

The
MONEY
Charity

Debt Statistics
February 2014
Edition

www.themoneycharity.org.uk

The MONEY Charity

Welcome to the February 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

£54,332

was the average household debt (including mortgages) in December

£162 million

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

7,015

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

1,227

people were made redundant every day between September and November

839,000

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

£11.0 million

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)

£1.487 billion was the daily value of all purchases made using plastic cards in November



1. UK PERSONAL DEBT

TOTAL UK PERSONAL DEBT

Outstanding personal debt stood at **£1.435 trillion** at the end of December 2013.

- This is up from £1.424 trillion at the end of December 2012.

Outstanding secured (mortgage) lending stood at **£1.277 trillion** at the end of December 2013.

- This is up from £1.267 trillion at the end of December 2012.

Outstanding unsecured (consumer credit) lending stood at **£158.1 billion** at the end of December 2013.

- This is up from £156.9 billion at the end of December 2012.

AVERAGE UK PERSONAL DEBT

Average household debt in the UK (excluding mortgages) was **£5,989** in December.

- This is down from a revised **£6,009** in November.

Average household debt in the UK (including mortgages) was **£54,332** in December.

- This is up from a revised **£54,287** in November.

The average amount owed per UK adult (including mortgages) was **£28,599** in December. This is up from a revised **£28,576** in November 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 **£3,152** in December. This is down from a revised **£3,163** in November.

The estimated average outstanding mortgage for the 11.2m households that carry mortgage debt stood at **£113,932** in December.

Based on December 2013 trends, the UK's total interest repayments on personal debt over a 12 month period would have been **£59.1 billion**.

- This is equivalent to **£162 million** per day.
- This means that UK households would have paid an average of **£2,239** in annual interest repayments.



1. UK PERSONAL DEBT

The Office for Budget Responsibility (OBR) predicted in December 2013 that total household debt will reach **£2.187 trillion** in Q1 2019. This would mean that average household debt would reach **£82,797** (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 December 2013.

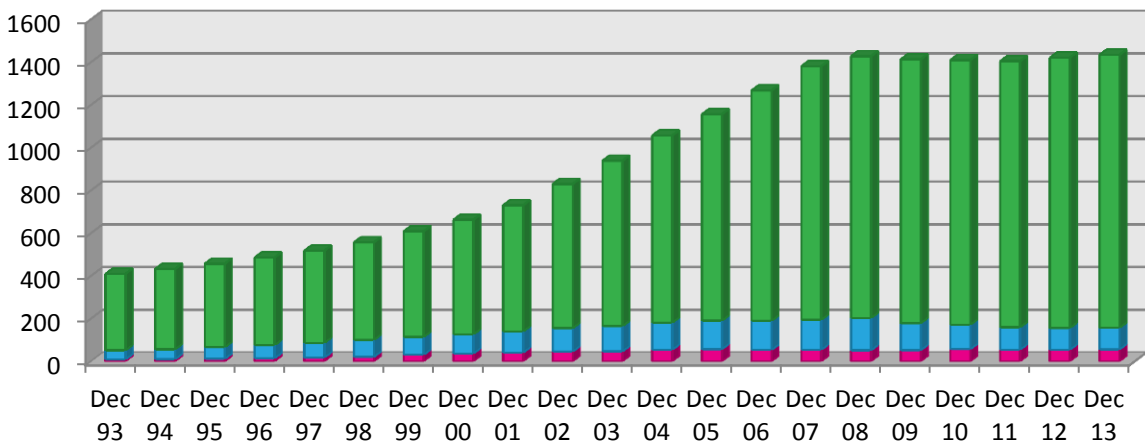
- Net secured lending rose by £1.7 billion in the month; net consumer credit lending rose by £0.6 billion.

UK Banks and Building Societies **wrote-off £3.63 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**.

TOTAL UK PERSONAL DEBT (£ BILLIONS)

■ Credit Card Debt ■ Other Consumer Credit Debt ■ Secured Debt



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 **7,015** 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 Q3 2013 trends).
- The number of people unemployed for over 12 months during the year ending November 2013 fell by **145** per day.
- **1,227** people a day reported they had become redundant between September to November 2013.
- Public Sector Net Borrowing (excluding financial interventions) was **£12,089 million** in December 2013, meaning that the Government borrowed an average of **£403 million** per day during the month (equivalent to **£4,664** 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.
- **30.7 million** plastic card purchase transactions were made every day in November 2013 with a total value of **£1.487 billion**.
- **8.54m** cash machine transactions were made every day in December with a total value of **£370m**.
- 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 **£65.25** to fill a 50 litre tank with unleaded petrol in January.



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 58 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 September to November 2013 was **2.32 million** (7.1%). This is down by 167,000 from the previous three months, and down by 172,000 from a year earlier.

