

## Debt Facts and Figures - Compiled 31<sup>st</sup> March 2009

### Total UK personal debt

Total UK personal debt at the end of February 2009 stood at **£1,458bn**. This has slowed further to 2.6% in the last 12 months which equates to an increase of ~ £34bn (*the increase was ~£116bn in January 2008*).

Total secured lending on dwellings at the end of February 2009 stood at **£1,227bn**. This has slowed further by 0.5% to 2.4% in the last 12 months.

Total consumer credit lending to individuals at the end of February 2009 was **£231bn**. This has continued to slow to 3.4% in the last 12 months.

Total lending in February 2009 grew by £1.3bn; secured lending grew by £1.5bn in the month; **consumer credit lending decreased by £0.2bn** (*total lending in January 2008 grew by £8.4bn*).

Average household debt in the UK is ~ **£9,500** (excluding mortgages). This figure increases to **£21,640** if the average is based on the number of households who actually have some form of unsecured loan.

Average household debt in the UK is ~ **£59,765** (including mortgages).

Average owed by every UK adult is ~ £30,470 (including mortgages).

Average outstanding mortgage for the 11.7m households who currently have mortgages now stands at ~ **£104,470**.

Britain's interest **repayments on personal debt were £72.8bn** in the last 12 months. The average interest paid by each household on their total debt is approximately **£3,000** each year.

Average consumer borrowing via credit cards, motor and retail finance deals, overdrafts and unsecured personal loans has risen to **£4,840** per average UK adult at the end of February 2009.

During February 2009 Britain's personal debt increased by ~ **£1 million every 31 minutes**. In January 2008 Britain's personal debt increased by ~ **£1 million every 5.3 minutes**.

### Striking numbers

**1 in 33 people in**

**work** estimated to become unemployed in 2009

**£59,765**

average household debt (including mortgages)

**£199m**

interest paid in UK daily

**every 10 minutes**

a property is repossessed

**2,915 people**

made redundant every day

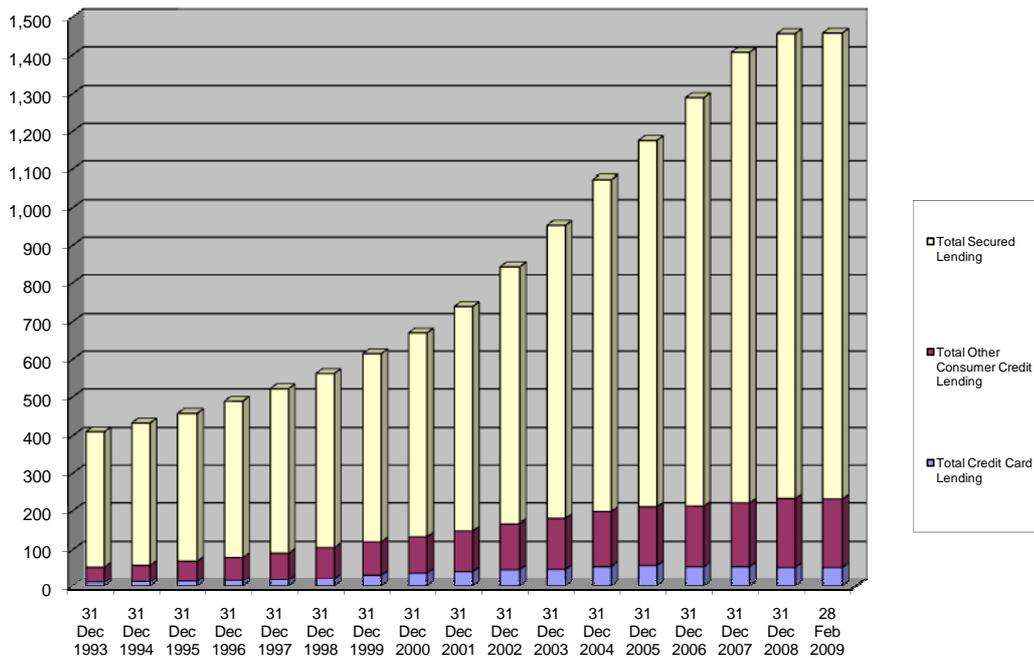
**1 person every 4.5 minutes**

declared bankrupt or insolvent

**£91m interest**

daily amount the Government pays of our national debt

Total UK Personal Debt £bn



Statistical Sources - Unless otherwise indicated statistics in the "Total UK personal debt" section are calculated by Credit Action - primarily using the Bank of England's debt figures.

