

The
MONEY
Charity

Debt Statistics
December 2013
Edition

The MONEY Charity

Welcome to the December 2013 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

£54,124

was the average household debt (including mortgages) in October

£162 million

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

7420

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

1,359

people were made redundant every day between July and September

890,000

people had been unemployed for over a year between July and September

£1,008m

of loans are written-off daily by UK Banks and Building Societies (based on Q3 2013 trends)

Every **18 min 15 sec** a property is repossessed (based on Q3 2013 trends)

Every **5 min 3 sec** someone is declared insolvent or bankrupt (based on Q3 2013 trends)

£1.527 billion was the daily value of all purchases made using plastic cards in September



1. UK PERSONAL DEBT

TOTAL UK PERSONAL DEBT

Outstanding personal debt stood at **£1.430 trillion** at the end of October 2013.

- This is up from £1.421 trillion at the end of October 2012.

Outstanding secured (mortgage) lending stood at **£1.271 trillion** at the end of October 2013.

- This is up from £1.265 trillion at the end of October 2012.

Outstanding unsecured (consumer credit) lending stood at **£158.6 billion** at the end of October 2013.

- This is up from £156.5 billion at the end of October 2012.

AVERAGE UK PERSONAL DEBT

Average household debt in the UK (excluding mortgages) was **£6,004** in October.

- This is down from a revised **£6,010** in September.

Average household debt in the UK (including mortgages) was **£54,124** in October.

- This is up from a revised **£54,066** in September.

The average amount owed per UK adult (including mortgages) was **£28,489** in October. This is up from a revised **£28,459** in September 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 **£3,160** in October. This is down from a revised **£3,164** in September.

The estimated average outstanding mortgage for the 11.2m households that carry mortgage debt stood at **£113,404** in October.

Based on October 2013 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 **£2,243** in annual interest repayments.



1. UK PERSONAL DEBT

The Office for Budget Responsibility (OBR) predicted in March 2013 that total household debt will reach **£1.931 trillion** in Q1 2018. This would mean that average household debt would reach **£73,284** (assuming that the number of households in the UK remained the same between now and Q1 2018).

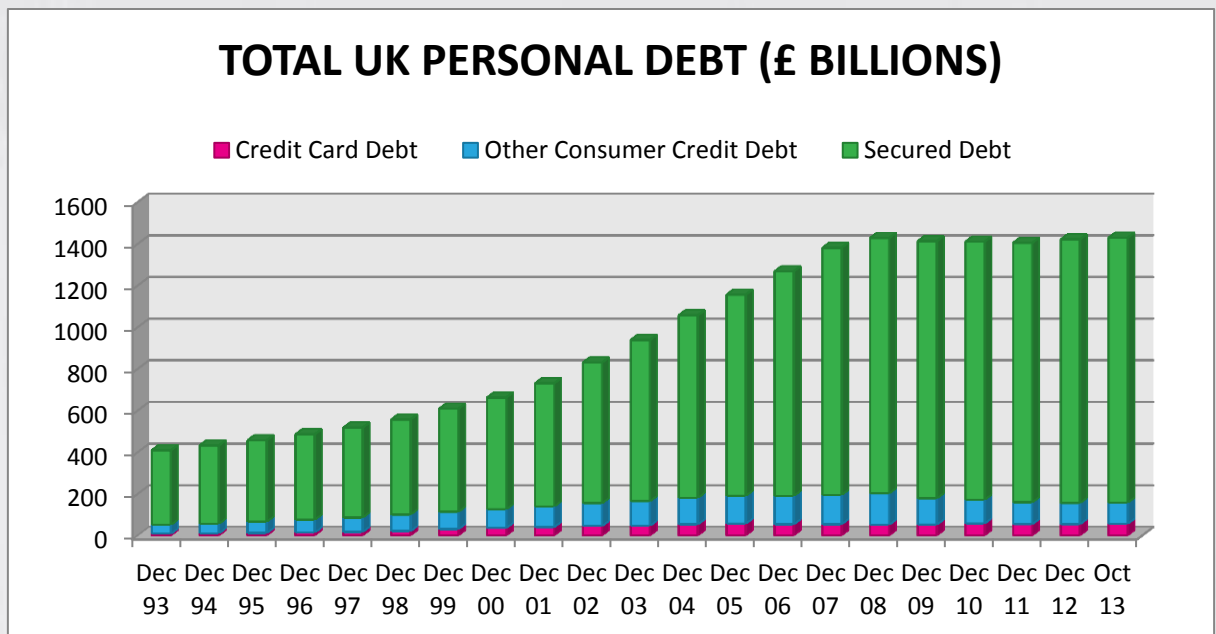
NET LENDING AND WRITE-OFFS

Total net lending to individuals by UK Banks and Building Societies **rose by £1.7 billion** in October 2013.

