

Debt Facts and Figures - Compiled October 2010

Total UK personal debt

Write-off rate on consumer lending by UK monetary financial institutions to individuals increased further in **2010 Q2 to 7.4%**. UK banks and building societies wrote off £10.9bn of loans to individuals in the last 12 months to end Q2 2010. In Q2 2010 they wrote off £3.47bn (£2.14bn of that was credit card debt). **This amounts to a write-off of £38.06m a day.**

Total UK personal debt at the end of August 2010 stood at **£1,428bn**. The twelve-month growth increased by 0.9%. **Individuals owe more than what the whole country produces in a year.**

Total lending in August 2010 rose by £1.5bn; **secured lending increased by £1.7bn** in the month; consumer credit lending decreased by - £0.1bn (*total lending in Jan 2008 grew by £8.4bn*).

Total secured lending on dwellings at the end of August 2010 stood at **£1,240bn**. The twelve-month growth rate remained at 1.0%.

Total consumer credit lending to individuals at the end of August 2010 was **£216bn**. **The annual growth rate of consumer credit was unchanged at 0.2%.**

Average household debt in the UK is ~ **£8,590** (excluding mortgages). This figure increases to **£17,896** 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 ~ **£56,690** (including mortgages).

If you add to this the March 2010 budget report figure for public sector net debt (PSND) expected in 2015-16 (excluding financial interventions) then this figure rises to £108,931 per household.

Average owed by every UK adult is ~ £29,349 (including mortgages). This is 124% of average earnings.

Average outstanding mortgage for the 11.4m households who currently have mortgages now stands at ~ £108,956.

Britain's interest **repayments on personal debt were £66.0bn** in the last 12 months. The average interest paid by each household on their total debt is approximately **£2,619** 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 **£4,447** per average UK adult at the end of August 2010.

The Office for Budget Responsibility (OBR) predicts that household debt will be £1,823bn by end 2015 which is a growth of £159m a day. This would take the average household debt to £72,341 per household.

Striking numbers

£38.06m

daily write-offs of loans by banks & building societies

1,556 people

made redundant daily

797,000

unemployed for > 12 months

9,000

number of new debt problems dealt with by CAB each day

£56,690

average household debt (including mortgages)