### Today in the UK:

- The average household debt will increase by £1.90 today (a decrease from £11.11 a day in January 2008)
- **323 people today** will be declared insolvent or bankrupt. R3 estimate this will increase to **435 people a day throughout 2009** or **1 person becoming bankrupt or entering into an Individual Voluntary Arrangement (IVA) every 3.3 minutes.**
- In the last 12 months consumers saved an average of £2.84 every day
- 2,262 Consumer County Court Judgements (CCJs) were issued every day in 2008
- **143 properties were repossessed every day during the last 3 months** to end December 2008. The Council of Mortgage lenders estimates this will increase to approximately **205 a day throughout 2009.**
- **Unemployment increased by 1,808 people every day** during 3 months to end January 2009.
- **2,915 people reported they had become redundant every day** during 3 months to end January 2009.
- The average house has decreased in value by £95 every day during the last 12 months.
- **£91m** is the interest the Government has to pay each day on the UK's net debt of £717.3bn.
- 33,600 applications for credit have been turned down every day during the past six months.
- 285 mortgage possession claims will be issued and 319 mortgage possession orders will be made today
- 396 landlord possession claims will be issued and 304 landlord possession orders will be made today.
- 20.3m plastic card purchase transactions will be made today with a total value of £1.02bn.
- Citizen Advice Bureaus dealt with **7,241 new debt problems** every day
- The average car will cost £16.80 to run today
- £578m will be withdrawn from cash machines today.

### Other key national statistics:

**UK base rate fell to a 315 year low when the official bank rate was reduced by 0.5% to 0.5%** on 5<sup>th</sup> March 2009. The cut means the Bank rate has fallen six times from 5% in October to the current level of 0.5%.

There were **4,607 Company insolvencies** (compulsory liquidations and creditors' voluntary liquidations) in total in England and Wales in the fourth quarter of 2008 (on a seasonally adjusted basis). This was an increase of 11.9% on the previous quarter and an **increase of 51.6%** on the same period a year ago. In the twelve months ending Q4 2008, approximately 1 in 150 active companies went into liquidation.

Additionally, there were 2,428 other corporate insolvencies in the fourth quarter of 2008 (not seasonally adjusted) comprising 261 receiverships, 2,018 administrations and 149 company voluntary arrangements. In total these represented an **increase of 220.3%** on the same period a year ago.

At the end of February 2009 the **public sector net debt (PSND) was £717.3 billion**, equivalent to **49.0%** of gross domestic product and **equivalent to £23,440 per tax payer**. The interest paid on this debt by the Government in the first 11 months of the financial year was £30.4bn which is equivalent to **£993 per tax payer**.

The Office for National Statistics has determined that the Royal Bank of Scotland Group plc and Lloyds Banking Group plc (previously HBOS plc and Lloyds TSB Group plc) will be classified in the public sector from 13 October 2008. This will add between £1 trillion and £1.5 trillion to the PSND. The total PSND would then be **between 118% - 148% of GDP** and equivalent to **between £56,000 - £72,500 per tax payer**.

**Britain has officially entered recession for the first time since 1991** as the **economy shrank by 1.6%** over the last three months of 2008. **The fall is the sharpest contraction in the economy since 1980** and was worse than the 1.2% predicted by economists. Manufacturing output decreased by 4.6% over the quarter.

The CBI predicts the recession will last throughout 2009. The economy is expected to contract by **3.3 per cent** and unemployment will reach close to **2.9 million** by the end of the year (**this equates to 1 person in 33 losing their job and becoming unemployed during 2009**). After six quarters of negative growth, the economy is expected to stabilise early next year with the recovery building throughout 2010. In 2010, GDP growth is expected to be 0.0 per cent and unemployment will peak at just over 3 million (9.6 per cent) in the second quarter of 2010.