- Net secured lending rose by £1.2 billion in the month; net consumer credit lending rose by £0.5 billion.

UK Banks and Building Societies **wrote-off £3.63 billion** of loans to individuals over the four quarters to Q3 2013.

- In Q3 2013 itself they wrote-off £1,008 million (of which £397 million was credit card debt) amounting to a daily write-off of **£11.0 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:

- **285** people are declared insolvent or bankrupt every day (based on Q3 2013 trends). This is equivalent to one person **every 5 minutes 3 seconds**.
- **1,655** Consumer County Court Judgements (CCJs) are issued every day (based on Q3 2013 trends). The average value of a Consumer CCJ in Q3 2013 was **£2,383**.
- Citizens Advice Bureaux in England and Wales dealt with **7,420** new debt problems every *working day* during the year ending June 2013.
- It costs an average of **£29.02** per day to raise a child from birth to the age of 21.
- **79** properties are repossessed every day (based on Q3 2013 trends).
- An additional **11** people a day became unemployed for over 12 months during the year ending September 2013.
- **1,359** people a day reported they had become redundant between July and September 2013.
- Public Sector Net Borrowing (excluding financial interventions) was **£8,078 million** in October 2013, meaning that the Government borrowed an average of **£269 million** per day during the month (equivalent to **£3,117** per second).
- **156** mortgage possession claims are issued and **106** mortgage possession orders are made every day
- **488** landlord possession claims are issued and **340** landlord possession orders are made every day.
- The UK population grew by **1,123 people a day** between 2001 and 2011.
- **31.7m** plastic card purchase transactions were made every day in September 2013 with a total value of **£1.527 billion**.
- **8.88m** cash machine transactions were made every day in October with a total value of **£350m**.
- 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 **£65.23** to fill a 50 litre tank with unleaded petrol in November.



3. NATIONAL STATISTICS

ECONOMY

The UK economy **grew by 0.8%** in the third 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 56 months.

There were **5.5 million** working age benefit claimants at May 2013. This is a decrease of 212,000 in the year.

UNEMPLOYMENT

The number of unemployed people in the three months between July and September 2013 was **2.47 million** (7.6%). This is down by 48,000 from the previous three months, and down by 48,000 from a year earlier.

- **124,000** people (**1,359 a day**) reported they had become redundant over the three months. This is up by 1,000 from the previous three months, and down by 4,000 from a year earlier.
- **890,000** people had been unemployed for over 12 months between July and September, down by 19,000 from the previous three months, and down by 4,000 (**11 a day**) from a year earlier.
- The number of economically inactive people aged between 16 and 64 fell by 69,000 over the three months, and fell by 149,000 over the year, to reach **8.92 million** in the three months to September 2013.

Public sector employment fell by **34,000** in the second quarter of 2013 to reach **5.665 million** overall.

The Office for Budget Responsibility's March 2013 forecast for General Government Employment estimates a total reduction of around **1.2 million** staff between the start of 2011 and the start of 2018. However, they estimate that this will be more than offset by a rise of **2.6 million** in market sector employment over the period, which will reach 25.8 million by the start of 2018.



3. NATIONAL STATISTICS

PUBLIC SECTOR NET DEBT

In October 2013, public sector net debt (PSND) *excluding* financial interventions was **£1207.2bn**, equivalent to 75.4% of GDP. This compares to £1142.8bn (72.6% of GDP) at the end of October 2012.

Meanwhile, public sector net debt *including* financial interventions was **£2184.3bn**, equivalent to 136.4% of GDP. This compares to £2155.0bn (136.9% of GDP) as at the end of October 2012.

