

## Debt Facts and Figures - Compiled April 2011

### Total UK personal debt

Total UK personal debt at the end of February 2011 stood at **£1,454bn**. The twelve-month growth rate remained unchanged at 0.7%. **Individuals currently owe more than the entire country produced during the whole of 2010.**

Total lending in February 2011 rose by £2.0bn; secured lending increased by £1.2bn in the month; consumer credit lending increased by £0.8bn (*total lending in Jan 2008 grew by £8.4bn*).

Total secured lending on dwellings at the end of February 2011 stood at **£1,242bn**. The twelve-month growth rate remained unchanged at 0.7%.

Total consumer credit lending to individuals at the end of February 2011 was **£212bn**. **The annual growth rate of consumer credit rose 0.3 percentage points to 1.1%.**

UK banks and building societies wrote off £9.7bn of loans to individuals in the 4 quarters to end Q4 2010. In Q4 2010 they wrote off £2.27bn (£1.18m of that was credit card debt). **This amounts to a write-off of £24.88m a day.**

Average household debt in the UK is ~ **£8,428** (excluding mortgages). This figure increases to **£16,207** 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 ~ **£57,697** (including mortgages).

**If you add to this the March 2010 budget report figure for public sector net debt (PSND) expected in 2015-16 (excluding financial interventions) then this figure rises to £109,919 per household.**

**Average owed by every UK adult is ~ £29,871 (including mortgages). This is 126% of average earnings.** Average outstanding mortgage for the 11.4m households who currently have mortgages now stands at ~ £109,064.

Britain's interest **repayments on personal debt were £66.3bn** in the last 12 months. The average interest paid by each household on their total debt is approximately **£2,629** each year.

Average consumer borrowing via credit cards, motor and retail finance deals, overdrafts and unsecured personal loans has risen to **£4,363** per average UK adult at the end of February 2011.

**The Office for Budget Responsibility (OBR) predicts that household debt will be £2,126bn by end 2015. This would take the average household debt to £84,365 per household.**

### Striking numbers

**8,004**

number of new debt problems dealt with by CAB each working day

**1,545 people**

made redundant daily

**848,000**

unemployed for > 12 months

**£57,697**

average household debt (including mortgages)

**£182m**

personal interest paid in UK daily

**£24.88m**

daily write-offs of loans by banks & building societies

**every 17 minutes**

a property is repossessed

**every 4.28 minutes**

someone will be declared insolvent or bankrupt

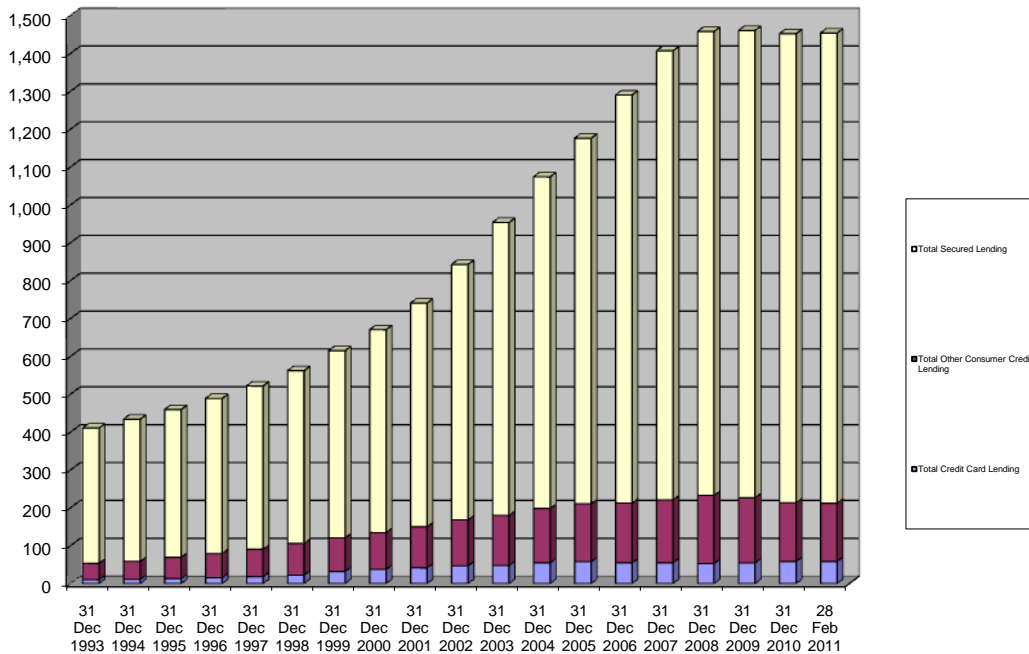
**£188,200,000**

daily increase in Government national debt (PSDN)