The number of **unemployed people increased by 165,000 (1,808 a day)** to 2.029m over the quarter to January 2009. This is the **highest figure in 12 years** since July 1997. **266,000 people reported they had become redundant** in the three months up 86,000 from the three months to October 2008 and up 154,000 from a year earlier.

Consumer Prices Index (CPI) annual inflation increased unexpectedly to 3.2% in February, up from 3.0% in January. The increase this month follows four successive months of falls in CPI inflation. **Retail Prices Index (RPI) inflation slowed to 0.0% in February, down from 0.1% in January**. This is the **lowest RPI annual inflation rate in 49 years**.

The FTSE stood at 3763 at close of play on March 30<sup>th</sup>. This was **1,930 points lower (- 34%)** than the same time last year. Also £1 was worth \$1.4189 dollars which is **57 cents lower (- 29%)** than the same time last year and £1 was worth \$1.0778 euros which is **18 cents lower (- 14%)** than the same time last year.

The new car market fell for the tenth successive month in February. New car registrations fell 21.9% in February to 54,359 units. The market is expected to decline by 19.3% in 2009 to 1.72 million units. This would be some 410,000 units off the 2008 total and almost 685,000 units down on 2007.

UK retail sales values fell 1.8% on a like-for-like basis, and rose only 0.1% on a total basis, from February 2008.

The current Government estimate (31<sup>st</sup> March 2006) of the combined liability of the **unfunded public sector pension schemes is £650bn**. This liability is estimated to be in the order of £1,000bn today. The annual cost to the taxpayer of the unfunded schemes is projected to increase by 40% over the next twenty years, from 1.0% of GDP (£14bn) to 1.4% of GDP in 2027/8.

In 2001, UK bank customer lending was comparable to customer deposits. But by 2008 H1, the surplus of lending over deposits — the customer funding gap — was **£700 billion**.

**Servicing Debt:** Almost six million Britons fear their homes will be repossessed, according to research from Which? Homeowners are feeling the pinch with 62% of the working population fretful that they or their partner may lose their job, and over four in ten (43%) joint income households are anxious that they wouldn't be able to pay their mortgage.

The Consumer Credit Counselling Service (CCCS) said fewer people are in a position to repay their debts: in 2008 only about a third of clients (35%) were able to commit to a Debt Management Plan (DMP) compared with 42% in 2007 and 46% in 2006. Clients seeking help are becoming more affluent: 12% have net household incomes of more than £30,000 a year and nearly half (47.4%) of those seeking help were homeowners. Homeowners owe on average 83% more than renters. The vast majority (90%) of CCCS client debts are on credit cards and personal loans, the average client owes over £14,000 on each of these items.

The FSA estimate that the **total number of secured loans on people's homes in arrears at the end of Q4 was 377,000** giving an increase of 36,000 or 10% since Q3, and representing a rise of 31% on a year earlier. By the end of 2009 the Council of Mortgage Lenders expects **500,000 households to be more than three months in arrears**.

The FSA said for 2008 as a whole, numbers of new possessions reached 46,750 which is an increase of 68% on the 27,900 recorded for 2007. The numbers of new possessions have grown significantly since Q3 2007 and the number of new possessions in Q4 2008 was 13,028 which was 60% higher than a year earlier. This equates to **143 properties being repossessed every day or 1 property being repossessed every 10 minutes**. The Council of Mortgage Lenders (CML) estimate these will increase to approximately **205 a day in 2009 as they anticipate the number of repossessions to be around 75,000**.

The deepening credit crisis has erased around £1.9 trillion of UK household wealth since July 2007, according to analysis by PricewaterhouseCoopers LLP. Translating these figures to a more individual perspective, the estimated loss would equate to around £40,000 on average per adult (aged 18+) in the UK, although clearly these losses will vary considerably across the population.

The total value of county court judgments (CCJs) against consumers in England and Wales was nearly £3 billion, the second highest total on record. The number rose by 4% to 827,900 in 2008, the second highest total ever, according to figures published by Registry Trust Ltd. This is equivalent to **2,262 every day in 2008**.