- 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 2013 Budget, public sector net debt is forecast to peak at **85.6% of GDP** in 2016-17, before falling to 84.8% of GDP in 2017-18.

CORPORATE INSOLVENCIES

Figures from the Insolvency Service show that there were **3,875** compulsory liquidations and creditors' voluntary liquidations in England and Wales in the third quarter of 2013 (on a seasonally adjusted basis).

- This was an decrease of 2.6% on the previous quarter, and down 2.0% on the same period a year ago.

In the twelve months ending Q3 2013, approximately **1 in 159** active companies (0.6% of all active registered companies) went into liquidation.

- This is down from a revised 1 in 155 in the previous quarter.

Additionally, there were **949** other corporate insolvencies in Q3 2013 (not seasonally adjusted), comprising 253 receiverships, 544 administrations and 152 company voluntary arrangements.

- In total these have decreased 3.8% on the same period a year ago.



3. NATIONAL STATISTICS

INFLATION AND RETAIL ACTIVITY

CPI (Consumer Prices Index) annual inflation stood at **2.2%** in October, down from 2.7% in September.

RPI (Retail Prices Index) annual inflation stood at **2.6%** in October. This is down from 3.2% in September.

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

There were 157,314 new car registrations in October, according to the Society for Motor Manufacturers and Traders.

- This is an increase of 4.0% compared to October 2012.
- October is the 20th consecutive month of year on year growth in new car registrations.



4. SERVICING DEBT

Citizens Advice Bureaux across England and Wales dealt with **0.56 million** new enquiries in the three months between April and June 2013.

- Debt was the second largest advice category (behind Benefits) with 414,174 enquiries. This is a 20% decrease on the same period last year. Debt enquiries represented 29% of all problems dealt with between April and June 2013.
- Based on *annual* figures to the end of June 2013, Citizens Advice Bureaux in England and Wales are dealing with **7,420** debt problems every *working day*.
- CAB site the loss of specialist advice capacity and falling trends in many individual debt types for the reduction in debt advice cases.

According to the Council of Mortgage Lenders (CML), **7,200** properties were taken into possession in Q3 2013 (this is down from 8,200 in Q3 2012 and represents 0.06% of all outstanding mortgages).

- This equates to **79** properties being repossessed every day, or one property being repossessed **every 18 minutes 15 seconds**.
- In terms of payment difficulties, **149,000** mortgages ended Q3 2013 with arrears equivalent to at least 2.5% of the outstanding mortgage balance.
- The arrears figure represents 1.33% of all mortgages and is down from 154,900 (1.38%) in Q2 2013 and from 159,100 (1.4%) in Q3 2012..

The Financial Conduct Authority estimates that at the end of Q2 2013 there were **292,181** mortgage loan accounts in reportable arrears (i.e. arrears of over 1.5% of current loan balance), a drop of 2.5% from the previous quarter, and the lowest figure since Q4 2007.

- At the end of Q2 2013, loans in arrears represented **2.32%** 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 fourth quarter in succession to 60.5% in Q2 2013.

The Insolvency Service said there were **26,030** individual insolvencies in England and Wales in Q3 2013. This is equivalent to **285** people a day or, one person **every 5 minutes 3 seconds**.

- This was a rise of **1.2%** on the previous quarter and a fall of **7.3%** on the same period a year ago.
- This was made up of 6,004 bankruptcies (down 21.4% compared to Q3 2012), 6,632 Debt Relief Orders (down 14.7% compared to Q3 2012) and 13,394 Individual Voluntary Arrangements (up 5.7% compared to Q3 2012).
- The number of Debt Relief Orders was higher than total bankruptcies for the fifth consecutive quarter, while Bankruptcy Orders have been lower than Individual Voluntary Arrangements for the last ten quarters.



5. PLASTIC CARDS & PERSONAL LOANS

During September 2013 an average of **367** purchases were made in the UK every second using debit and credit cards, based on figures from the UK Cards Association.

- An average of **£17,674** was spent every second using debit and credit cards.
- On a daily basis, purchases using plastic cards were worth **£1.527 billion** during September.

Meanwhile, data from LINK shows that, on average, **103** cash machine transactions (including balance enquiries and rejected transactions) were made every second in October 2013.