- **112,000** people (**1,227 a day**) reported they had become redundant over the three months. This is down by 21,000 from the previous three months, and down by 47,000 from a year earlier.
- **839,000** people had been unemployed for over 12 months between September to November, down by 61,000 from the previous three months, and down by 53,000 (**145 a day**) from a year earlier.
- The number of economically inactive people aged between 16 and 64 fell by 22,000 over the three months, and fell by 75,000 over the year, to reach **8.93 million** in the three months to November 2013.

Public sector employment rose by **4,000** in the third quarter of 2013 to reach **5.669 million** overall.

The Office for Budget Responsibility's December 2013 forecast for General Government Employment estimates a total reduction of around **1.1 million** staff between the start of 2011 and the start of 2019. However, they estimate that this will be more than offset by a rise of **3.1 million** in total market sector employment over the period, which will reach **31.2 million** in 2018.



3. NATIONAL STATISTICS

PUBLIC SECTOR NET DEBT

In December 2013, public sector net debt (PSND) *excluding* financial interventions was **£1254.3bn**, equivalent to 75.7% of GDP. This compares to £1182.4bn (74.4% of GDP) at the end of December 2012.

Meanwhile, public sector net debt *including* financial interventions was **£2228.3bn**, equivalent to 134.5% of GDP. This compares to £2187.8bn (137.6% of GDP) as at the end of December 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 2013 Autumn Statement, public sector net debt is forecast to peak at **80.0% of GDP** in 2015-16, before falling to **75.9% of GDP** in 2018-19.

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 **2.0%** in December, down from 2.1% in November.

- CPI is at the government target of 2.0%, this is the first time it has been at or below target since November 2009.

RPI (Retail Prices Index) annual inflation stood at **2.7%** in December. This is up from 2.6% in November.

- Note that following a re-assessment earlier this 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 December, unchanged from November.

There were **152,918** new car registrations in December, according to the Society for Motor Manufacturers and Traders.

- **2,264,737** cars were registered in the whole of 2013, up 10.8% on 2012.
- This is the highest annual registration total since 2007.



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), **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 Q3 2013 there were **278,355** mortgage loan accounts in reportable arrears (i.e. arrears of over 1.5% of current loan balance), a drop of 4.7% from the previous quarter, and the lowest figure since Q3 2007.

- At the end of Q3 2013, loans in arrears represented **2.19%** 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 fifth quarter in succession to **61.3%** in Q3 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 November 2013 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 **£17,207** was spent every second using debit and credit cards.
- On a daily basis, purchases using plastic cards were worth **£1.487 billion** during November.

Meanwhile, data from LINK shows that, on average, **99** cash machine transactions (including balance enquiries and rejected transactions) were made every second in December 2013.

- In total, cash machine transactions were worth an average of **£4,282** per second in December.
- 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 December 2013 was **£56.9bn**.

- The average interest rate on credit card lending was **17.05%** in December. This is **16.55%** above the Bank of England Base Rate (0.5%).
- British Bankers Association figures show that 61.5% of credit card balances were bearing interest in November 2013.



6. YOUNG PEOPLE

733,000 economically active 18-24 year olds were unemployed between September to November 2013. This was down by 40,000 (1.1%) compared to the previous three months.

- This meant that **18.0%** of all economically active 18-24 year olds were unemployed between September to November.
- **366,000** (49.9%) had been unemployed for over 6 months.
- **232,000** had been unemployed for over 12 months. This is a fall of 16,000 (6.3%) over the previous 3 months, and a fall of 1,000 (0.5%) 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

383,000 people aged over 50 were unemployed between September to November 2013. This is down 31,000 (7.4%) from the previous three months, and down 13,000 (3.3%) from a year earlier.

- **45.7%** of unemployed workers aged over 50 - a total of **175,000** people - have been out of work for over a year. 104,000 have been unemployed for more than two years.
- **1,066,000** people aged over 65 were *in work* between September to November, which is up 50,000 (4.9%) from the previous three months, and up 99,000 (10.2%) 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