£181m

personal interest paid in UK daily

every 14 minutes

a property is repossessed

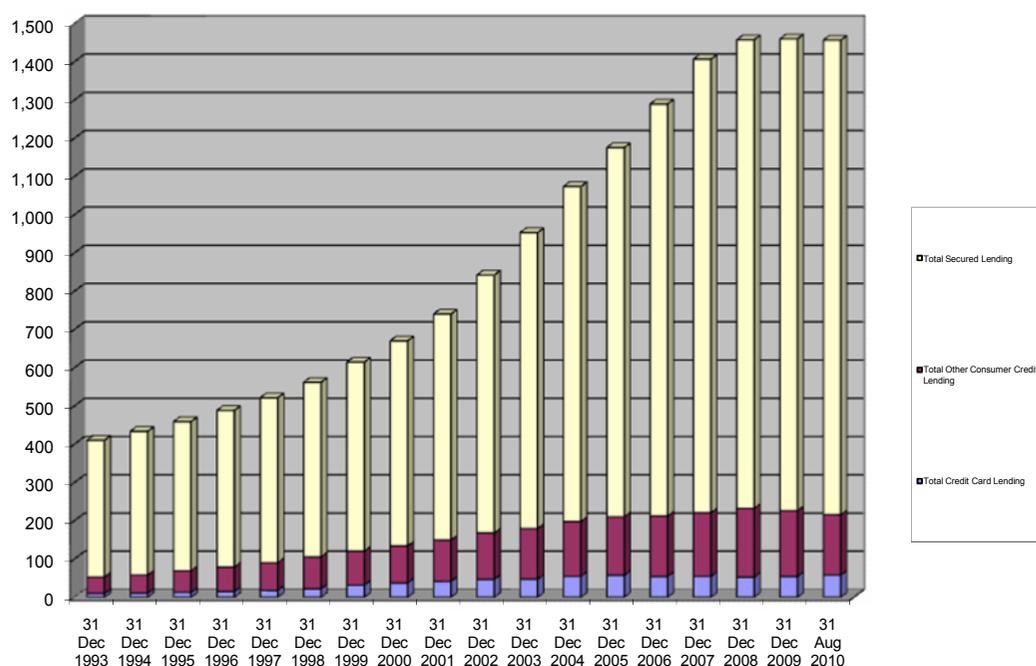
every 3.78 minutes

someone will be declared insolvent or bankrupt

£362,200,000

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:

- **381 people everyday of the year** will be declared insolvent or bankrupt. This is equivalent to **1 person every 52 seconds during the working day**.
- 1,359 Consumer County Court Judgements (CCJs) were issued every day during Q2 2010 and the average judgement amount was £4,063.
- In the last 12 months consumers saved an average of £2.80 every day
- Citizen Advice Bureaus dealt with **9,000 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.**
- **103 properties were repossessed every day during Q2 2010**
- **597 people a day became unemployed for more than 12 months** during the 12 months to end July 2010
- **1,556 people reported they had become redundant every day** during 3 months to end July 2010.
- £362,200,000 is the amount that the Government Public Sector net debt (PSDN) will grow today (**equivalent to £4,192 per second**).
- **£126,250,000** is the interest the Government has to pay each day on the UK's net debt of £934.9 bn. This is estimated to rise to £182m a day in 2015-16.
- 195 mortgage possession claims will be issued and 147 mortgage possession orders will be made today
- 363 landlord possession claims will be issued and 255 landlord possession orders will be made today.
- The UK population is projected to grow by 1,178 people a day over the next decade
- 23.0m plastic card purchase transactions will be made today with a total value of £1.148bn.
- 8.0m cash withdrawals will be made today with a total value of £512m
- The average car will cost £15.13 to run today

Other key national statistics:

The UK economy has grown by 1.2% in the second quarter of 2010.

There were 5.9 million working age benefit claimants at February 2010. This is an increase of 115,000 in the year.

UK base rate fell to a 315 year low when the official bank rate was reduced to 0.5% on 5th March 2009 and has been held at that level for 18 months in a row.

There were 4,080 compulsory liquidations and creditors' voluntary liquidations in total in England and Wales in the second quarter of 2010 (on a seasonally adjusted basis). This was an increase of 0.5% on the previous quarter and a decrease of 19.1% on the same period a year ago. In the twelve months ending Q2 2010, **approximately 1 in 127**

active companies (or 0.8%) went into liquidation, which is a slight decrease from the previous quarter, when this figure stood at 1 in 120. Additionally, there were 1,311 other corporate insolvencies in Q2 2010 (not seasonally adjusted) comprising 302 receiverships, 777 administrations and 232 company voluntary arrangements. In total these represented a decrease of 14.3% on the same period a year ago.

In August 2010 the **public sector net debt (PSND) was £934.9 bn**, equivalent to **64%** of gross domestic product and equivalent to **~ £37,100 per household**. PSND has increased **£132.2 bn in 12 months (equivalent to a growth of £4,192 per second or £5,246 per household)**. Net borrowing for the month was **£15.9 bn (£513 bn a day)**. The interest paid on this debt by the Government in the year April 2010 to August 2010 was **£19.2 bn** which is equivalent to **~ £1,829 per household / annum**.

According to the **Coalition's June 2010 Budget report** the public sector net debt will peak at 70.3% of GDP in 2013-14, before declining to 67.4% of GDP in 2015-16. **The interest on this debt in 2015-16 is estimated at £66.5bn (equivalent to £182m a day)**.

The number of **unemployed people in the three months to July 2010 was 2.47 million (7.8%)**. This is down **8,000** from the previous three months and down 5,000 from a year earlier. **142,000 people (1,556 a day) reported they had become redundant** in the three months down 31,000 from the previous three months and down 90,000 from a year earlier.

