

*The*  
**MONEY**  
*Charity*

# **Debt Statistics**

**July 2014  
Edition**

# The MONEY Charity

Welcome to the July 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

**£54,701**

was the average household debt (including mortgages) in May

**£160 million**

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

**6,519**

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

**1,348**

people were made redundant every day between February and April

**791,000**

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

**£7.3 million**

of loans are written off daily by UK Banks and Building Societies (based on Q1 2014 trends)

Every **20 min 15 sec** a property is repossessed (based on Q1 2014 trends)

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

**£1.557 billion** was the daily value of all purchases made using plastic cards in April



# 1. UK PERSONAL DEBT

## TOTAL UK PERSONAL DEBT

Outstanding personal debt stood at **£1.445 trillion** at the end of May 2014.

- This is up from £1.425 trillion at the end of May 2013.

Outstanding secured (mortgage) lending stood at **£1.284 trillion** at the end of May.

- This is up from £1.269 trillion at the end of May 2013.

Outstanding unsecured (consumer credit) lending stood at **£160.6 billion** at the end of May 2014.

- This is up from £156.4 billion at the end of May 2013.

## AVERAGE UK PERSONAL DEBT

Average household debt in the UK (excluding mortgages) was **£6,080** in May.

- This is up from a revised **£6,064** in April.

Average household debt in the UK (including mortgages) was **£54,701** in May.

- This is up from a revised **£54,631** in April.

The average amount owed per UK adult (including mortgages) was **£28,610** in May. This 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 **£3,180** in May.

The estimated average outstanding mortgage for the 11.2m households that carry mortgage debt stood at **£115,006** in May.

Based on May 2014 trends, the UK's total interest repayments on personal debt over a 12 month period would have been **£58.6 billion**.

- This is equivalent to **£160 million** per day.
- This means that UK households would have paid an average of **£2,218** 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).

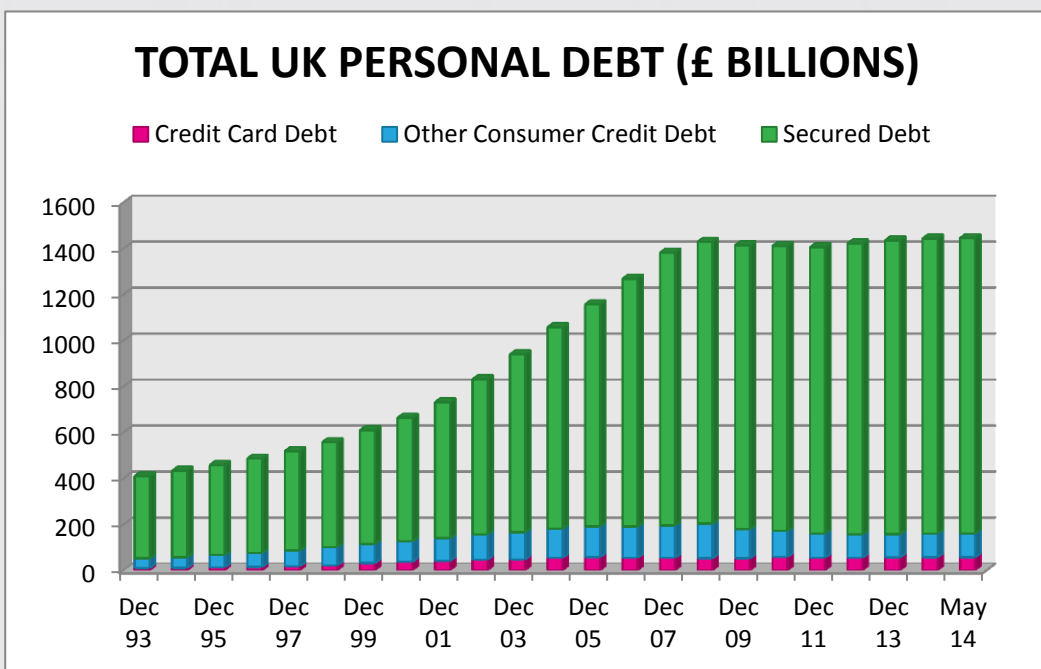
## NET LENDING AND WRITE-OFFS

Total net lending to individuals by UK Banks and Building Societies **rose by £2.7 billion** in May 2014.

- Net secured lending rose by £2.0 billion in the month; net consumer credit lending rose by £0.7 billion.

UK Banks and Building Societies **wrote-off £3.42 billion** of loans to individuals over the four quarters to Q1 2014.

- In Q1 2014 itself they wrote-off £669 million (of which £319 million was credit card debt) amounting to a daily write-off of **£7.3 million**.