**£1,156,000,000**

total value of all purchases made using plastic cards today

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:

- **337 people every day of the year** will be declared insolvent or bankrupt. This is equivalent to **1 person every 59 seconds during a working day.**
- 1,603 Consumer County Court Judgements (CCJs) were issued every day during Q4 2010 and the average judgement amount was £3,245.
- **The average person will save £2.73 every day.**
- Citizen Advice Bureaux dealt with **8,004 new debt problems** every working day in England and Wales
- The average cost of raising a child from birth to the age of 21 is £27.50 a day.
- **1,000 people are seeking some form of formal debt rescheduling every working day.**
- **87 properties were repossessed every day during Q4 2010**
- **455 new people became unemployed for more than 12 months every day** during the 12 months to end January 2011
- **1,545 people reported they had become redundant every day** during 3 months to end January 2011
- £188,200,000 is the amount that the Government Public Sector Net Debt (PSDN), including financial interventions, will grow today (**equivalent to £2,178 per second**).
- **£121,940,000** is the interest the Government has to pay each day on the UK's net debt of £2252.1bn (which includes financial interventions). This is estimated to rise to £182m a day in 2015-16.
- 212 mortgage possession claims will be issued and 163 mortgage possession orders will be made today
- 377 landlord possession claims will be issued and 251 landlord possession orders will be made today.
- The UK population is projected to grow by 1,178 people a day over the next decade
- 24.1m plastic card purchase transactions will be made today with a total value of £1.156bn.
- 7.7m cash withdrawals will be made today with a total value of £528m
- The average car will cost £16.08 to run today
- It costs £66.45 on average to fill a car with a 50 litre tank with unleaded petrol.

## Other key national statistics:

The UK economy **contracted by 0.5%** in the fourth quarter of 2010, according to revised estimates from the Office of National Statistics.

There were 5.7 million working age benefit claimants at August 2010. This is a decrease of 151,000 in the year.

**UK base rate fell to a 315 year low when the official bank rate was reduced to 0.5% on 5<sup>th</sup> March 2009 and has been held at that level for 25 months in a row.**

There were 3,955 compulsory liquidations and creditors' voluntary liquidations in total in England and Wales in the fourth quarter of 2010 (on a seasonally adjusted basis). This was a decrease of 0.2% on the previous quarter and a decrease of 11.3% on the same period a year ago. In the twelve months ending Q4 2010, **approximately 1 in 138 active companies (or 0.7%) went into liquidation**, which is a slight decrease from the previous quarter, when this figure stood at 1 in 133. Additionally, there were 1,114 other corporate insolvencies in Q4 2010 (not seasonally adjusted) comprising 302 receiverships, 642 administrations and 170 company voluntary arrangements. In total these represented a decrease of 24.0% on the same period a year ago.

In February 2011 the **public sector net debt (PSND) including financial interventions was £2252.1bn**, equivalent to **149.1%** of Gross Domestic Product. This compares to £2183.4bn (152.1% of GDP) as at the end of February 2010. Meanwhile, **public sector net debt excluding financial interventions was £875.8bn** (58.0% of GDP), up from £729.9bn at the end of February 2010 (50.8% of GDP). **The Office of National Statistics now 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 **Coalition's March 2011 Budget report** the public sector net debt will peak at 70.9% of GDP in 2013-14, before declining to 70.5% of GDP in 2014-15 and 69.1% of GDP in 2015-16.

The number of **unemployed people in the three months to January 2011 was 2.53 million (8.0%). This is up 27,000** from the previous three months and up 87,000 from a year earlier. **141,000 people (1,545 a day) reported they had become redundant** in the three months, down 17,000 on the previous three months and down 27,000 from a year earlier.

**The number of people unemployed for more than 12 months increased by 9,000 (1.1%) over the quarter and increased 166,000 (455 a day) over the year to reach 848,000.** The number of economically inactive people aged from 16 to 64 increased by 43,000 over the quarter but decreased by 67,000 over the year to reach 9.33 million in the three months to January 2011.