The number of people unemployed for more than 12 months increased by 16,000 (175 a day) over the quarter to reach 797,000. The number of economically inactive people aged from 16 to 64 decreased by 158,000 over the quarter but increased by 31,000 over the year to reach 9.26 million in the three months to July 2010.

Public sector employment decreased by 22,000 in the second quarter of 2010, to 6.051 million compared with the previous quarter.

The Office for Budget Responsibility (OBR) budget forecast for the number of general Government employees estimates a reduction from 5.53m in 2010/11 to 4.92m in 2015/16. They estimate that for the whole economy employment will rise from 28.89m to 30.23m.

In the year to August, the consumer prices index (CPI) rose by 3.1%, unchanged from July. **The Retail Prices Index rose by 4.7% in August 2010 down from 4.8% in July**.

New car registrations fell 17.5% in August to 55,305 units compared with scrappage-fuelled 2009. This decline marks the second consecutive fall, a pattern expected to continue through to year.

UK retail sales values increased 1.0% on a like-for-like basis and increased 2.8% on a total basis, from August 2009.

Servicing Debt: Four in ten adults in Britain (almost 19m people) are worried about their debt, according to research by R3. For those who worry about their debts 51% were most concerned by their credit cards, 32% were most concerned by their overdraft and 19% worried most about bank loans and mortgages payments.

Over the last two years there has been a 27% increase in the number of workless households in the UK. Over the same period advisers at National Debtline have seen the number of calls from unemployed people more than double.

Consumer Credit Counselling Service (CCCS) figures show that **one in eight (14,446)** people who contacted the charity during the first half of 2010 for help with their unsecured debts were claiming JSA. On average, clients claiming JSA owe £15,412 to five different creditors.

Over the first six months of 2010, almost a quarter of people contacting CCCS (22.4 percent) cited unemployment as a reason.

More than four in ten adults in Britain (42%) struggle each month to make it to 'payday' (11% on a regular basis and 31% occasionally) and the average day this struggle begins is the 20th day after payday according to R3

ONS said household disposable income was 1.6% lower in Q2 2010 than in Q1 2010. They also said household savings ratio had dropped to 3.2% in Q2 2010 from 5.5% in Q1 2010.

The Insolvency Service said there were 34,743 individual insolvencies in England and Wales (**381 people a day or 1 every 3.78 minutes**) in Q2 2010 on a seasonally adjusted basis. This was a decrease of 2.6% on the previous quarter and an **increase of 5%** on the same period a year ago.

However, there remains something of a 'debt iceberg' with many more people in unrecorded Debt Management Plans which are not included in today's statistics. According to estimates by R3 this could amount to 500,000 people, more than double the number in formal insolvency procedures. Below them, under the waterline are another 574,000 who are struggling financially but have contacted their creditors informally. More worrying is another group further down

comprising of 961,000 individuals who are struggling with debts but have not sought help. This group could find themselves in formal insolvency procedures unless they take swift action.

According to figures published by R3 over 2 million (2,329,500) holidaymakers have had to borrow on average more than £1000 (£1,130) and will spend seven months paying it back.

Citizens Advice Bureaux across England and Wales in the 3 months ending June 2010 advised 0.5 million clients about 1.7 million new problems. Debt is still the largest advice category with 562,000 new debt problems (32% of all problems - including mortgage and rent arrears, benefit overpayment debts). Citizens Advice Bureaux in England and Wales are currently dealing with ~ **9,000 new debt problems every working day**.

41% of UK consumers feel worse off now than they did this time last year according to research by comparison site Gocompare.com.

Mortgage lenders took 9,400 properties into possession in Q2 2010 down from 9,800 in Q1 2010 according to the Council of Mortgage Lenders. This equates to **103 properties being repossessed every day or 1 property being repossessed every 14 minutes**.

In terms of payment difficulties, 178,200 mortgages ended Q2 2010 with arrears equivalent to at least 2.5% of the outstanding mortgage balance. This was 5% lower than at the end of Q1 2010.