Based on Bank of England Data



## 2. EVERY DAY IN THE UK

Based on the latest available data, The Money Charity estimates that every day in the UK:

- **277** people are declared insolvent or bankrupt every day (based on Q1 2014 trends). This is equivalent to one person **every 5 minutes 12 seconds**.
- **1,910** Consumer County Court Judgements (CCJs) are issued every day (based on Q1 2014 trends). The average value of a Consumer CCJ in Q1 2014 was **£2,360**.
- Citizens Advice Bureaux in England and Wales dealt with **6,519** new debt problems every *working day* during the year ending March 2014.
- It costs an average of **£29.65** per day to raise a child from birth to the age of 21.
- **71** properties are repossessed every day (based on Q1 2014 trends).
- The number of people unemployed for over 12 months during the year ending April 2014 fell by **296** per day.
- **1,348** people a day reported they had become redundant between February and April.
- Public Sector Net Borrowing (excluding financial interventions) was **£13,339 million** in May 2014, meaning that the Government borrowed an average of **£430 million** per day during the month (equivalent to **£4,980** per second).
- **141** mortgage possession claims are issued and **99** mortgage possession orders are made every day.
- **525** landlord possession claims are issued and **373** landlord possession orders are made every day.
- The UK population grew by **1,114 people a day** between 2001 and 2011.
- **32.6 million** plastic card purchase transactions were made every day in April 2014 with a total value of **£1.557 billion**.
- **9.11m** cash machine transactions were made every day in May with a total value of **£374m**.
- A new car in the £13,000 - £18,000 price bracket travelling 10,000 miles per year costs **£14.04 per day** to run.
- It cost **£65.24** to fill a 50 litre tank with unleaded petrol in June.





## 3. NATIONAL STATISTICS

### ECONOMY

The UK economy **grew by 0.8%** in the first quarter of 2014, according to latest estimates from the Office of National Statistics.

The Bank of England Base Rate is currently set at **0.5%** (since being established in 1694, the Rate has never been lower). It was reduced to this level on 5<sup>th</sup> March 2009, and has been held there for 63 months.

There were **5.3 million** working age benefit claimants at November 2013. This is a decrease of 343,000 in the year.

### UNEMPLOYMENT

The number of unemployed people in the three months between February and April 2014 was **2.16 million** (6.6%). This is down by 161,000 from the previous three months, and down by 347,000 from a year earlier.

- **120,000** people (**1,348 a day**) reported they had become redundant over the three months. This is up by 3,000 from the previous three months, but down by 21,000 from a year earlier.
- **791,000** people had been unemployed for over 12 months between February and April, down by 37,000 from the previous three months, and down by 108,000 (**296 a day**) from a year earlier.
- The number of economically inactive people aged between 16 and 64 fell by 80,000 over the three months, and fell by 178,000 over the year, to reach **8.82 million** in the three months to March 2014.

Public sector employment fell by **103,000** in the first quarter of 2014 to reach **5.409 million** overall. This fall was largely due to the reclassification of Lloyds Banking Group as private sector.

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 May 2014, public sector net debt (PSND) *excluding* financial interventions was **£1284.5bn**, equivalent to 76.1% of GDP. This compares to £1192.4bn (74.1% of GDP) at the end of May 2013.

Meanwhile, public sector net debt *including* financial interventions was **£2219.2bn**, equivalent to 131.6% of GDP. This compares to £2159.7bn (134.3% of GDP) as at the end of May 2013.

- The Office of National Statistics includes complete data from the Royal Bank of Scotland and Lloyds Banking Group, which were part-nationalised in 2008, in its calculations for PSND including financial interventions.

According to the March 2014 Budget, public sector net debt is forecast to peak at **78.7% of GDP** in 2015-16, before falling to **74.2% of GDP** in 2018-19.

### CORPORATE INSOLVENCIES

Figures from the Insolvency Service show that there were **3,721** compulsory liquidations and creditors' voluntary liquidations in England and Wales in the first quarter of 2014.

- This was an increase of 4.8% on the previous quarter, and up 4.9% on the same period a year ago.

In the twelve months ending Q1 2014, approximately **1 in 167** active companies (0.6% of all active registered companies) went into liquidation.

- This is down from 1 in 165 in the year ending Q4 2013.

Additionally, there were **884** other corporate insolvencies in Q1 2014 (not seasonally adjusted), comprising 205 receiverships, 537 administrations and 142 company voluntary arrangements.

- In total these have decreased 2.8% on the same period a year ago.



## 3. NATIONAL STATISTICS

### INFLATION AND RETAIL ACTIVITY

CPI (Consumer Prices Index) annual inflation stood at **1.5%** in May, down from 1.8% in April.