The Insolvency Service said there were 29,444 individual insolvencies in England and Wales (**323 people a day or 1 every 4.5 minutes**) in the fourth quarter of 2008 on a seasonally adjusted basis. This was an **increase of 8.2%** on the previous quarter and an **increase of 18.5%** on the same period a year ago.

A survey carried out on behalf of R3, the insolvency trade body, shows that UK insolvency practitioners believe that personal insolvencies will peak at around 158,820 in 2009. This would be equivalent to **435 people a day or 1 person becoming bankrupt or entering into an Individual Voluntary Arrangement (IVA) every 3.3 minutes**.

Citizens Advice debt clients owe an average of £16,971 - two thirds more than in 2001, and the equivalent of almost 18 times their total monthly household income. It will take them an average of **93 years to pay off the money they owe** at a rate they can afford. Citizens Advice Bureaux have seen debt enquiries double in the last ten years. Debt is now the number one issue advised on in bureaux, accounting for one in three of all enquiries, and CAB advisers are currently dealing with an average of **7,241 new debt problems every working day**.

85% of advisers surveyed by Turn2us reported an increase in the number of people coming to them in financial difficulty in the last six months and the vast majority (95%) expect to see a further rise in the six months to come. Redundancies are seen to be the main reason for the increase, with 90% of advisers stating that job losses have caused their client levels to grow.

**One in six UK consumers** responding to the PwC Credit Confidence survey **felt that they were unable to cover their current credit commitments**. This increased to nearly one in three when consumers were asked about their expected ability to meet their debt repayments in the future. The survey reveals very similar results between different socio-economic groups.

Almost two-thirds of Britons have seen their finances stretched by the credit crisis and recession, with 31% of households now so worried about the state of their finances that they are considering skipping essential repayments on credit cards, loans and mortgages.

Almost one third of British adults, or 10.3 million people, have been hit so badly by the economic downturn that they are relying on credit cards and other borrowing to pay for everyday living expenses, according to research from the Post Office. 2.6m people are planning to spend more on their credit cards than last year in order to make ends meet.

MoneyExpert.com estimates that over **902,000 cash-strapped homeowners have missed a mortgage payment** deadline in the past six months, representing around 8% of all outstanding mortgages. This represents a 95% year-on-year increase and effectively means that one in every 12 mortgage customers has skipped a bill in the past six months.

The number of people failing to keep up with gas bills has shot up by a third in the last year according to MoneyExpert.com. The number of people missing payments on gas bills jumped to over 1.6 million in the six months to January 2009.

Research from Mintel shows that over 5 million adults have already been 'Hard Hit' by the economic downturn and are seriously struggling to make ends meet. This equates to no less than one in every ten British adults (11%). And according to the research, things are only set to get worse, with a further 16% 'Fearing for the future' because they are worried about their long term financial security.

On top of this, more than half the population (52%) are now 'Feeling the Pinch'. This group may well be coping financially, but they admit that life is certainly getting harder. But it cannot be ignored that 21% are 'Comfortable and Confident' and do not feel that their finances have really been badly affected by the worsening economy.

According to research from CreditExpert.co.uk, 36 million (75 per cent) UK adults have put or are planning to put on hold key life plans for 2009, such as moving jobs and having a baby. Furthermore, over half (55 per cent) of all adults are feeling anxious about reaching their goals in life, mainly due to concerns over affordability.

Research from Scottish Widows, reveals that the cost of running a home means that almost half (47%) of households are having to rely on more than one breadwinner to maintain a comfortable standard of living. This increases when it comes to those with dependent children, 61% of households with children are reliant on two incomes, forcing both parents out to work.

The number of people suffering from serious debt problems is much higher than official figures suggest, a survey by R3 has found. 600,000 UK residents say they are currently repaying debts under a Debt Management Plan (DMP). A DMP is an unofficial, but formalised agreement between an individual who is in financial strife and their creditors which does not show up in the government's official quarterly insolvency statistics.

The number of people who spend more than they earn each month has risen to nearly 5.3 million according to Legal and General.

