

The
MONEY
Charity

Debt Statistics

**April 2014
Edition**

The MONEY Charity

Welcome to the April 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**.

Section	Page Number
1. UK Personal Debt	3
2. Everyday in the UK	5
3. National Statistics	6
4. Servicing Debt	9
5. Plastic Cards and Personal Loans	10
6. Young People	11
7. Older Generations and Pensions	12
8. Housing Market	13
9. Spending	16

STRIKING NUMBERS
£54,472 was the average household debt (including mortgages) in February
£162 million was the daily amount of interest paid on personal debt in February
7,015 debt problems were dealt with by the CAB each working day over the year to September
1,282 people were made redundant every day between November and January
845,000 people had been unemployed for over a year between November and January
£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 25 sec someone is declared insolvent or bankrupt (based on Q4 2013 trends)
£1.498 billion was the daily value of all purchases made using plastic cards in January



1. UK PERSONAL DEBT

TOTAL UK PERSONAL DEBT

Outstanding personal debt stood at **£1.439 trillion** at the end of February 2014.

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

Outstanding secured (mortgage) lending stood at **£1.280 trillion** at the end of February 2014.

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

Outstanding unsecured (consumer credit) lending stood at **£159.0 billion** at the end of February 2014.

- This is up from £156.5 billion at the end of February 2013.

AVERAGE UK PERSONAL DEBT

Average household debt in the UK (excluding mortgages) was **£6,018** in February.

- This is up from a revised **£6,015** in January.

Average household debt in the UK (including mortgages) was **£54,472** in February.

- This is up from a revised **£54,408** in January.

The average amount owed per UK adult (including mortgages) was **£28,673** in February. This is up from a revised **£28,639** in January 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 **£3,168** in February. This is up from a revised **£3,166** in January.

The estimated average outstanding mortgage for the 11.2m households that carry mortgage debt stood at **£114,416** in February.

Based on February 2014 trends, the UK's total interest repayments on personal debt over a 12 month period would have been **£59.2 billion**.

- This is equivalent to **£162 million** per day.
- This means that UK households would have paid an average of **£2,242** 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).

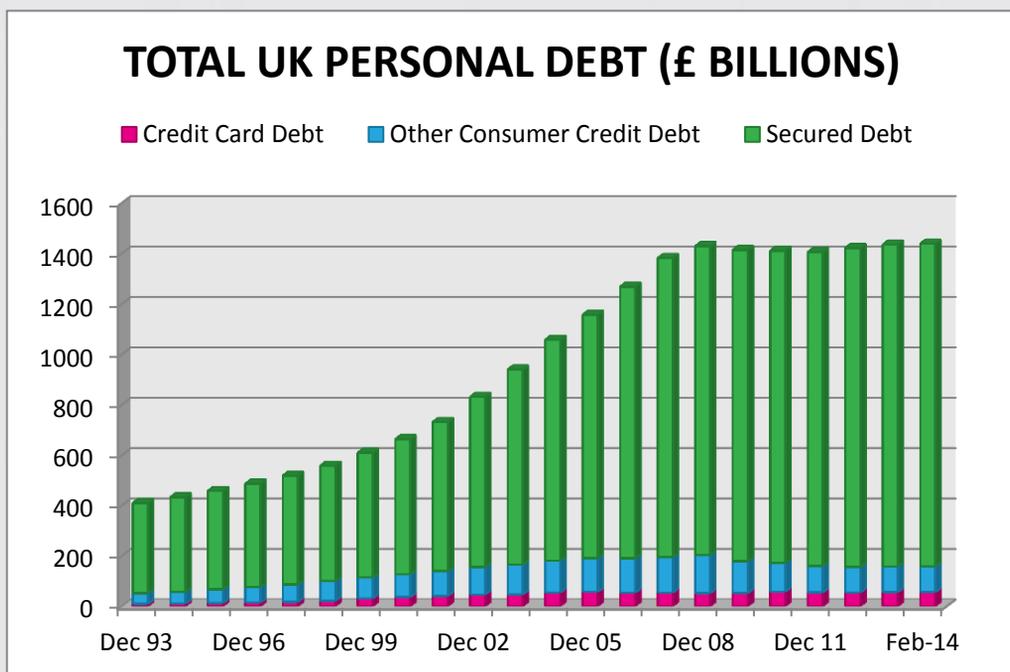
NET LENDING AND WRITE-OFFS

Total net lending to individuals by UK Banks and Building Societies **rose by £2.3 billion** in February 2014.