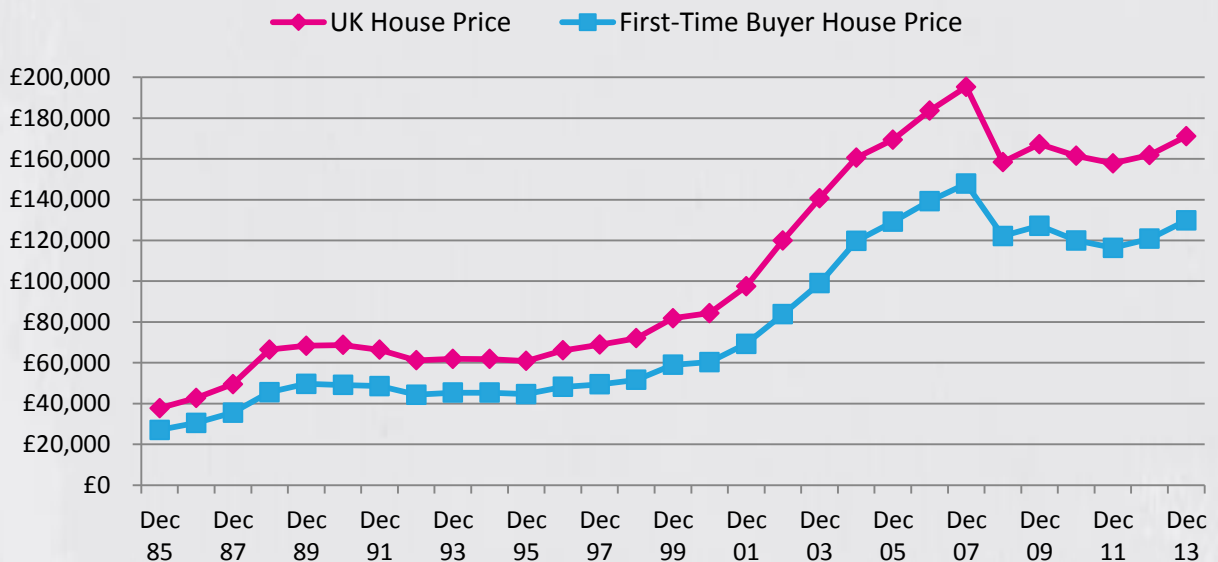
According to the Office of National Statistics the average house price in the UK in November 2013 stood at **£248,000** (£258,000 in England).

- Average UK house prices rose 0.5% over the month to November 2013 (seasonally adjusted).
- Over the year to November 2013, UK house prices **increased by 5.4%**.
- Average house prices in London **increased by 11.6%** in the year to November 2013.

Nationwide estimate that house prices rose 0.7% during January 2014, and rose 8.8% compared to January 2013.

Halifax said that house prices fell by £1097 in December 2013. This is a monthly fall of 0.6%. Prices rose 1.9% over the quarter and rose 7.5% over the year.

UK HOUSE PRICE



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



8. HOUSING MARKET

The average Mortgage Interest rate was 3.27% at the end of December.

According to the Council of Mortgage Lenders, gross mortgage lending in December totalled an estimated £17.0 billion.

- This matches November's gross lending total) and is a rise of 49% from December 2012 (£11.4 billion). It is the highest December total since 2007.

The December RICS Residential Market Survey shows that a lack of supply is continuing to drive price expectations.

- New instructions showed little change compared to November.
- Strong demand continues, underpinned by easing credit conditions.
- Sales and price expectations remain very firm.

Hometrack's monthly survey of agents and surveyors showed that demand for housing fell 4.4% in January and the supply of homes for sale fell by 6.6%. Supply has contracted over the last five consecutive months, declining by a total of 17%.

- There has been a 8.1% decrease in the number of sales agreed.
- In London 98% of properties achieved their asking price, compared with an average of 93% over the whole country

Rightmove said new seller asking prices rose by 1.0% in January, this is the largest ever January rise in the price of property coming to the market. The average asking price of £243,861 is a rise of 6.3% compared to January 2013.

There were 46,521 loans for house purchase approvals in December, according to the British Bankers Association (BBA), 42% higher than a year earlier. The average loan approved for house purchase rose to £162,900.



8. HOUSING MARKET

Statistics from the National Association of Realtors show that existing home sales across the United States (including single-family, townhomes, condominiums and co-ops) increased 1.0% during the month of December.

- The average price increased 9.9% year on year to \$198,000.
- Meanwhile, RealtyTrac® said that a total of 1,361,795 foreclosure filings — default notices, auction sale notices and bank repossessions — were reported on U.S. properties in 2013. This is a 26% decrease from the previous year and a 53% decrease from the peak in 2010.

FIRST-TIME BUYERS AND BUY TO LET

The Office of National Statistics say that the average house price for first time buyers was **£187,000** in November 2013, which is an annual increase of 6.4%.

The typical first-time buyer deposit in November 2013 was **20% (around £34,259)**. The average first-time buyer borrowed 3.35 times their income and the average first-time buyer loan was an estimated **£137,037**.

The Council of Mortgage Lenders say that 16,200 buy-to-let mortgages were advanced in November 2013, unchanged on October. The loans were worth a total of £2.1bn unchanged on the previous month. Just over half the loans were for house purchase as opposed to remortgage.

According to the December 2013 RICS Residential Market Survey the rental market has flattened due to the upshift in the sales market. Nationally tenant demand and new landlord instructions have remained static. However in London, tenant demand and rent expectations are falling. The housing shortfall leads to annual expected rent rises of 4% per year over the next 5 years.



9. SPENDING

The AA calculate that in January 2014 the average price of unleaded petrol fell by 0.7ppl (pence per litre) to 130.5ppl.

- This meant it cost **£65.25** to fill a 50 litre unleaded tank.
- The average price of diesel fell by 0.4ppl to 138.2ppl.
- The gap between supermarket prices and the UK average for unleaded has decreased slightly to 1.4ppl.

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.