**Plastic card / Personal Loans:** MoneyExpert.com estimate that 3.5m credit card applicants have been turned away by wary providers in the last six months and around 1.6m seeking unsecured personal loans have been turned down in the same period. Looking at all forms of credit, including secured loans against houses, hire purchase agreements, and car finance, the last six months has seen an incredible 6.25m applications rejected. That equates to more than 33,600 rejections a day.

According to the BBA the proportion of credit card balances bearing interest rose to 74.2% in January 2009.

Total credit card debt in February 2009 was **£53.0bn**. The UK collective credit limit on credit cards is **£158bn, which is an average credit card limit of £5,129 per person**.

The average interest rate on credit card lending is currently **17.92%**, which is ~ 17.5% above base rate (0.5%).

There were 146.3m debit, credit or charge cards in circulation in the UK at the end of 2008 according to APACS. **An average 235 plastic card purchases were made in the UK every second** during 2008 using debit and credit cards (equal to £11,786 /second). 92 cash withdrawals were made every second (equal to £6,200 / second) from UK's 64,000 cash machines during 2008.

There are **more credit cards in the UK than people** according to APACS. At the end of 2007 there were 73m credit and charge cards in the UK compared with around 60 million people in the country.

**Young people - the IPOD generation:** Research by Reform and Chartered Insurance Institute reveals that **50% of the 18 – 34-year olds** surveyed had debts (excluding mortgages ) up to £10,000 and **20% had debts (excluding mortgages) greater than £10,000**. Nearly a third of IPODs have no savings at all.

FSA research shows that one-in-three students are constantly overdrawn; two-in-five students admit to being completely disorganised about their money; and one-in-three never check their bank statements or, if they do, they only check the final balance.

The annual survey by Push, the UK's leading independent resource for prospective students, has found that **student debt now tops £4,500 for each year of study – a hike of 9.6% since last year**. Students who started at university last year can expect to owe over £17,500 by the time they leave and new students should reckon on nearly £4,000 more than that. The national average projected debt on graduation now stands at £14,161.

The average pocket money in 2008 is £6.13 per week, versus £8.01 in 2007. Three in ten children (30%) save some of their pocket money each week.

**Pensioners / Pensions:** According to the Prudential 2009 retirement survey UK workers planning to draw their pensions in 2009 expect to get an average income of £17,779 a year, some £884 less than those retiring in 2008. Retirement will mean taking a £7,129 cut in income compared with the national average salary of £24,908 but some believe they will be considerably worse off.

A Daily Telegraph survey found that almost one in ten adults are having to contribute to their parents' upkeep. Financial experts and politicians noted that a 'sandwich generation' of adults squeezed between their parents and children has become one of the most striking phenomenons of the credit crisis.

Fairinvestment.co.uk has found that, on average, 39% of Brits do not have a pension plan in place and 20% of Brits with a pension have had to reduce their contributions or stop paying into it since the credit crunch began.

Life Trust Insurance research has found of those aged 45 to 54, nearly a third expected to be forced to delay retirement with just under a fifth (19%) planning to extend their working lives by five years or more. For the over 55s a staggering 41% said they would be delaying retirement with 15% expecting this to be for five years or more.

Latest figures from Alliance Trust Research Centre show inflation rate facing over 75 year olds was 4.9% in February, 53% higher than the official rate of inflation of 3.2%. It was 3.9% for 65-74 year olds.