The CML now expects 175,000 mortgages to end the year 2.5% or more in arrears, compared with the previous forecast of 205,000. A total of 39,000 repossessions are now forecast for 2010 as a whole, compared with the previous forecast of 53,000.

The FSA estimate that at the end of Q2 2010 there were **351,000 loan accounts in reportable arrears (> 1.5% of current loan balance)**, a decrease of 3% from Q1 2010. At the end of Q2 2010, loans in arrears represented 3.11% of the value of the residential loan book.

The CCCS centre, which specialises in dealing with the personal finances of the self employed, has helped over 6,500 people this year. However, only 1,600 were in a position to enter into a debt management plan (DMP) and repay their debts as over half of callers had a deficit budget and therefore no money to start repaying their debts.

Finance & Leasing Association statistics show that consumers used 8% less credit in the 12 months to July than in the 12 month period to July 2009.

A survey of 372 CCCS clients found that debt problems have a negative impact on people's close relationships, their health and their ability to carry out their jobs. Alarmingly, 83% of those surveyed said that their debt problems had a very negative impact on their lives. 37% of respondents said that a debt problem had adversely affected their relationship with their partner, 22% said it had affected their relationship with their children and 46% said that it had a very negative impact on their health

The Department for Business, Innovation and Skills estimate that in the UK, one person in ten is struggling to manage his or her debts.

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.

Plastic card / Personal Loans: uSwitch estimate that **14 million consumers now use credit cards for day to day spending**.

Confused.com estimate that 26% of credit card holders have been charged at least once in the last year for missing a minimum payment (costing an average of £12 per time), 8.5% have been charged three or more times in the last 12 months and 1.2% have been charged ten or more times in the last 12 months - that's over £100 each in charges.

There were 143.7m debit, credit or charge cards in circulation in the UK at the end of 2009 according to the UK Payments Council. **An average 266 plastic card purchases were made in the UK every second** during Q2 2010 using debit and credit cards (equal to £13,293 /second). 93 cash withdrawals were made every second (equal to £5,936 / second) from UK's 62,238 cash machines during Q2 2010.

There are **more credit cards in the UK than people** according to the UK Payments Council. At the end of 2009 there were 64.4m credit and charge cards in the UK compared with around 62m people in the country.

Total credit card debt in August 2010 was **£58.3bn**.

The average interest rate on credit card lending is currently **18.67%, which is 18.17% above base rate (0.5%)**.

According to the BBA the proportion of balances bearing interest is 70%.

Young people - the IPOD generation: 71% of parents of undergraduate students have concerns about providing financially for their son or daughter while they are at university. Moreover, a third (33%) of all parents are very or extremely concerned according to the research by the Consumer Financial Education Body (CFEB).

The average student starting university in 2010 is expected to graduate with £24,702 of debt.

Research from Halifax reveals that the average pocket money in 2010 is £5.89 per week, compared to £6.24 in 2009. The last time pocket money fell below £6.00 was in 2003, where the average amount was £5.79 per week. This is £2.48 lower than the highest level of £8.37 in 2005.

The unemployment rate for economically active 18 to 24 year olds increased 16,000 (2.2%) in the last 3 months to reach 728,000. **This means that 17.4% of all economically active 18 to 24 year olds are unemployed.** 318,000 (44%) have been unemployed for > 6 months.

The proportion of 18-24 year olds not in education, employment or training (NEET) at the end Q2 2010 was 776,000 (16.3%). The proportion of 16-18 year NEETs stood at 198,000 (10.2%) at the end of Q2 2010. **The total of 16 – 24 classed as NEETS now stands at 874,000.**

The Association of Investment Companies (AIC) estimates £21,198 is the average amount of debt of 2011 graduate. They also say that 55% of students are worried they will not find a job on graduation and that 49% of students think it will take over a decade to repay their student debt.

