

Press Release – The Money Charity – For Immediate Release

(BEGINS)

**Personal Debt Levels Remain Threat to
Financial Wellbeing of UK Households**
The Money Statistics February 2024

Levels of average debt per adult continue to pose a major challenge to the Financial Wellbeing and Financial Resilience of many households across the UK, according to the February 2024 Money Statistics, produced by The Money Charity.

In spite of a minor decrease in the last month of **£62** in the total average amount of debt held by UK adults, average personal debt remains almost exactly equal to one year's average earnings at **99.9%**¹. In the year to December 2023, outstanding credit card debt increased by **9.2% (£5.8 billion)**², with the average interest rate on credit card lending standing at **24%**³, **18.75%** above the Bank of England base rate.

Meanwhile **51%** of working-age people in the UK live in households which have less than 3 months wages available in savings and **25%**⁴ of lone parents say they are paying 'unaffordable rents', classed as over a third of their income. These challenges mean that even where food and energy costs may have fallen, or at least their rate of increase has slowed, people are still unable to save due to the ongoing burden of their debts.

Other essential costs present further problems and while petrol and diesel costs decreased again in January 2024, the cost of car insurance premiums have seen major increases, with the average policy cost in Q4 2023 standing at **£995**, a **58%**⁵ increase on the previous year and almost twice the equivalent cost in 2020. Mortgage debt is also causing issues, with **58%**⁶ of mortgage debt equalling three or more times the borrowers' income. Unsurprisingly, this has led to a relative rise in mortgage possession claims and orders which, while down in Q4 2023 compared to 2022, still equates to **5.7**⁷ repossessions per day.

Citizens Advice report that they dealt with **48,680**⁸ debt issues in January 2024, including making **22,500**⁹ referrals to foodbanks.

Michelle Highman, Chief Executive of The Money Charity says:

"Like most people, we acknowledge the clear reality that in order to achieve your financial goals in life, the majority of us will have to take on debt to do so. This is a pragmatic, considered choice and works perfectly well when that level of debt, and repaying it, is sustainable and manageable. But it is when that debt becomes unsustainable and unmanageable, which can happen to someone for all sorts of reasons, that we truly start to see people struggling.

¹ (The Money Statistics February 2024 Full Report, P6)

² (The Money Statistics February 2024 Full Report, P6)

³ (The Money Statistics February 2024 Full Report, P16)

⁴ (The Money Statistics February 2024 Full Report, P4.1)

⁵ (The Money Statistics February 2024 Full Report, P4.1)

⁶ (The Money Statistics February 2024 Full Report, P10)

⁷ (The Money Statistics February 2024 Full Report, P13)

⁸ (The Money Statistics February 2024 Full Report, P8)

⁹ (The Money Statistics February 2024 Full Report, P4.1)

“Unmanageable debt causes a self-perpetuating cycle with a person’s finances, leading many to thinking there’s no way out, or to make unwise financial decisions out of desperation, all of which sees their Financial Wellbeing worsen. But we believe that there is no scenario when someone is ‘beyond’ help and that the right time to seek help is always as soon as possible. We would always encourage anyone concerned to look into the many sources of reliable and free support that are available. Ignoring the situation is never the right choice and one of many reasons why we aim each day to encourage people to talk about their money, to not see their finances as a scary thing to be secretive about, but something to be open and honest about with those you love and trust.”

Other Striking Numbers from the February Money Statistics:

- **44%** of adults reported buying less food due to higher prices in January 2024. (P4.1.)
- The number of people unemployed in the UK decreased by **54** per day in the twelve months to December 2023. (P20.)
- Retail sales were estimated to decrease in volume by **3.2%** in December 2023, the greatest decrease since January 2021, when Covid restrictions were still in place. (P4.1.)

Get the full picture and many more fascinating facts about money in the UK in our monthly Money Statistics.

Notes to Editors

- For over 25 years, The Money Charity has been the UK’s Financial Capability charity. We proactively provide education, information, advice and guidance to people of all ages, to reach our vision of seeing everyone achieving Financial Wellbeing by managing their money well. We empower people across the UK to develop the skills, knowledge, attitudes and behaviours to make the most of their money throughout their lives. Find out more at <https://themoneycharity.org.uk/>
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 - You clearly acknowledge The Money Charity as the providers of the information and point your audience towards signing up themselves for the monthly report; and
 - You do not make substantive adjustments to the presentation of the statistics, such as amending the statistic phrasing, or for example, repurposing the statistics into a format they are not appropriate for, such as an editorial/’opinion piece’ from the charity.
- If you’d like The Money Statistics emailed to you every month as soon as they’re published, please sign up at: <https://themoneycharity.org.uk/money-statistics/>
- If you’ve any questions, comments, or want any information about the source of these statistics, please contact us through hello@themoneycharity.org.uk
- Any media or press enquiries should be directed to our Communications & Marketing Manager, James Yelland, on james@themoneycharity.org.uk

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