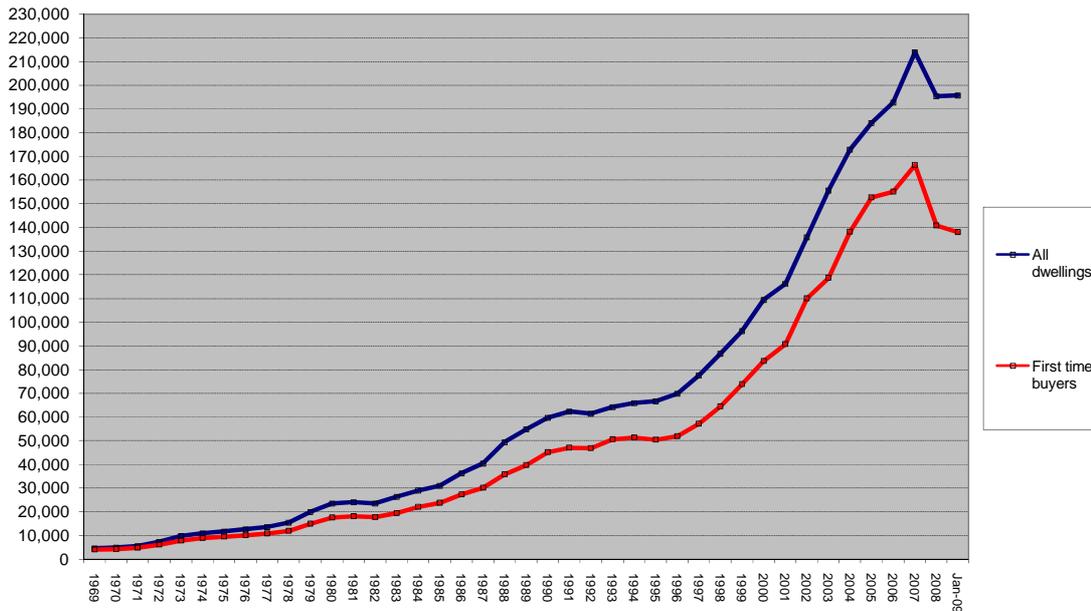
On average someone who requires care in a residential care home may expect to pay in the region of £25,000 per annum.

Research from Lincoln Financial Group reveals that 41% of Brits are resigning themselves to the fact that they will have to work either full or part time during their retirement to fund and maintain the lifestyle they want. Lincoln's research also reveals that 11% people are convinced they will not have enough money to last them to the age of 70, let alone longer.

For the first time ever, there are more people of state pensionable age than under-16s.

**Housing:** According to the Department for Communities and Local Government (DCLG) the average house price in the UK in January 2009 now stands at **£195,724** (£201,769 in England). UK annual house price inflation fell by - 11.5%. Annual house price inflation in London fell by - 13.9%.

UK Average House Prices £



The average Mortgage Interest rate has dropped to 4.1%.

According to the FSA if house prices were to fall by 30% from the end of 2007, it is estimated that over 2 million residential mortgage holders ( ~ one in four homeowners with mortgages) and 500,000 buy-to-let mortgage holders would be in negative equity.

Lloyds banking group results showed that at 31 December 2008 that **1 in 6 borrowers (> 543,000) were now in negative equity**. 15 per cent of balances had an indexed loan-to-value ratio in excess of 100 per cent (HBOS had 16.8% and Lloyds TSB had 15%). An additional 13% of loans had a loan-to-value ratio between 90% and 100%.

The Halifax said that house prices fell by 2.3% in February. House prices in February were 17.7% lower on an annual basis. This is equivalent to a fall of **£95 / day**.

Rightmove said sellers raised average asking prices by an average of 0.9% (£1,918) in March 2009. Numbers are down a dramatic 57%, with only 78,901 new sellers this month compared to 181,840 in the same month last year.

House purchase mortgage approval numbers in February were 28,179 which was **31% lower than Feb. 2008**. The average loan approved for house purchase in February 2009 was **£124,700**, some **22.1% lower** than a year earlier.

NAEA figures showed that estate agents reported a rise in sales in February, with each agent selling an average of eight properties over the month.

Existing home sales across the United States (including single-family, townhomes, condominiums and co-ops) fell 4.6% year on year in February 2009 and the **average price dropped 15.5% year on year** to \$165,400. RealtyTrac® said foreclosure filings — default notices, auction sale notices and bank repossessions — were reported on 290,631 U.S. properties during February, a 30% increase from February 2008. One in every 440 U.S. housing units received a foreclosure filing in February.

The latest RICS Housing Market Survey shows that completed sales per surveyor (over the last three months) fell to 9.5, which is the lowest level on record (this series was first introduced in 1978).

Gross mortgage lending declined to an estimated £9.9 billion in February, down 15% from £11.7 billion in January and 60% from February 2008, according to new data from the Council of Mortgage Lenders. This is the **lowest monthly lending figure since February 2001**.