Public sector employment decreased by 45,000 in the fourth quarter of 2010, to 6.195 million, compared with the previous quarter.

The Office for Budget Responsibility (OBR) March 2011 forecast for the number of general Government employees estimates a reduction from 5.67m in 2010/11 to 5.28m in 2015/16. They estimate that between 2010 and 2015 total employment will rise by around 900,000, reaching 30.1m by the final quarter of 2015.

In the year to February, the consumer prices index (CPI) rose by 4.4%, up from 4.0% in January. **The Retail Prices Index rose by 5.5% in the year to February, up from 5.1% in January.**

New car registrations fell less than expected in February, dropping 7.7% to 63,424 units.

UK retail sales values decreased 0.4% on a like-for-like basis from February 2010. On a total basis, sales were up 1.1% against a 4.5% increase in February 2010.

**Servicing Debt:** A study by uSwitch.com has found that 41% of Brits have been left feeling concerned about their finances following the Budget on 23 March, with 37% now feeling worse off. 58% say now is not the time to make any major life changes or financial decisions. Of the measures included in the Budget itself, the decision to scrap the fuel duty increase was the most popular (93%). Meanwhile, consumers believe the biggest issue the Government needs to deal with is unemployment (26%).

Research by moneysupermarket.com has found that 42% of homeowners are worried about the effect an interest rate rise will have on their mortgage payments. An alarming 17% of people surveyed said that they will be unable to afford their mortgage payments when interest rates do rise, while 6% have already put their home on the market.

According to a survey carried out by Gocompare.com, 22% of consumers will carry a credit card debt throughout 2011 (with 7% saying they will still be paying for Christmas 2010 after June 2011). 29% of survey respondents said that they had resolved to reduce their loan and credit card costs this year.

Figures from the Consumer Credit Counselling Service show that in Q4 2010, three quarters of those recommended to declare bankruptcy by the charity earned less than the average wage. Over the period the average bankruptcy client dealt with by CCCS had a debt of £31,000 and would take 43 years to pay it back.

Citizens Advice Bureaux across England and Wales advised 0.47 million clients about 1.58 million new problems in the three months between October and December 2010. Debt was the largest advice category with 502,227 enquiries (32% of all problems – including enquiries about mortgage and rent arrears, benefit overpayment debts – and a 12% decrease on the same period last year). Citizens Advice Bureaux in England and Wales are currently dealing with ~ **8,004 new debt problems every working day. The total number of problems dealt with by Citizens Advice**

**Bureaux declined 7% over the quarter, which was largely attributed to the severe weather in December which dramatically reduced attendance of both advisers and clients.**

Mortgage lenders took 7,900 properties into possession in Q4 2010, down from 8,900 in Q3 2010 according to the Council of Mortgage Lenders. This equates to **87 properties being repossessed every day or 1 property being repossessed every 17 minutes.**

In terms of payment difficulties, 169,600 mortgages ended Q4 2010 with arrears equivalent to at least 2.5% of the outstanding mortgage balance. This was down from 176,100 at the end of Q3 2010.

Overall, the latest data is broadly in line with the CML's recent most forecasts for the 2010 outturn of 175,000 arrears cases and 36,000 repossessions. The CML continues to expect a 2011 outturn of 40,000 repossessions and 180,000 mortgages in arrears. However, uncertainties remain, not only if interest rates are to rise but also as a result of the reduction in the rate at which Support for Mortgage Interest is paid from 6.08% to 3.63%.

Across 2010 as a whole, the number of repossessions by first-charge mortgage lenders was 36,300. This figure was 24% lower than in 2009, and accounted for 0.3% of all mortgages.

The FSA estimate that at the end of Q4 2010 there were **343,400 loan accounts in reportable arrears (> 1.5% of current loan balance)**, a decrease of 7% from Q4 2009. At the end of Q4 2010, loans in arrears represented 2.95% of the value of the residential loan book.

The Insolvency Service said there were 30,729 individual insolvencies in England and Wales (**337 people a day or 1 every 4.28 minutes**) in Q4 2010. This was a decrease of 9.4% on the previous quarter and a **decrease of 13.6%** on the same period a year ago.