RPI (Retail Prices Index) annual inflation stood at **2.4%** in May. This was down from **2.5%** March.

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

RPIJ is an improved variant of the Retail Prices Index which is calculated using formulae that meet international standards. In November 2013 it was confirmed as a National Statistic.

- RPIJ stood at **1.7%** in May, down from 1.8% in April.

There were **194,032** new car registrations in May, according to the Society for Motor Manufacturers and Traders (SMMT), up 7.7% on the same period in 2013.

- This was the 27<sup>th</sup> consecutive month of growth, the longest period of growth on record.
- Registrations were the highest for May since 2004.
- Year-to-date sales were up 11.6% on 2016.





## 4. SERVICING DEBT

Citizens Advice Bureaux across England and Wales dealt with **614,000** new enquiries in the three months between January and March 2014.

- Debt was the second largest advice category (behind Benefits) with 442,685 issues. This is a 10% decrease on the same period last year. Debt issues represented 30% of all problems dealt with between January and March 2014.
- Based on *annual* figures up to the end of March 2014, Citizens Advice Bureaux in England and Wales are dealing with **6,519** debt problems every *working day*.
- CAB cite the loss of legal aid and falling trends in many individual debt types for the reduction in debt advice cases.

According to the Council of Mortgage Lenders (CML), **6,400** properties were taken into possession in Q1 2014 (this is up from 6,100 in Q4 2013, but down from 8,000 in Q1 2013).

- This equates to **71** properties being repossessed every day, or one property being repossessed **every 20 minutes 15 seconds**.
- In terms of payment difficulties, **138,200 (1.24%)** of mortgages had arrears equivalent to at least 2.5% of the outstanding mortgage balance – the lowest since Q2 2008. In the previous quarter this was 144,600 (1.29%), and in Q1 2013 it was 159,700 (1.42%).
- One in every 400 mortgages was 10% or more in arrears.

The Financial Conduct Authority estimates that at the end of Q1 2014 there were **255,561** mortgage loan accounts in reportable arrears (i.e. arrears of over 1.5% of current loan balance), a drop of 3.5% from the previous quarter, and the lowest figure since Q1 2007.

- At the end of Q1 2014, loans in arrears represented **2.00%** 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 seventh quarter in succession to **62.5%** in Q1 2014.

The Insolvency Service said there were **24,931** individual insolvencies in England and Wales in Q1 2014. This is equivalent to **277** people a day or, one person **every 5 minutes 12 seconds**.

- This was a rise of **2.6%** on the previous quarter but a fall of **0.3%** on the same period a year ago.
- This was made up of 5,671 bankruptcies (down 15% compared to Q1 2013), 6,549 Debt Relief Orders (down 9.3% compared to Q1 2013) and 12,711 Individual Voluntary Arrangements (up 14.3% compared to Q1 2013).
- The number of Debt Relief Orders was higher than total bankruptcies for the seventh consecutive quarter, while Bankruptcy Orders have been lower than Individual Voluntary Arrangements for the last 12 quarters.
- Individual Voluntary Arrangements now make up more than half of all individual insolvencies.



## 5. PLASTIC CARDS & PERSONAL LOANS

During April 2014 an average of **377** purchases were made in the UK every second using debit and credit cards, based on figures from the UK Cards Association.

- An average of **£18,020** was spent every second using debit and credit cards.
- On a daily basis, purchases using plastic cards were worth **£1.557 billion** during April.

Meanwhile, data from LINK shows that, on average, **105** cash machine transactions (including balance enquiries and rejected transactions) were made every second in May 2014.

- In total, cash machine transactions were worth an average of **4,334** per second in April.
- 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 May 2014 was **£57.1bn**.

- The average interest rate on credit card lending was **16.73%** in May. This is **16.23%** above the Bank of England Base Rate (0.5%).
- British Bankers Association figures show that 59.0% of credit card balances were bearing interest in April 2014.



## 6. YOUNG PEOPLE

**677,000** economically active 18-24 year olds were unemployed between February and April 2014. This was down by 50,000 (6.8%) compared to the previous three months.

- This meant that **16.5%** of all economically active 18-24 year olds were unemployed between February and April.
- Of these, **337,000** (47.6%) had been unemployed for over 6 months.
- **214,000** had been unemployed for over 12 months. This is a fall of 12,000 (5.4%) over the previous 3 months, and a fall of 22,000 (9.2%) from a year earlier.

The number of 18-24 year olds not in education, employment or training (NEET) in England at the end of Q1 2014 was **922,000** (16.1%).