Research by Liverpool Victoria reveals a worrying 'mortgage gap'. Nearly half of the UK's 2.9m interest-only mortgages (1.3m mortgages with a total value of £74bn) have no specified investment vehicle in place to pay off the capital on the loan.

**Housing First Time Buyers (FTB) & Buy-to-let:** The average house price in the UK in January 2009 for first time buyers now stands at **£138,089** which is an **annual decrease of – 15.4%**.

The typical first-time buyer deposit in January was **24% (£23,280), the largest amount on record**. The average first-time buyer borrowed 3.0 times their income.

At the end of 2008, 2.32% (26,800) of buy-to-let mortgages were over 3 months in arrears (without a receiver of rent in place), while a further 0.23% were over 3 months in arrears with a receiver of rent in place. This is a 357% increase from the end of December 2007.

The National Landlords Association (NLA) has received over 30,000 individual telephone calls on its advice line in the past 12 months. 74 per cent of calls were from landlords seeking advice on how to deal with tenancies when rental arrears start to build.

Nearly half of all first-time buyers under 30 are receiving assistance with their deposit – most likely from parents or grandparents.

**Money Education:** Instead of making the traditional new year's resolutions of losing weight or drinking less, many Britons intend to get their money matters in order in 2009, it has been suggested. Research conducted by Halifax Credit Cards has found that of those making resolutions, 57 per cent wanted to review their finances.

According to research from CreditExpert.co.uk, the economic downturn may have broken the taboo of talking about money. The research reveals that more than half of us (53 per cent of UK adults) admit that we are now far more likely to discuss our personal finances today with other people than we were a year ago.

**Spending:** The annual survey from Liverpool Victoria on the Cost of a Child shows that parents could spend £193,772 on raising a child from birth to the age of 21. This is equivalent to £9,227 a year, £769 a month or £25 a day.

Weddingplan estimates that couples looking to get married in 2009 can expect to pay a huge £21,089 on their big day.

The average family car now costs £6,133 a year to keep on the road, an increase of 19% (£1000) year-on-year.

Petmeds.co.uk estimate that the cost of keeping a pet has increased by £7.6million a week in the past two years, with UK adults now spending £93.6 million a week on their animals.

Research by WRAP (Waste & Resources Action Programme) has revealed that households in the UK **throw away around a third of all of the food we buy**.

**Savings:** Britons have saved an average of £86.35 each month over the last year, ending on a high of £90.12 (~6.48% of the population's average take-home income) during the winter months ending February 2009, according to the latest Savings Survey from NS&I.

Prioritising spending and setting a clear budget could help people reduce unnecessary outgoings, whilst freeing up some additional disposable income to set aside in savings. This winter **30% of the British population confessed that they had spent more than they would ideally like**, while 15% said that they do not know how much they should be spending each month. Reviewing income and outgoings may be particularly worthwhile for the **54% of the population that stated that they can't afford to save**, as their outgoings prevent them from setting more money aside.

Almost a quarter of people (24%) say they didn't have savings two years ago and they still don't. More than a third of people (36%) say they have less money in savings now than two years ago, according to a poll conducted in March 2009 by moneysupermarket.com.

Fairinvestment.co.uk estimate that 47% of UK savers have been forced to dip into their savings since the onslaught of the credit crunch, while 14% have either stopped saving or reduced the amount they save.

Nationwide's savings research shows that more than half of consumers think now is a bad time to save. It also shows that less than half (46%) of consumers save regularly, 31% save occasionally and nearly as many as one in four (23%) save nothing at all.

Nearly a third of adults would face financial disaster within two months if they lost their jobs, according to research for MoneyExpert.com. Half of them (15%) believe they would only last a month.

As many as 14 million people say they cannot afford to set aside money for savings. However, a financial experiment conducted by AXA reveals that in just three months Britons can train themselves to save without substantially affecting their lifestyle. The research indicates that Britons treat money left in their current account after bills have been paid as the amount they need to live on and set their standard of living accordingly. If money is paid into a savings account on pay day the research demonstrates that they change their spending patterns and establish a new standard of living based on their remaining disposable income.

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