However, these figures do not include the number of people using informal insolvency solutions such as Debt Management Plans. R3 estimate that there may be as many as 700,000 people using these.

R3 have also previously suggested that there are another 574,000 who are struggling financially but have contacted their creditors informally. More worrying is another group further down comprising of 961,000 individuals who are struggling with debts but have not sought help. This group could find themselves in formal insolvency procedures unless they take swift action.

Figures released by Finance & Leasing Association show that total consumer credit lending rose by 5% in January 2011, compared with January 2010, representing the first overall rise since August. There was growth in the credit cards and car finance market of 3% and 16% respectively compared with January 2010. However, high street credit continued to fall as consumer confidence remained low, with store card spending shrinking 18% and store instalment credit down 11% compared with January 2010.

According to a survey by moneysupermarket.com, 1 in 10 UK adults (equating to 5 million people nationwide) are permanently overdrawn. One third of people (18 million nationally) have gone into the red over the last 12 months. Amongst 20-29 year olds specifically, 46% have used their overdrafts in the past year and 16% are permanently overdrawn. Moneysupermarket.com estimates that someone who permanently uses a £500 overdraft pays £240 more a year than they need to.

A separate piece of research by moneysupermarket.com has found that 17% of UK adults (equivalent to 8 million people nationwide) failed to pay at least one bill over the last year, potentially putting their credit profiles at risk. On a regional basis, London was home to the highest proportion of late payers, with 11% of residents missing at least one regular payment, while only 2% of borrowers in Northern Ireland missed payments.

According to a quarterly survey by R3, 43% of people believe that their financial situation will worsen over the next 6 months, an increase of 13% on last quarter. Only 24% of people believe that their situation will improve in the next 6 months. Meanwhile 45% of people are worried about the amount of debt they owe (a 6% increase on last quarter) with credit card debt remaining the main source of worry.

Research by Scottish Provident has found that the average person only considers themselves to be in serious financial difficulty once their debts exceed £15,837. This increases to £16,646 for 18-34 year olds, but is slightly lower for over-55s at £14,424.

**Plastic card / Personal Loans:** Fraud losses on UK cards were at their lowest level since 2000 last year at £365.4m. This is a 17% reduction compared with losses in 2009, and significantly down from the all-time high of £610m recorded in 2008.

Research by moneysupermarket.com has found that 46% of credit card holders do not pay off their balance in full at the end of the month, with the average debt being held for 10 months before being paid off – as a result of this, credit card users are wasting a massive £2.3bn a year in interest payments simply by letting debt sit on their existing card.

14<sup>th</sup> February 2011 was the fifth anniversary of PIN day, when the official changeover to chip and PIN took place in the UK. The UK Cards Association estimates that there are now over 140 million chip and PIN cards in issue in the UK, and more than 1 million chip and PIN terminals.

The UK Payments Council has revealed that the amount spent in the UK on debit cards over the course of a year has exceeded the amount spent using cash for the first time ever. The historic milestone was passed over the last August Bank Holiday, when the running total of debit card spending during the year (£272bn) overtook the cumulative amount of cash (£269bn) spent in the economy.

There were 147.6m debit, credit or charge cards in circulation in the UK at the end of 2010, according to an initial estimate by the UK Payments Council. **An average 279 plastic card purchases were made in the UK every second** during Q4 2010 using debit and credit cards (equal to £13,381 /second). 89 cash withdrawals were made every second (equal to £6,115 / second) from UK's 63,137 cash machines during Q4 2010.

There are **more credit cards in the UK than people** according to the UK Payments Council. At the end of 2010 there were an estimated 63.0m credit and charge cards in the UK compared with around 62m people in the country.

Total credit card debt in February 2011 was **£58.5bn**.

The average interest rate on credit card lending is currently **18.84%, which is 18.34% above base rate (0.5%)**.

According to the BBA the proportion of credit card balances bearing interest is 70%.

**Young people - the IPOD generation:** A survey by Triodos Bank has found that parents are keen to pass on values such as good money sense to their children. Faced with a lack of personal financial education in schools, 78% of parents are teaching their children how to be sensible with money, making it the number one principle parents want to pass on. Furthermore, 44% of parents say that having children has encouraged them to become more sensible with their own money.