- The number of 16-17 year olds classed as NEET stood at **53,000** (3.6%) at the end of Q1 2014.
- The overall number of 16-24 year olds NEETs was **975,000** (13.5%).
- We have changed from reporting DfE figures to those from the ONS.



## 7. OLDER GENERATIONS & PENSIONS

**372,000** people aged over 50 were unemployed between February and April 2014. This is down 21,000 (5.3%) from the previous three months, and down 46,000 (10.9%) from a year earlier.

- **47.8%** of unemployed workers aged over 50 - a total of **178,000** people - have been out of work for over a year. **106,000** have been unemployed for more than two years.
- **1,098,000** people aged over 65 were *in work* between February and April, which is up 59,000 (5.6%) from the previous three months, and up 96,000 (9.5%) from the previous year.

At November 2013, there were 12.91 million claimants of State Pension, a rise of 70,000 on a year earlier. Of these 41% were male and 59% female.



## 8. HOUSING MARKET

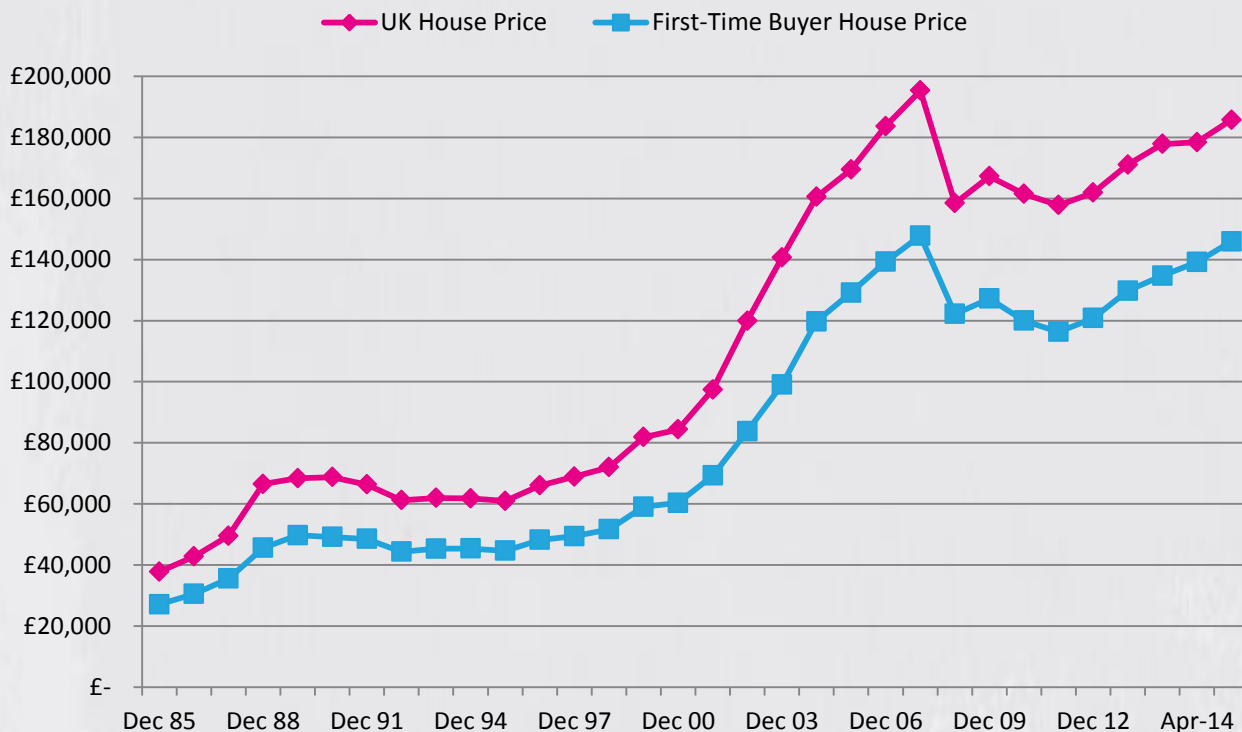
According to the Office of National Statistics the average house price in the UK in April 2014 stood at **£260,000** (£271,000 in England).

- Average UK house prices grew by 2% over the month to April 2014 (seasonally adjusted).
- Over the year to April 2014 UK house prices **increased by 9.9%**.
- Average house prices in London **increased by 18.7%** in the year to April 2014.

Nationwide estimate that house prices rose 1.0% during June 2014, and rose 11.8% compared to June 2013.

Halifax said that house prices rose by £6,923 in May 2014. This is a monthly growth of 3.9%. Prices rose 2.0% over the quarter and 8.7% over the year.