Children are becoming increasingly interested in their own finances and money management arrangements, according to research from Halifax. This increased awareness in financial matters has led children to believe that they should be responsible for their own money and financial arrangements at 13 years of age. 69% of children would like to receive financial education and advice from their parents at home, followed by 18% from teachers at school.

Pensioners / Pensions: When the country is celebrating the Olympics in 2012, baby boomers will be turning 65 in record numbers. Over 800,000 of them - **a staggering 150,000 more than in 2011** - will reach this key milestone.

The proportion of retired households in the population rose from 22% in 1977 to 26% in 2008/09. There are 8.6m pensioner units in the UK (single pensioners over state pension age or pensioner couples, married or cohabiting pensioners, where one or more are over state pension age). In 2008/09, pensioner couples received average income of **£564 per week**, compared with £304 per week for single men pensioners and £264 per week for single women pensioners.

Pensions provide modest levels of annual income for many pensioner households. In 2008/09, 53% of single pensioners had total pension income (state benefit income and private pension income) of **less than £10,000**, while 36% of pensioner couples had less than £15,000.

The Money Sickness Syndrome report published by AXA shows that some nine million pensioners in the UK are enduring the harsh effects of financial worries in their later years as they face symptoms of finance-related stress including anxiety (43%), lack of concentration (22%), insomnia (24%) and feeling depressed (21%).

The number of people aged 50+ out of work is 394,000, which is an increase of 3.5% over the last quarter and an increase of 5.6% (21,000) over last year. The number of people over 65 in work continues to rise – with an increase of 72,000 in the three months to the end of July to 864,000, **a rise of 129,000 (17.5%) over the previous year.**

The number of older workers trapped in long-term unemployment has hit a ten-year high after soaring 50% in the last year alone. Two in five 50-plus unemployed workers (43%) - a total of 169,000 people - have been out of work for over a year. 78,000 have been unemployed for more than 2 years

At February 2010, there were 12.7m people of state pension age claiming a DWP benefit, an increase of 256,000 since February 2009. Of these, 67% were claiming State Pension (SP) only.

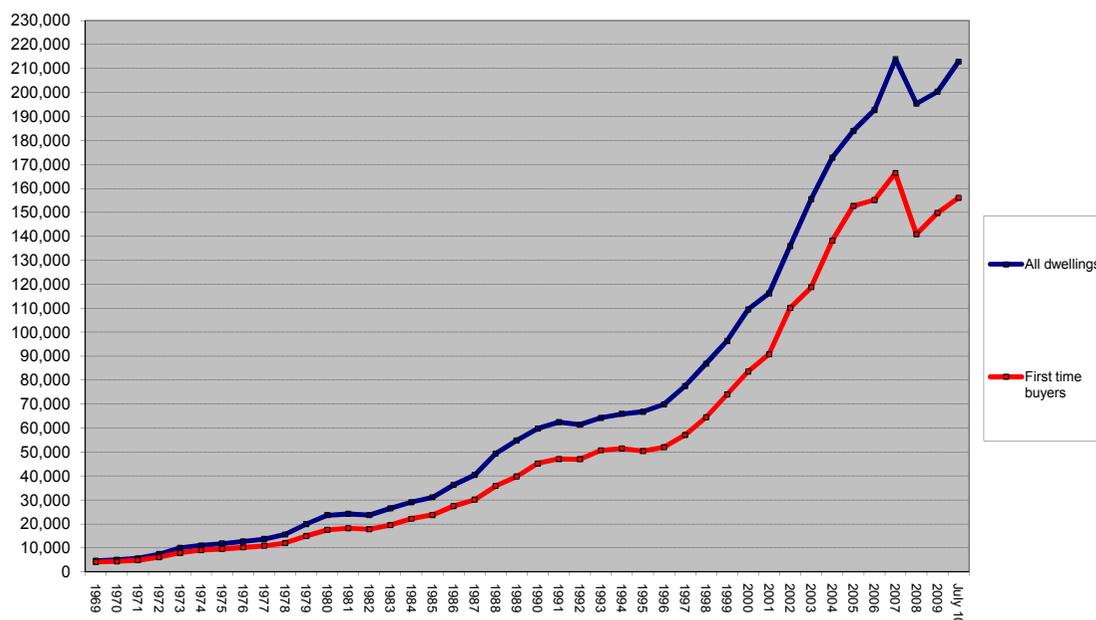
More than a third of equity release customers have used the extra cash to help clear their debts, whilst almost half have put it towards essential house maintenance, according to research by Age UK.