Research by Lloyds TSB has shown that 18-24 year olds need more help to understand the benefits of an ISA. Only 70% of 18-24 year olds knew that tax was not payable on ISA savings (compared to 85% of people overall), with 16% believing that you pay a 'savings tax'. Only 29% of 18-24 year olds knew that there is currently a £5,100 limit on Cash ISAs. Strikingly, while 48% of 18-24 year olds said they had an ISA, 36% of these did not know what type of ISA they held.

Research by First Direct has found that today's young people need to earn 55% more if they are to live the same lifestyle that their parents took for granted at their age. First Direct estimate that the average Briton in their mid-20s needs an annual salary of £39,720 to buy a house, pay for a wedding and have their first child – milestones that were all passed by their parents at the same age – but the actual average salary for someone in their mid-20s is in fact nearer to £25,000.

Family Investments have calculated that new parents would have to save £82 every month from the birth of their child in order to cover the potential cost of tuition fees (which could be as much as £27,000 for a three year undergraduate degree). This increases to £129 per month if parents delay saving until their child is five. Furthermore, these figures do not take into account additional factors like the cost of living, which would add even more to the bill.

The NUS and Endsleigh's Student Lifestyle Report has found that students are spending an increasing amount of time in paid employment. On average students did 15 hours a week of paid work in 2010, up from 13 hours a week in 2008. Furthermore, during the holidays students spent an average of 24 hours a week in employment, up 20% from 17 hours in 2008.

The report also looked at where students spend their income, finding that accommodation is the largest necessary outgoing (the average student spends £80 a week on this, with a quarter of students spending over £100 every week on rent) while activities and entertainment was where they spent most of their disposable income.

Unemployment amongst economically active 18 to 24 year olds increased 23,000 (3.1%) in the 3 months ending January 2011, to reach 760,000. **This means that 18.3% of all economically active 18 to 24 year olds are unemployed.** 343,000 (45%) have been unemployed for > 6 months. 199,000 **have been out of work for over 12 months** which is an increase of 1,000 (0.6%) over the last 3 months and an increase of 32,000 (19.3%) over the last 12 months.

The number of 18-24 year olds not in education, employment or training (NEET) at the end Q4 2010 was 866,000 (18.1%). The number of 16-18 year NEETs stood at 162,000 (8.5%) at the end of Q4 2010. **The total of 16 – 24 classed as NEETS now stands at 938,000.**

**Pensioners / Pensions:** Figures released by Age UK show that the average person aged over 55 has experienced inflation at 5% above headline inflation. The gap between price rises experienced and headline RPI now

costs an average over 55 year old £907.20 per year, which is a £30 rise in the monthly cost of living since September 2010.

Aviva's latest Real Retirement Report shows that long-term debt is a growing problem amongst over 55s and many will struggle to clear their debts before late retirement. 23% of over 55s surveyed said they don't expect to be debt free until they are at least 75, and 15% never expect to repay what they owe. 30% have at least one form of unsecured debt that they are currently unable to clear, while 21% are still making mortgage repayments.

Meanwhile, a separate study from Aviva has found that around half of all UK grandparents – 7 million people nationwide – now look after their grandchildren and help around the house while mum and dad are at work. On average each grandparent will care for two children for around 13 hours a week, with 99.5% doing so without pay. Given that childminding costs currently stand at almost £2,400 per annum, Aviva calculates that this represents a collective saving of £33bn for UK parents each year.

Research by Standard Life has found that around 4.5m in the UK are offered a free pension contribution by their employer but do not join the company scheme – because of this, Standard Life estimates that UK employees are collectively missing out on nearly £6bn of 'free money' every year.

A study by Prudential has found that 62% of people planning to retire in 2011 said they would consider postponing their pension and continuing to work in order to boost their retirement income. Of those considering putting off retirement, 46% said they would definitely have to continue to work to supplement their pension or build up their savings further.

The number of unemployed people aged 50+ during the three months to end January was 393,000, which is a decrease of 0.5% over the previous quarter and a decrease of 0.8% (3,000) over the previous year. The number of people over 65 in work increased by 56,000 in the three months to the end of January to 900,000, **a rise of 130,000 (16.9%) over the previous year.**

Two in five 50-plus unemployed workers (43.5%) - a total of 171,000 people - have been out of work for over a year. 77,000 have been unemployed for more than two years.

At August 2010, there were 12.7m people of state pension age claiming a DWP benefit, an increase of 159,000 since August 2009. Of these, 67% were claiming State Pension (SP) only.