- In total, cash machine transactions were worth an average of **£4,052** per second in October.
- 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 October 2013 was **£57.1bn**.

- The average interest rate on credit card lending was **17.20%** in October. This is **16.70%** above the Bank of England Base Rate (0.5%).
- British Bankers Association figures show that 62.4% of credit card balances were bearing interest in September 2013.



6. YOUNG PEOPLE

782,000 economically active 18-24 year olds were unemployed between July and September 2013. This was up by 5,000 (0.6%) compared to the previous three months.

- This meant that **19.1%** of all economically active 18-24 year olds were unemployed between July and September.
- **393,000** (50.3%) had been unemployed for over 6 months.
- **256,000** had been unemployed for over 12 months. This is a rise of 6,000 (2.4%) over the previous 3 months, and a rise of 24,000 (10.2%) from a year earlier.

The number of 18-24 year olds not in education, employment or training (NEET) in England at the end Q3 2013 was **1,014,000** (17.6%).

- The number of 16-17 year olds classed as NEET stood at **59,000** (4.0%) at the end of Q3 2013.
- The overall number of 16-24 year olds NEETs was **1,073,000** (14.9%).
- We have changed from reporting DfE figures to those from the ONS.



7. OLDER GENERATIONS & PENSIONS

409,000 people aged over 50 were unemployed between July and September 2013. This is down 15,000 (3.6%) from the previous three months, and up 13,000 (3.2%) from a year earlier.

- **46.5%** of unemployed workers aged over 50 - a total of **191,000** people - have been out of work for over a year. 107,000 have been unemployed for more than two years.
- **1,040,000** people aged over 65 were *in work* between July and September, which is up 30,000 (3.0%) from the previous three months, and up 95,000 (10.0%) from the previous year.

At May 2013, there were 12.9 million claimants of State Pension, a rise of 94,000 on a year earlier. Of these 41% were male and 59% female.



8. HOUSING MARKET

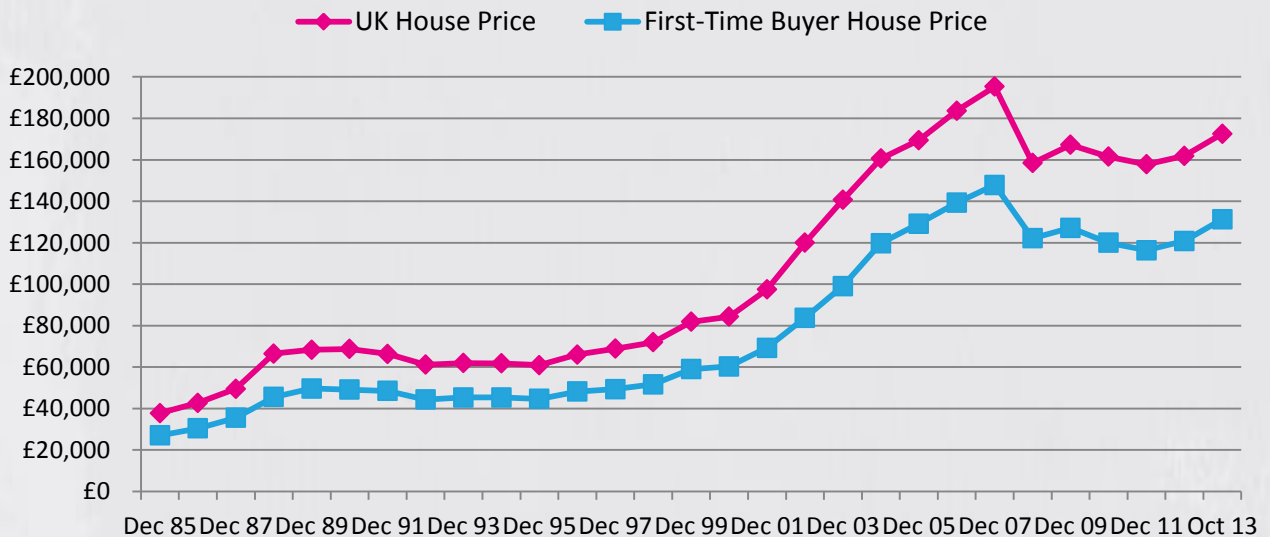
According to the Office of National Statistics the average house price in the UK in September 2013 stood at **£245,000** (£255,000 in England).

