**Press Release – The Money Charity – For Immediate Release**

(BEGINS)

**UK Turns To Credit and Debt to Manage Cost-of-Living Crisis**

**The Money Statistics March 2022**

**Facing the sharpest decline in living standards since records began, people in the UK are already leaning into credit and debt to meet the everyday challenges of the cost of living crisis, according to the March 2022 Money Statistics, produced by The Money Charity.**

As the UK’s households grapple with multiple sharply rising prices, many will find themselves defaulting to greater reliance on credit and increased indebtedness. In January 2022, people in the UK owed **£1,767.1 billion**[[1]](#footnote-1) (made up of both secured and unsecured consumer debt), up by **£62.2 billion** from January 2021, an extra **£1,176.40** per UK adult over the year. More people are using credit to cover their essential costs, with almost one in ten StepChange debt clients citing the increased cost of living as one of the main reasons for their debt[[2]](#footnote-2).

The circumstances leading to these figures are all too well-known by now, with inflation hitting a 40 year high in February 2022 at **6.2%**[[3]](#footnote-3). Prior to the Russian invasion of Ukraine, inflation was expected to reach its peak this April around 7%, but this is now forecast at 9.5% in October, coinciding with another significant expected increase in the default household energy price cap. Rising prices have rarely been far from the headlines recently, with sharp increases in global fuel dominating. Late in March, UK fuel prices hit an all-time high with the average cost of petrol **£1.67ppl** and diesel at **£1.79ppl**. These sudden rises, along with other factors, are in turn increasing manufacturing, production and transport costs, driving up consumer prices for many everyday items. Rises aren’t just limited to weekly costs though, with the average UK house price reported to have reached a record high of **£278,123**[[4]](#footnote-4), the fastest annual rate rise since 2007.

Meanwhile pay rates are failing to keep up, in the year to January 2022, regular pay increased by just **0.1%** with total pay actually falling by **0.7%**. This leaves total real pay as **0.19%**[[5]](#footnote-5) lower than before the pre-financial crash peak of February 2008. As a result, real household disposable income per person is expected to fall by **2.2%**[[6]](#footnote-6) in 2022-23, the biggest fall in living standards in any single year since OBR records began in 1956-57. The Bank of England have responded by raising the base-rate in mid-March, the third time this has happened in four months.

**Michelle Highman, Chief Executive of The Money Charity says:**

“It currently feels like barely a day goes by without a newly emerging report on prices or the cost of living, each one further squeezing UK household budgets and decreasing people’s Financial Wellbeing. Last week’s Spring Statement therefore felt like a real opportunity for the government to take decisive, direct action, as have other countries, addressing this crisis. Sadly, the announcements made, while still welcome, simply won’t do enough to address the needs of those most at risk in society, nor do they mitigate wider factors such as the overall rise in fuel prices, the still-planned increase in NI contributions, the £20 reduction in Universal Credit and so on.

“We would strongly urge key policy and decision makers to think again, to innovate and be bolder, supporting the public in such a way that will proactively target those in society who most need help. The legacy to not doing this will be an administration pushing thousands, maybe millions, of the UK’s households into deeper unsustainable credit and indebtedness.”

**Other Striking Numbers from the March Money Statistics:**

* On average, a UK household spends **£4.28** a day on water, electricity and gas. *(P14.)*
* The number of people unemployed in the UK fell by **1,101** per day in the twelve months to January 2022. *(P20.)*
* Government debt increased by **£204 million** a day in the three months to February 2022. *(P19.)*

**Get the full picture and many more fascinating facts about money in the UK in our monthly** [**Money Statistics**](https://themoneycharity.org.uk/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/>
* All statistics are from the latest available data at the time of writing/release.
* You may use any of the statistics quoted in this release, or within The Money Statistics, as long as:
	+ You don’t make any commercial or financial gain from their use;
	+ 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 and Marketing Manager, James Yelland, on james@themoneycharity.org.uk

(ENDS)

1. (The Money Statistics March 2022 Full Report, P5) [↑](#footnote-ref-1)
2. (The Money Statistics March 2022 Full Report, P4.1) [↑](#footnote-ref-2)
3. (The Money Statistics March 2022 Full Report, P19) [↑](#footnote-ref-3)
4. (The Money Statistics March 2022 Full Report, P10) [↑](#footnote-ref-4)
5. (The Money Statistics March 2022 Full Report, P19) [↑](#footnote-ref-5)
6. (The Money Statistics March 2022 Full Report, P4.1) [↑](#footnote-ref-6)