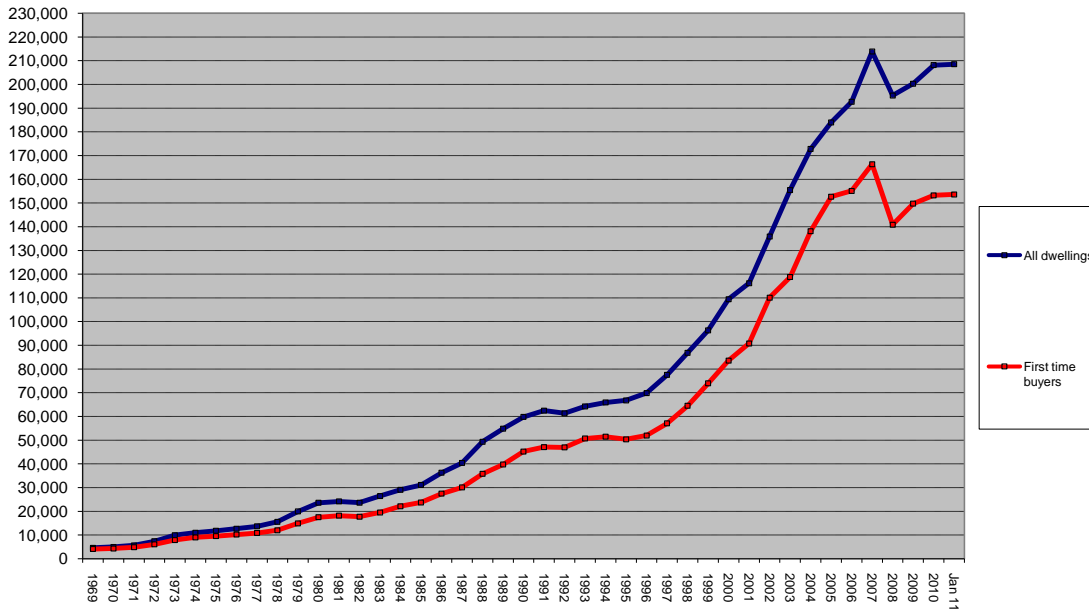
The proportion of retired households in the population rose from 22% in 1977 to 26% in 2008/09. There are 8.6m pensioner units in the UK (single pensioners over state pension age or pensioner couples, married or cohabiting pensioners, where one or more are over state pension age). In 2008/09, pensioner couples received average income of **£564 per week**, compared with £304 per week for single men pensioners and £264 per week for single women pensioners.

Pensions provide modest levels of annual income for many pensioner households. In 2008/09, 53% of single pensioners had total pension income (state benefit income and private pension income) of **less than £10,000**, while 36% of pensioner couples had less than £15,000.

**Housing:** According to the Department for Communities and Local Government (DCLG) the average house price in the UK in January 2011 stood at **£208,552** (£216,304 in England). The annual rate of UK house-price inflation in January 2011 was 0.5%. **The annual rate of house-price inflation in London was 3.7%.**

Average UK house prices were 0.4% lower over the quarter to January 2011 compared to a quarterly decrease of 0.2% over the quarter to October (seasonally adjusted).

## UK Average House Prices £



The average Mortgage Interest rate is 3.49%.

Gross mortgage lending totalled an estimated £9.5 billion in February, almost identical to January's gross lending figure (£9.475 billion) and marginally (less than 1%) higher than in February 2010 (£9.419 billion).

Halifax said that house prices fell by £1,488 in February 2011. **This is a monthly fall of 0.9%**. Prices fell 0.4% over the quarter and fell 2.8% over the year.

Nationwide estimate that house prices rose 0.3% during February 2011, and fell 0.1% over the year.

The February RICS Housing Market Survey shows prices falling in February, although at a slower rate than the previous month – 26% more surveyors show prices falling rather than rising. Most activity indicators were a little more encouraging in February, with new buyer enquiries (demand) remaining broadly unchanged after falling for six consecutive months. New instructions edged upwards, recording a rising level of stock coming onto the market.