- Average UK house prices were unchanged over the month to September 2013, compared with a 0.1% fall in September 2012 (seasonally adjusted).
- Over the year to September 2013, UK house prices **increased by 3.8%**.
- Average house prices in London **increased by 9.4%** in the year to September 2013.

Nationwide estimate that house prices rose 0.6% during November 2013, and rose 6.5% compared to November 2012.

Halifax said that house prices rose by £1224 in October 2013. This is a monthly rise of 0.7%. Prices rose 1.6% over the quarter and rose 6.9% 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 3.30% at the end of September.

According to the Council of Mortgage Lenders, gross mortgage lending in October totalled an estimated £17.6 billion.

- This is a rise of 9% compared to September's gross lending total (£16.2 billion) and a rise of 37% from October 2012 (£12.9 billion).

The October RICS Residential Market Survey shows the improvement in market conditions is becoming more widespread. The pace of demand exceeded that of supply in every part of the country, pushing up prices.

- House price expectations amongst surveyors continue to improve, with an average rise of 3.0% predicted during the next 12 months. Over the next 5 years prices are now expected to rise by 4.5% a year, at the start of 2013 these figures were 0.6% and 3.4% respectively.

Hometrack's monthly survey of agents and surveyors showed that demand for housing rose 3.0% in November, whereas the supply of homes for sale fell by 3.5% which continued to put upward pressure on house prices.

- There has been a 13% increase in the number of sales agreed.
- Hometrack say that just 6 in 10 sales were people buying their own home with a mortgage, the remainder were cash sales or buy to let with a mortgage.

Rightmove said new seller asking prices fell by 2.4% in November, standing at an average of £246,237. Prices rose 4.0% compared to November 2012, which is the highest annual growth rate seen in November since 2007.

There were 42,808 loans for house purchase approvals in October, according to the British Bankers Association (BBA), 33% higher than a year earlier. The average loan approved for house purchase rose to £156,400.



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 3.2% during the month of October.

- The average price increased 12.8% year on year to \$199,500. This is the 11th consecutive month of double-digit year-over-year increases.
- Meanwhile, RealtyTrac® said that a total of 133,919 foreclosure filings — default notices, auction sale notices and bank repossessions — were reported on U.S. properties in October 2013. This is a 2% increase from the previous month and a 28% decrease from October 2012.

FIRST-TIME BUYERS AND BUY TO LET

The Office of National Statistics say that the average house price for first time buyers was **£184,000** in September 2013, which is an annual increase of 5.3%.

The typical first-time buyer deposit in September 2013 was **20% (around £34,958)**. The average first-time buyer borrowed 3.39 times their income and the average first-time buyer loan was an estimated **£139,831**.

The Council of Mortgage Lenders say that 43,900 buy-to-let mortgages were advanced in Q3 2013, up 16% on the previous quarter and up 36% on Q3 2012. The loans were worth a total of £5.7bn which was up 19% on Q2 and up 43% compared to the same period last year.

According to the October 2013 RICS Residential Market Survey the rental market conditions have changed little over the last month. Landlord instructions are more or less stable and there is moderating growth in tenant demand, partly because mortgage finance is becoming more readily available. Rent growth expectations are a relatively steady 1.7% over the next 12 months.



9. SPENDING

The AA calculate that in November 2013 the average price of unleaded petrol fell by 1.7 ppl (pence per litre) to 130.45ppl.

- This meant it cost **£65.23** to fill a 50 litre unleaded tank.
- The average price of diesel fell by 1.3ppl to 137.8ppl.
- The UK had the ninth highest petrol price and the second highest diesel price in Europe.

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 **£222,458**. This is up 2.0% compared to last year, and has increased 58.4% since the study first began in 2003.

- Education and childcare represent the biggest areas of expenditure, costing parents £72,832 and £63,738 respectively over the course of their children's childhoods.
- The cost of education (including uniforms, after-school clubs and university costs) increased 123.5% since 2003, while the cost of childcare has risen by 60.9%.
- LV predict that the cost of raising a child to 21 will reach £350,000 by 2023.

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.