The annual Scottish Widows UK Pensions Report reveals that pension savings have seen a dramatic drop since last year and are at the lowest level since 2006. Those saving adequately have decreased by 6% since last year down to 48% and a fifth (21%) of people who could and should be saving nothing at all.

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.

Housing: According to the Department for Communities and Local Government (DCLG) the average house price in the UK in July 2010 now stands at **£212,878** (£220.240 in England). The annual rate of UK house-price inflation is 8.4%. **The annual rate of house-price inflation in London is 14.6%.**

UK Average House Prices £



The average Mortgage Interest rate is 3.55%.

Gross mortgage lending declined to an estimated £11.4 billion in August, down 14% from £13.3 billion in July and 6% from £12.1 billion in August 2009, according to new data from the Council of Mortgage Lenders.

Nationwide said the seasonally adjusted price index for a typical UK property was essentially unchanged in September, edging up by a marginal 0.1% from its August level. That left the annual rate of house price inflation at 3.1%, down from 3.9% in August and 6.6% in July. The three month on three month rate of change – a good indicator of the near term price trend – fell from 0.0% in August to -0.9% in September. This represents the first negative reading for the three month rate of change since May 2009.

Hometrack monthly survey of over 5,100 agents and surveyors shows that house prices have fallen across all regions for the first time since April 2009. Demand for housing dropped by -2.9% in September. This is the third month in a row that demand has fallen. In the last 3 months, the volume of buyers registering with agents has fallen by 6.5% and the supply of homes coming to the market has grown by 7.2% over the past 3 months.

Rightmove said new sellers dropped average asking prices by 1.1% (£2,474). This is the third consecutive monthly fall. Prices have now fallen by 3.4% in the last three months

According to the NAEA the number of house-hunters registered per branch decreased on average from 292 in July to 250 in August, the number of sales agreed per branch **decreased** from 8 in July to 7 in August and the average number of properties available for sale per branch increased from 68 in July to 69 in August.

House purchase mortgage approval numbers in August were 31,767. The average loan approved for house purchase fell again in August to **£143,500 which is 3.8% higher than a year ago.**

Existing home sales across the United States (including single-family, townhomes, condominiums and co-ops) decreased 7.6% over last month and fell 19% year on year in August 2010. The **average price increased 0.8% year on year** to \$178,600. RealtyTrac® said there were a total of 338,836 foreclosure filings — default notices, auction sale notices and bank repossessions — were reported on U.S. properties in August 2010, a 4% increase in total properties from last month and a 5% decrease in total properties from August 2009. The report also shows that one in 381 of all U.S. housing units received at least one foreclosure filing in August 2010.

Housing First Time Buyers (FTB) & Buy-to-let: The average house price in the UK in July 2010 for first time buyers now stands at **£156,040** which is an **annual increase of 7.5%**.

As at the end of June, there were 1.26 million buy-to-let mortgages outstanding, worth a total of £149 bn. By value, buy-to-let mortgages accounted for 12% of all mortgages, the highest proportion since records began.

There were 52,200 loans (worth £6.2 billion) to first-time buyers from April to June, up from 43,400 (worth £5 billion) from January to March, according to data from the Council of Mortgage Lenders.

The typical first-time buyer deposit in July was **24% (£39,067)**. The average first-time buyer borrowed 3.14 times their income and the average first-time buyer loan was £123,711.

The lettings market remains buoyant, as increased tenant demand and a shortage of properties pushes rents higher, according to the latest RICS Residential Lettings Survey.