Hometrack monthly survey of 5,100 agents and surveyors showed that demand for housing jumped 14.7% in February, the first increase for eight months as a mix of seasonal and pent-up demand fed into the market after a very weak second half of 2010. The supply of homes for sale increased by 7.5%, the highest monthly increase for 3 years. Average prices fell -0.2% in February, the lowest monthly decline for 6 months. The proportion of the country posting price falls has declined for the last 4 months. Lower prices were reported across 26% of the country in February.

Rightmove said new sellers raised average asking prices by 0.8% (£1,760) to an average of £231,790 in March.

According to the NAEA the number of house-hunters registered per branch increased on average from 252 in January to 268 in February, the number of sales agreed per branch increased from 6 in January to 8 in February and the average number of properties available for sale per branch increased from 69 in January to 70 in February.

House purchase approvals (29,923) were slightly higher in February than in January according to the British Bankers Association. The average loan approved for house purchase in February was **£139,900 which is 1.7% lower than a year ago**.

Existing home sales across the United States (including single-family, townhomes, condominiums and co-ops) decreased 9.6% over last month and fell 2.8% year on year in February 2011. The **average price decreased 5.2% year on year** to \$156,100. RealtyTrac® said that a total of 225,101 foreclosure filings — default notices, auction sale notices and bank repossessions — were reported on U.S. properties in February 2011, a 14% decrease in total properties from last month and a 27% decrease from February 2010. This is the biggest year-on-year decrease since RealtyTrac® began issuing its monthly foreclosure report in 2005. The report shows that one in every 577 of all U.S. housing units received a foreclosure filing during the month.

Research from Paragon has found that 32% of landlords raised rents during the first quarter of 2011. One in 10 landlords said that rental income across their portfolio increased by up to 2% during the period. A further 10% said that rental income increased by between 2% and 4%, while nearly 5% of those surveyed said that rental income had risen by more than 8%.

The latest Moving Intentions Survey from Legal & General reveals that 30% of those adults surveyed believe they will buy a property over the next 12 months, which is down from the last time the survey was run last year. The most likely buyers were those in the 26-35 age range who are currently living in a flat or maisonette.

**Housing First Time Buyers (FTB) & Buy-to-let:** The average house price in the UK in January 2011 for first time buyers now stands at **£153,608** which is an **annual increase of 1.5%**.

As at the end of December, there were 1.3 million buy-to-let mortgages outstanding, worth a total of £152 bn. By value, buy-to-let mortgages accounted for 12% of all mortgages. Across 2010 as a whole, the total value of all buy-to-let lending was £10.4bn (22% higher than in 2009) and the total number of loans advanced during the year was 102,000 (10% higher than in 2009).

The typical first-time buyer deposit in January was **20% (£28,571)**. The average first-time buyer borrowed 3.12 times their income and the average first-time buyer loan was £114,286.

According to the RICS Residential Lettings Survey for Q4 2010, tenant demand continued to increase in the three months to January, and at a similar pace to the last quarter. 32% of surveyors reported a rise in demand.

**Money Education:** A survey conducted by the ifs School of Finance has found that 40% of students and 34% of teachers believe that a qualification in Personal Finance is more important than a qualification in any subject outside the English Baccalaureate (which consists of Maths, English, two Sciences, a Foreign Language and either History or Geography).

According to a study by Triodos Bank, 30% of customers admit to having no idea what their bank does with customers' savings. Just 41% understood that their money could be lent to a wide range of companies and organisations, and only 47% were aware that customers' savings would commonly be used to lend to mortgage borrowers.

A study by Learndirect has found that two-thirds of people in the UK feel too confused to make the right choices about their money, and more than a third say they don't have the right skills to properly manage their cash. Over a quarter struggle to work out the best value for things like electricity and gas and mobile phones, while one in four said they did not understand small print or jargon (one in ten had signed up for contracts and services that weren't right for them). Meanwhile, eight in ten were unsure which benefits and allowances they were entitled to.

A survey by M&S Money has found that some 14-18 year olds are given no help on basic money matters by their parents. 19% of parents have never discussed how to spend money with their teenagers, and 32% have yet to discuss how to budget or even describe what one is.

**Spending:** MGM Advantage estimates that average household expenditure is £35,363. It suggests that in order for households to maintain the same standard of living that they enjoyed 12 months ago they would need to spend an extra £38.869 billion collectively, or £1,496 a year on average.

