 104,000 over the year, to reach **8.85 million** in the three months to February 2014.

Public sector employment fell by **159,000** in the fourth quarter of 2013 to reach **5.507 million** overall.

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 March 2014, public sector net debt (PSND) *excluding* financial interventions was **£1268.7bn**, equivalent to 75.8% of GDP. This compares to £1185.2bn (74.2% of GDP) at the end of March 2013.

Meanwhile, public sector net debt *including* financial interventions was **£2216.8bn**, equivalent to 132.4% of GDP. This compares to £2196.6bn (137.5% of GDP) as at the end of March 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 **1.6%** in March, down from 1.7% in February.

RPI (Retail Prices Index) annual inflation stood at **2.5%** in March. This is down from 2.7% in February.

- 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 March, down from 2.0% in February.

There were **464,824** new car registrations in March, according to the Society for Motor Manufacturers and Traders, up 17.7% on the same period in 2013.

- The introduction of the 14-plate took the figure to its highest for a decade.
- 8,713 newly-registered cars were alternatively-fuelled – the most in any single month, and 63.8% higher than the same month last year.



4. SERVICING DEBT

Citizens Advice Bureaux across England and Wales dealt with **535,000** new enquiries in the three months between October and December 2013.

- Debt was the second largest advice category (behind Benefits) with 378,309 issues. This is a 17% decrease on the same period last year. Debt issues represented 30% of all problems dealt with between October and December 2013.
- Based on *annual* figures up to the end of December 2013, Citizens Advice Bureaux in England and Wales are dealing with **6,706** 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), **28,900** properties were taken into possession in 2013 (this is down from 33,900 in 2012 and represents 0.26% of all outstanding mortgages).

- This equates to **79** properties being repossessed every day, or one property being repossessed **every 18 minutes 11 seconds**.
- In terms of payment difficulties, **1.29%** mortgages ended 2013 with arrears equivalent to at least 2.5% of the outstanding mortgage balance.
- At the end of 2013, 28,700 mortgages (0.26% of all mortgages) were 10% or more in arrears, down from 29,200 at the end of the previous quarter and 28,900 at the end of 2012.

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 February 2014 an average of **396** purchases were made in the UK every second using debit and credit cards, based on figures from the UK Cards Association.

- An average of **£19,040** was spent every second using debit and credit cards.
- On a daily basis, purchases using plastic cards were worth **£1.645 billion** during February.

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

- In total, cash machine transactions were worth an average of **£4,103** per second in March.
- 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 March 2014 was **£56.9bn**.

- The average interest rate on credit card lending was **16.86%** in March. This is **16.36%** above the Bank of England Base Rate (0.5%).
- British Bankers Association figures show that 60.6% of credit card balances were bearing interest in February 2014.



6. YOUNG PEOPLE

707,000 economically active 18-24 year olds were unemployed between December 2013 and February 2014. This was down by 27,000 (3.6%) compared to the previous three months.

- This meant that **17.2%** of all economically active 18-24 year olds were unemployed between December and February.
- **343,000** (48.5%) had been unemployed for over 6 months.
- **222,000** had been unemployed for over 12 months. This is a fall of 10,000 (4.3%) over the previous 3 months, and a fall of 30,000 (12.0%) from a year earlier.

The number of 18-24 year olds not in education, employment or training (NEET) in England at the end Q4 2013 was **969,000** (16.9%).

- The number of 16-17 year olds classed as NEET stood at **66,000** (4.5%) at the end of Q4 2013.
- The overall number of 16-24 year olds NEETs was **1,036,000** (14.4%).
- We have changed from reporting DfE figures to those from the ONS.



7. OLDER GENERATIONS & PENSIONS

390,000 people aged over 50 were unemployed between December 2013 to February 2014. This is up 7,000 (1.9%) from the previous three months, but down 11,000 (2.7%) from a year earlier.

- **44.3%** of unemployed workers aged over 50 - a total of **173,000** people - have been out of work for over a year. **100,000** have been unemployed for more than two years.
- **1,089,000** people aged over 65 were *in work* between December and February, which is up 22,000 (2.1%) from the previous three months, and up 122,000 (12.6%) from the previous year.

At August 2013, there were 12.87 million claimants of State Pension, a rise of 72,000 on a year earlier. Of these 41% were male and 59% female.