A fifth of private-residential landlords (21%) have had tenants in rent arrears over the last three months, according to research published by the National Landlords Association (NLA). The average amount of outstanding rent arrears is £799.

The dearth in available rental properties is worsening, according to research from the Association of Residential Lettings Agents (ARLA). 70% of ARLA member offices say that there are more tenants than available properties.

Money Education: Lack of financial education has cost Brits nearly £250 million in charges and penalties alone, with almost a quarter (24%) having been hit by charges because they don't understand the terms and conditions of financial products, according to research from uSwitch.com. Moreover, **almost three quarters of Brits (71%) say that a lack of basic personal financial understanding is to blame for debt.**

Less than one in ten people (7%) think we are financially educated as a nation. Despite the fact that consumers can take out financial products such as credit cards and loans as soon as they hit 18, worryingly, on average most people don't become knowledgeable about personal finance until they are 27 years old.

AXA estimate the number of adults afflicted by Money Sickness Syndrome has doubled since 2006. **87% of people have suffered from financial stress. More than one in 10 suffers from financial stress all the time**, over a quarter frequently and one third sometimes. Over the past 12 months 63% of adults have felt their financial stress increase. The hardest hit were those in junior managerial and supervisory jobs, with 66% complaining of rising stress levels over money in the last year. However, one in five (21%) of high-level managers and professionals complained of suffering constant money-related stress.

Aviva's Feel-Good Insight Study, produced in conjunction with a leading psychologist at City University, London, indicates a **strong link between financial behaviour and self esteem - but proves money doesn't buy happiness.** In short, those with sensible financial plans in place are happier overall and have a stronger sense of "financial wellbeing", regardless of their salary.

Research by NatWest's 2010 MoneySense Research Panel reveals that the recession has had a profound, and encouraging, impact on the attitudes, beliefs and behaviours of British teenagers around money. It shows that, compared to 12 months ago, they are now significantly more considered now in how they plan, budget, spend and save. As many as 67% of young people surveyed thought their money management skills had improved from last year.

Spending: uSwitch estimate that 4 m British women are in the grips of shopaholicism, resulting in unsecured debts of £13 bn. Shopaholics have an average personal shopping debt of £3,353 - nearly three times the national average of £1,147. 74% use a combination of credit cards, storecards, overdrafts and loans to feed their addiction and 41% will ignore their overdraft limit to purchase a 'must have' item.

PayPal estimate that one in every £10 will be spent online by 2012

According to Defra **17% of all the food purchases that could have been eaten were wasted in 2008.**

Brits fork out more than £18,500 a year on bills according to Confused.com. Each month, the average household parts with £1,541.91 on utility bills, rent or mortgage payments, the weekly shop and other bills. That's a total of £18,502.86 a year or £962,148.72 between the ages of 18 and 70. The study revealed that the cost of living has risen by £642.12 in the past 12 months, from £17,860.74 last year.

Figures from moneysupermarket.com show that Britons use an average of 2.4 million discount vouchers for goods and services every day - an increase of 25% on last year.

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.

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: According to research from Schroder's, in the past year, 31% of UK adults have drawn on a collective £60 million in savings and investments to supplement their income, while Scottish Widows has found that almost one in 10 adult children have had to bail out their parents in the past year.

50% of the British population are now committed to a monthly saving habit. **Britons are saving more of their monthly income than at any other time over the past two years.** The latest NS&I Savings Survey shows that although the economic environment remains challenging, the proportion of income that people are setting aside (6.90%) has returned to levels not seen since before the start of the economic downturn. Britons are now saving £85.21 each month, up from £81.94 last quarter. Take-home income has continued to decline, falling to £1,235.00 from £1,310.10 last quarter, suggesting that savings have become more of a priority

56% of Brits who responded to a poll by moneysupermarket.com revealed that they have dipped into their savings accounts when they hadn't planned to.

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.

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 <http://www.creditation.org.uk/debt-statistics.html> Note: new / changed statistics are at the start of each section.**

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