### UK HOUSE PRICE



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





## 8. HOUSING MARKET

The average Mortgage Interest rate was 3.22% at the end of May.

According to the Council of Mortgage Lenders, gross mortgage lending in May totalled an estimated £16.5 billion.

- This is the same as in April 2014, and 12% higher than May 2013 (£14.8 billion).

The May RICS Residential Market Survey shows that prices are reported to be rising across all of the UK's regions, but demand is rising more modestly. Seven of the 12 regions saw a decline in the number of

- Contributors to the survey expect prices nationally to rise by 5% annually over the next 5 years, which amounts to compound growth of over 27%.
- Rents are projected to grow at around 2.5% over the next year, and at an average annual rate of 4% over the next five years.

Hometrack's monthly survey of agents and surveyors showed that demand for housing remained static in June and the supply of homes for sale rose by 1.9%.

- Average time on the market has fallen to 5.9 weeks.
- Properties across England on average achieved 96.6% of their asking price – the first fall since November 2013. In London this figure was 98.7%.

Rightmove said new seller asking prices hit a record high of £272,275 in June, virtually identical to the previous month (up 0.1%) and up 7.7% on June 2013. The average asking price in London fell by 0.5% to £589,776.

There were 41,757 loans for house purchase approvals in May, according to the British Bankers Association (BBA), 13% higher than a year earlier but a fourth consecutive monthly drop. The average loan approved for house purchase fell to £163,500.



## 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 4.9% during the month of May. This was the highest monthly rise since August 2011.

- The average price increased 5.1% year on year to \$213,400.
- Meanwhile, RealtyTrac® said that a total of 109,824 foreclosure filings — default notices, auction sale notices and bank repossessions — were reported on U.S. properties in May. This is a 5% decrease on April and a 26% decrease from May 2013, the lowest monthly level since December 2006.

### FIRST-TIME BUYERS AND BUY TO LET

The Office of National Statistics say that the average house price for first time buyers was **£199,000** in April 2014, which is an annual increase of 10.7%.

According to the Council of Mortgage Lenders (CML), the typical first-time buyer deposit in April was **17% (around £29,260)**. The average first-time buyer borrowed 3.42 times their income and the average first-time buyer loan was an estimated **£142,857**.

The CML says that 16,200 buy-to-let mortgages were advanced in April, down 1.2% on March 2014, while the loans were worth a total of £2.2bn, the same as the previous month. Both of these figures were much higher than April 2013 (43.4% more buy-to-let mortgages were advanced, with a increase in value of 57.1%).

There were 53,200 loans for house purchase, worth around £8.8bn, while there were 26,300 remortgage loans worth around £4bn. The number of remortgage loans was the same as April 2013, but all other figures were up on the month and the year.

The May 2014 RICS Residential Market Survey found that new landlord instructions declined slightly. Respondents to the survey expected rents to increase by 2.5% over the coming year, and at an average annual rate of 4% over the next five years.



## 9. SPENDING

The AA calculate that in June 2014 the average price of unleaded petrol rose by 0.55ppl (pence per litre) to 130.47ppl.

- This meant it cost **£65.24** to fill a 50 litre unleaded tank.
- The average price of diesel fell by 0.56ppl to 135.70ppl.
- The cheapest unleaded petrol in the UK was in the North, at 130.1ppl.

According to the AA, it costs 51.60 pence per mile to run a car. This is based on buying a new petrol car in the £13,000 - £18,000 price bracket, replacing it after 4 years and averaging 10,000 miles per year.

- Do 30,000 miles per year in a car that cost less than £13,000 and the cost falls to 25.46ppm
- Do 5,000 miles per year and spend £25,000 - £32,000 on the vehicle and the cost soars to 126.04ppm.

An annual report by LV has calculated that the cost of raising a child to their 21<sup>st</sup> birthday now stands at a record **£227,266**. This is up 2.2% compared to last year, and has increased 61.9% since the study first began in 2003.

- Education and childcare represent the biggest areas of expenditure, costing parents £73,803 and £66,113 respectively over the course of their children's childhoods.
- The cost of education (including uniforms, after-school clubs and university costs) has increased 126.4% since 2003, while the cost of childcare has risen by 66.9%.
- Parents now spend 28% of their annual income on raising a child.

# NOTES

The Money Charity's Debt Statistics are compiled on a monthly basis by Jamie Thunder. Email [jamie@themoneycharity.org.uk](mailto:jamie@themoneycharity.org.uk) for information and enquiries.

If you would like to receive regular monthly updates of the statistics then please register at <http://themoneycharity.org.uk/debt-statistics/>

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N.B. All the statistics in this release are based on the latest available data at the time of writing.