- Net secured lending rose by £1.7 billion in the month; net consumer credit lending rose by £0.6 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:

- **266** people are declared insolvent or bankrupt every day (based on Q4 2013 trends). This is equivalent to one person **every 5 minutes 25 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 **7,015** new debt problems every *working day* during the year ending September 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 January 2014 fell by **162** per day.
- **1,282** people a day reported they had become redundant between November to January 2013.
- Public Sector Net Borrowing (excluding financial interventions) was **£9,311 million** in February 2014, meaning that the Government borrowed an average of **£333 million** per day during the month (equivalent to **£3,849** 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 **1,123 people a day** between 2001 and 2011.
- **30.8 million** plastic card purchase transactions were made every day in January 2014 with a total value of **£1.498 billion**.
- **8.49m** cash machine transactions were made every day in February with a total value of **£340m**.
- A new car in the £13,000 - £18,000 price bracket travelling 10,000 miles per year costs **£16.23 per day** to run.
- It cost **£64.73** to fill a 50 litre tank with unleaded petrol in March.



3. NATIONAL STATISTICS

ECONOMY

The UK economy **grew by 0.7%** in the fourth quarter of 2013, 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 60 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 November 2013 to January 2014 was **2.33 million** (7.2%). This is down by 63,000 from the previous three months, and down by 191,000 from a year earlier.

- **117,000** people (**1,282 a day**) reported they had become redundant over the three months. This is down by 2,000 from the previous three months, and down by 15,000 from a year earlier.
- **828,000** people had been unemployed for over 12 months between November to January, down by 38,000 from the previous three months, and down by 59,000 (**162 a day**) from a year earlier.
- The number of economically inactive people aged between 16 and 64 fell by 19,000 over the three months, and fell by 57,000 over the year, to reach **8.90 million** in the three months to January 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 February 2014, public sector net debt (PSND) *excluding* financial interventions was **£1246.8bn**, equivalent to 74.7% of GDP. This compares to £1160.7bn (72.5% of GDP) at the end of February 2013.

Meanwhile, public sector net debt *including* financial interventions was **£2198.1bn**, equivalent to 131.7% of GDP. This compares to £2189.4bn (136.7% of GDP) as at the end of February 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 **3,552** compulsory liquidations and creditors' voluntary liquidations in England and Wales in the fourth quarter of 2013 (on a seasonally adjusted basis).

- This was an decrease of 7.4% on the previous quarter, and down 7.1% on the same period a year ago.

In the twelve months ending Q4 2013, approximately **1 in 166** active companies (0.6% of all active registered companies) went into liquidation.

- This is down from 1 in 159 in the previous quarter.

Additionally, there were **1,001** other corporate insolvencies in Q4 2013 (not seasonally adjusted), comprising 236 receiverships, 642 administrations and 123 company voluntary arrangements.

- In total these have decreased 0.6% on the same period a year ago.



3. NATIONAL STATISTICS

INFLATION AND RETAIL ACTIVITY

CPI (Consumer Prices Index) annual inflation stood at **1.7%** in February, down from 1.9% in January.

- CPI is below the government target of 2.0%, this last happened in 2009 when the rate fell as low as 1.1%.

RPI (Retail Prices Index) annual inflation stood at **2.7%** in February. This is down from 2.8% in January.

- 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 **2.0%** in February, down from 2.1% in January.

There were **68,736** new car registrations in February, according to the Society for Motor Manufacturers and Traders, up 3.0% on the same period in 2013.

- The UK new car market has achieved 24 consecutive months of growth, increasing 17.4% over the period.
- February is a traditionally quieter month ahead of the March registration plate change, but the industry is optimistic for the 14-plate.



4. SERVICING DEBT

Citizens Advice Bureaux across England and Wales dealt with **0.579 million** new enquiries in the three months between July and September 2013.

- Debt was the second largest advice category (behind Benefits) with 394,562 issues. This is a 16% decrease on the same period last year. Debt issues represented 28% of all problems dealt with between July and September 2013.
- Based on *annual* figures to the end of September 2013, Citizens Advice Bureaux in England and Wales are dealing with **7,015** debt problems every *working day*.
- CAB site 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 **24,282** individual insolvencies in England and Wales in Q4 2013. This is equivalent to **266** people a day or, one person **every 5 minutes 25 seconds**.