8. HOUSING MARKET

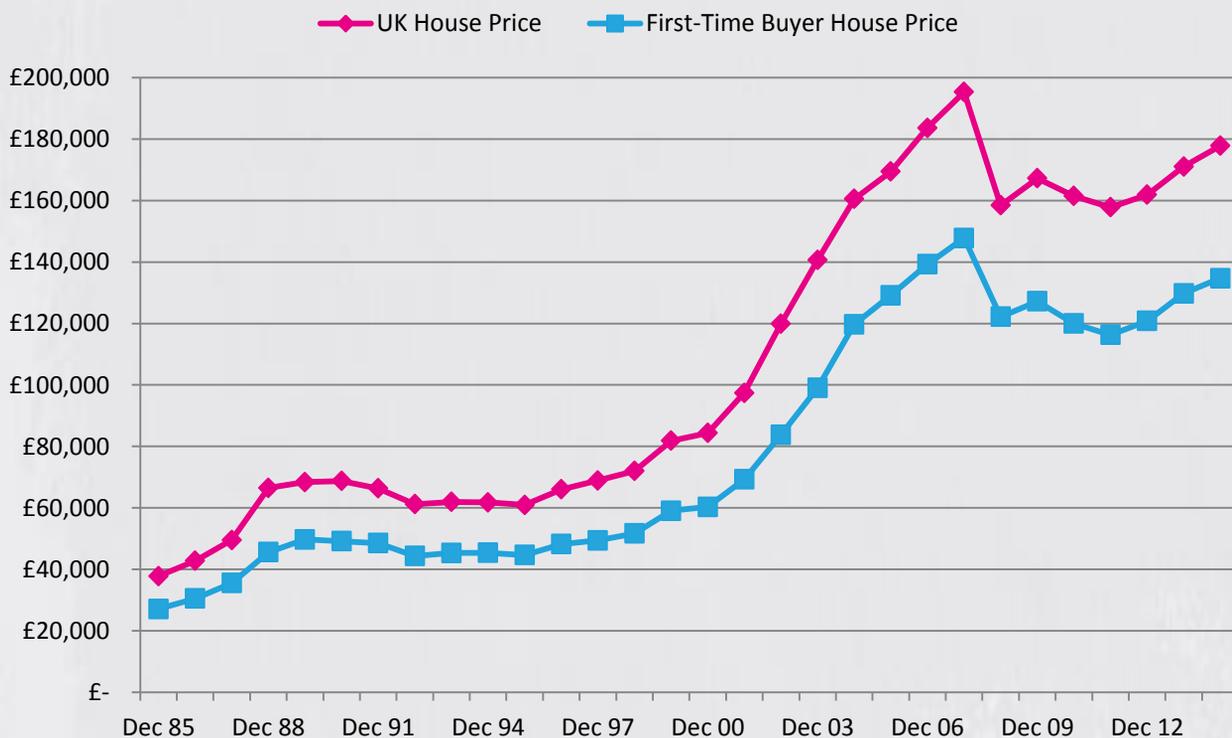
According to the Office of National Statistics the average house price in the UK in February 2014 stood at **£253,000** (£264,000 in England).

- Average UK house prices rose 1.9% over the month to February 2014 (seasonally adjusted).
- Over the year to February 2014, UK house prices **increased by 9.1%**.
- Average house prices in London **increased by 17.7%** in the year to February 2014.

Nationwide estimate that house prices rose 1.2% during April 2014, and rose 10.9% compared to March 2013.

Halifax said that house prices fell by £1,914 in March 2014. This is a monthly drop of 1.1%. However, prices rose 2.3% over the quarter and 8.7% 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 3.24% at the end of March.

According to the Council of Mortgage Lenders, gross mortgage lending in March totalled an estimated £15.4 billion.

- This is 4% higher than in February 2014, and 33% higher than March 2013 (£11.6 billion).

The March RICS Residential Market Survey shows the 11th successive month of house price increases, the longest period of consistent growth since the onset of the financial crises. Prices are reported to be rising across all of the UK's regions, with sustained increase in demand alongside a lack of new instructions.

- 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 3.3% in April and the supply of homes for sale rose by 1.9%. The gap between supply and demand remains extended and shows no sign of changing in the near future.

- Average time on the market has fallen to 6.3 weeks, the lowest since June 2007.
- 96.7% of properties across England achieved their asking price – the highest since September 2002. In London this figure was 99%.

Rightmove said new seller asking prices hit a record high of £262,594 in April, up 2.6% on the previous month and 7.3% on 2013. The annual rate of increase is the highest since October 2007. The average asking price in London also hit a new high of £572,348.

There were 45,933 loans for house purchase approvals in March, according to the British Bankers Association (BBA), 43% higher than a year earlier. The average loan approved for house purchase rose to £163,600.



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) decreased 0.2% during the month of March.

- The average price increased 7.9% year on year to \$198,500.
- Meanwhile, RealtyTrac® said that a total of 117,485 foreclosure filings — default notices, auction sale notices and bank repossessions — were reported on U.S. properties in March. This is a 4% increase on February but a 23% decrease from March 2013.

FIRST-TIME BUYERS AND BUY TO LET

The Office of National Statistics say that the average house price for first time buyers was **£192,000** in February 2014, which is an annual increase of 10.5%.

The typical first-time buyer deposit in February was **18% (around £30,653)**. The average first-time buyer borrowed 3.4 times their income and the average first-time buyer loan was an estimated **£139,640**.

The Council of Mortgage Lenders say that 14,300 buy-to-let mortgages were advanced in February, down 8.9% on January 2014, while the loans were worth a total of £1.9bn, down 9.5% on the previous month. However, both of these figures were much higher than February 2013 (38.8% more buy-to-let mortgages were advanced, with an increase in value of 46.2%).

Just over half the loans were for house purchase as opposed to remortgage, but remortgages accounted for just over half the value of the loans.



9. SPENDING

The AA calculate that in April 2014 the average price of unleaded petrol rose by 0.28pppl (pence per litre) to 129.74pppl.

- This meant it cost **£64.87** to fill a 50 litre unleaded tank.
- The average price of diesel fell by 0.33pppl to 136.26pppl.
- The cheapest unleaded petrol in the UK was in Yorkshire and the Humber, at 129.3pppl.

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.