A survey by uSwitch.com has found that 56% of workers (equivalent to 16 million people nationwide) are expecting a pay freeze, while just 11% have received a pay rise this year. Of those who have had a pay rise, 79% have been given one which is less than the current rate of inflation (4.0% as measured by CPI), meaning their spending power has still decreased in real terms.

Research by Bright Grey has found that of those UK adults who live by themselves, 17% are overspending. The average income for adults who live alone is £1,267 per month, which is £327 less than the average amount that people say they have to earn each month to live a comfortable life (£1,594). Of those who live alone and overspend, 24% admit that they do so because they enjoy their lifestyle too much.

An annual report by LV has calculated that the cost of raising a child to their 21<sup>st</sup> birthday now stands at £210,000. This is up 4.5% from last year, and has increased 50% since 2003. Childcare and education represent the biggest areas of expenditure, costing parents £67,430 and £55,660 over the course of their children's childhoods. The cost of education (including school uniforms, after-school clubs and university tuition fees) has increased 5.3% in the last year.

A survey by moneysupermarket.com found that 67% of respondents admitted that rising fuel prices as well as the increasing cost of car insurance have changed their attitudes to motoring. 48% said that they would choose a more fuel efficient model the next time they bought a car, while 11% said they would buy one that was cheaper to insure. 8% suggested they would stop using their car completely and start using public transport instead.



According to research by HSBC, Britons underestimate the cost of key life events by £124,000 in total. The cost of raising a first child is significantly underestimated (by £116,000), as is the cost of a wedding (by £11,000) and of student debt (by £9,000). However, Britons also drastically overestimate the average cost of a first home deposit (by £9,000) and of a first car (by £2,500).

A survey for moneysupermarket.com has found that 25% of UK credit applicants, equivalent to 4.5 million people across the country, were turned down for a credit card or loan over the last year. The worst success rate was in London, where only 62% of applicants were accepted. The young were also more likely to be rejected than more mature customers, with 36% of 18-34 year olds having been turned down.

Research from Shelter and Co-operative Insurance has found that nearly one third of people (28%) spend more each month than they have coming in. UK adults face an average shortfall of £165 each month according to the research, with 26% unsure whether they can pay their bills on time. It also found that 70% of people are worried about their cash flow, and 8% even admit to deliberately undervaluing their home contents to keep insurance premiums down.

With Prince William and Kate Middleton preparing for their big day later this month, Weddingplan estimates that the average cost of a wedding is now in excess of £21,000.

**The average new family car now costs £5,869 annually to keep on the road, equating to £112.87 per week or 48.91p per mile.**

The AA calculate that in March 2011 the average price of unleaded petrol rose by 4.1ppl (pence per litre) to 132.9ppl. **This means it costs £66.45 to fill a 50 litre unleaded tank.** The average price of diesel also rose by 5.0ppl to 139.0ppl. The UK currently has the eleventh highest unleaded price in Europe and the second highest diesel price.

**Savings:** Research by Family Investments has found that 47% of mums will be reducing their savings by an average of £386.76 over the next year in order to meet the escalating cost of living. This equates to a total cut of £1.3bn from UK household savings. The most significant reductions have been to short-term savings such as instant access ISAs (£20.18 per month). Long-term savings have been least affected by cut-backs, although 21% of mums still say they will be cutting back on saving for their children's futures by £58.80 per month.

According to unbiased.co.uk, Brits repaid 14p of debt for every £1 saved in the final quarter of 2010 – this is slightly down from the 16p recorded in Q3 2010 (during the first two quarters of 2010 Brits repaid a record high of 19p in every £1 saved). Overall, savings levels have dropped steadily to £15bn compared to £20bn in Q1 2010.

Research by Halifax has found that the average cash ISA balance in the UK is £7,836. The highest average balance is £10,478 in the Derbyshire Dales (34% above the UK average). The lowest average balance is £4,760 (39% below the UK average) in the London Boroughs of Hackney and Southwark.

Meanwhile, figures from the Fair Investment Company suggest that if a couple had invested their full allowance into a stocks and shares ISA every year since 1999 (when ISAs were first launched), they could now have savings worth more than £275,000.

NS&I's latest Quarterly Savings Survey revealed that the amount of money the population is saving has decreased. On average, Britons are setting aside £82.92 every month (6.69% of their monthly income), a decline from 12 months ago when the population was saving £88.65. This figure is also down from last quarter when the average amount saved per month was £87.37.

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