- This was a fall of **6.7%** on the previous quarter and a fall of **4.6%** on the same period a year ago.
- This was made up of 5,386 bankruptcies (down 22.2% compared to Q4 2012), 6,563 Debt Relief Orders (down 13.1% compared to Q4 2012) and 12,333 Individual Voluntary Arrangements (up 12.3% compared to Q4 2012).
- The number of Debt Relief Orders was higher than total bankruptcies for the sixth consecutive quarter, while Bankruptcy Orders have been lower than Individual Voluntary Arrangements for the last eleven quarters.



5. PLASTIC CARDS & PERSONAL LOANS

During January 2014 an average of **356** purchases were made in the UK every second using debit and credit cards, based on figures from the UK Cards Association.

- An average of **£17,342** was spent every second using debit and credit cards.
- On a daily basis, purchases using plastic cards were worth **£1.498 billion** during January.

Meanwhile, data from LINK shows that, on average, **98** cash machine transactions (including balance enquiries and rejected transactions) were made every second in February 2014.

- In total, cash machine transactions were worth an average of **£3,940** per second in February.
- 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 February 2014 was **£57.1bn**.

- The average interest rate on credit card lending was **17.40%** in February. This is **16.90%** above the Bank of England Base Rate (0.5%).
- British Bankers Association figures show that 61.2% of credit card balances were bearing interest in January 2014.



6. YOUNG PEOPLE

727,000 economically active 18-24 year olds were unemployed between November 2013 to January 2014. This was down by 31,000 (4.1%) compared to the previous three months.

- This meant that **17.7%** of all economically active 18-24 year olds were unemployed between November to January.
- **356,000** (49.0%) had been unemployed for over 6 months.
- **226,000** had been unemployed for over 12 months. This is a fall of 14,000 (6.0%) over the previous 3 months, and a fall of 32,000 (12.3%) 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

393,000 people aged over 50 were unemployed between November 2013 to January 2014. This is down 11,000 (2.6%) from the previous three months, and up 3,000 (0.9%) from a year earlier.

- **44.4%** of unemployed workers aged over 50 - a total of **175,000** people - have been out of work for over a year. **102,000** have been unemployed for more than two years.
- **1,040,000** people aged over 65 were *in work* between November to January, which is down 28,000 (2.6%) from the previous three months, and up 75,000 (7.8%) 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

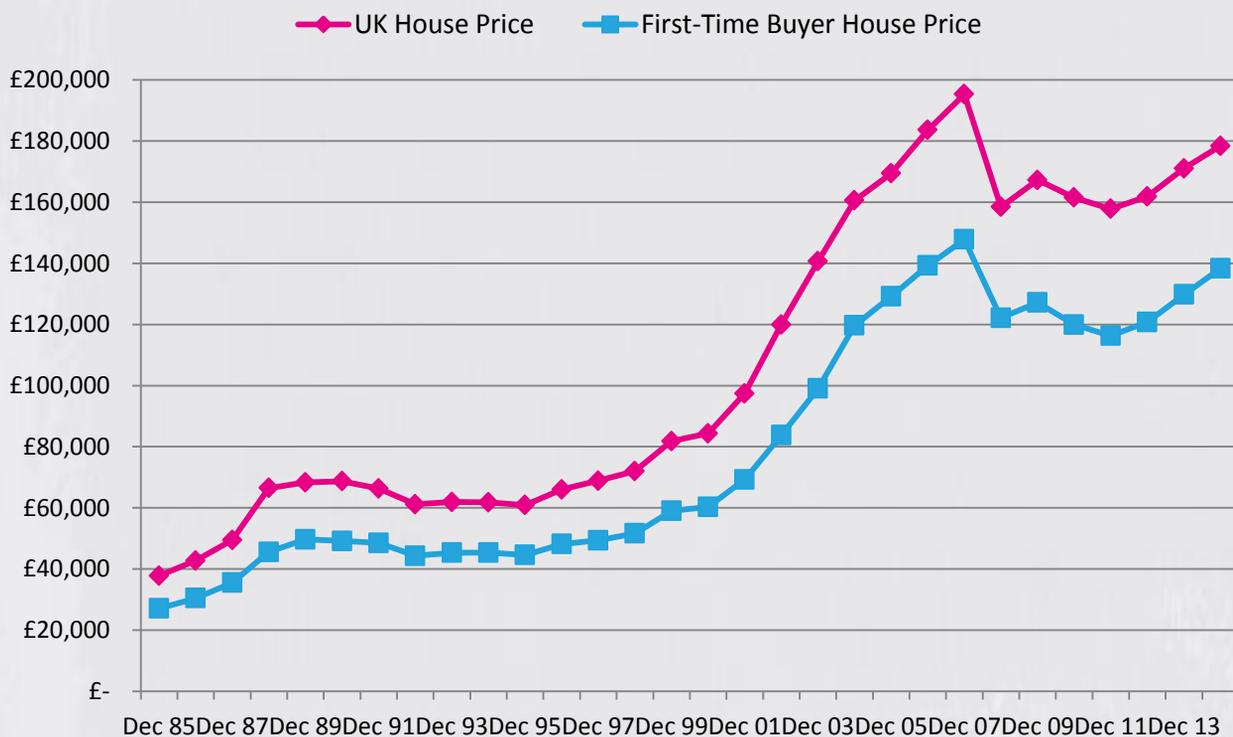
According to the Office of National Statistics the average house price in the UK in January 2014 stood at **£254,000** (£264,000 in England).

- Average UK house prices rose 0.6% over the month to January 2014 (seasonally adjusted).
- Over the year to January 2014, UK house prices **increased by 6.8%**.
- Average house prices in London **increased by 13.2%** in the year to January 2014.

Nationwide estimate that house prices rose 0.6% during February 2014, and rose 9.4% compared to February 2013.

Halifax said that house prices rose by £4,136 in February 2014. This is a monthly rise of 2.4%. Prices rose 2.1% over the quarter and rose 7.9% 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 3.25% at the end of February.

According to the Council of Mortgage Lenders, gross mortgage lending in February totalled an estimated £15.2 billion.

- This is down 6% compared to January 2014, however it is 43% higher than February 2013 (£10.6 billion).

The February RICS Residential Market Survey shows a broad continuation at the national level of the trends that have been witnessed since the middle of last year. 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 5.9% annually over the next 5 years, which amounts to compound growth of over 30%.

Hometrack's monthly survey of agents and surveyors showed that demand for housing rose 6.6% in March 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 below 8 weeks (7.9) for the first time since October 2007.
- In London 99.3% of properties achieved their asking price, compared with an average of 96.2% over the whole country

Rightmove said new seller asking prices hit a record high of £255,962 in March, up 1.6% on the previous month and 6.8% on 2013. The average asking price in London also hit a new high of £552,530. They also state that 114,996 new properties have been advertised in the last four weeks, up 8.7% on last year.

There were 47,550 loans for house purchase approvals in February, according to the British Bankers Association (BBA), 53% higher than a year earlier. The average loan approved for house purchase rose to £157,400.



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 0.4% during the month of February.

- The average price increased 9.1% year on year to \$189,000.
- Meanwhile, RealtyTrac® said that a total of 112,498 foreclosure filings — default notices, auction sale notices and bank repossessions — were reported on U.S. properties in February. This is an 10% decrease from January and an 27% decrease from February 2013.

FIRST-TIME BUYERS AND BUY TO LET

The Office of National Statistics say that the average house price for first time buyers was **£190,000** in January 2014, which is an annual increase of 7.6%.

The typical first-time buyer deposit in January was **18% (around £31,215)**. The average first-time buyer borrowed 3.39 times their income and the average first-time buyer loan was an estimated **£142,202**.

The Council of Mortgage Lenders say that 15,700 buy-to-let mortgages were advanced in January, up 8.3% on December 2013. The loans were worth a total of £2.1bn up 11% on the previous month. Just over half the loans were for house purchase as opposed to remortgage, however remortgages accounted for just over half the value of the loans.

According to the February 2014 RICS Residential Market Survey rent expectations increased only marginally over the month as tenant demand grew at a slightly greater pace than in January, while new landlord instructions were broadly unchanged again. Over the coming year, rents are expected to increase by around 2%.



9. SPENDING

The AA calculate that in March 2014 the average price of unleaded petrol fell by 0.17ppl (pence per litre) to 129.46ppl.

- This meant it cost **£64.73** to fill a 50 litre unleaded tank.
- The average price of diesel fell by 0.43ppl to 136.59ppl.
- The price of unleaded petrol in supermarkets can be as low as 125.7ppl.

According to the AA, it costs 59.25 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 31.47ppm
- Do 5,000 miles per year and spend £25,000 - £32,000 on the vehicle and the cost soars to 155.14ppm.

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 Liz Dunscombe. Email liz@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.

