



DEBT STATISTICS

APRIL 2013 EDITION

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Welcome to the April 2013 edition of Credit Action’s 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 that you find them useful.

Our headline personal debt figures are on **pages 3 and 4**. The Striking Numbers box on 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 **white** have been calculated by Credit Action. All other statistics come from external sources and are written in **black**.

From section 4 (Servicing Debt) onwards, figures are divided into either *Key Statistics* or *Recent Headlines*. The *Key Statistics* are reported on an ongoing basis, and are updated regularly when the latest data becomes available. Meanwhile, the *Recent Headlines* provide a summary of relevant and interesting news stories, and change every month.

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STRIKING NUMBERS
£54,017 was the average household debt (including mortgages) in February
£166m was the daily amount of interest paid on personal debt in February
8,192 debt problems were dealt with by the CAB each working day over the year to December
1,454 people were made redundant every day between November and January
887,000 people had been unemployed for over a year between November and January
£10.92m of loans are written-off daily by UK Banks and Building Societies (based on Q4 2012 trends)
Every 17 min 7 sec a property is repossessed (based on Q4 2012 trends)
Every 5 min 12 sec someone is declared insolvent or bankrupt (based on Q4 2012 trends)
£1.373 billion was the daily value of all purchases made using plastic cards in January

1. UK PERSONAL DEBT

TOTAL UK PERSONAL DEBT

Outstanding personal debt was **£1.424 trillion** at the end of February 2013.

- This is up from £1.408 trillion at the end of February 2012.
- At the end of February 2013, individuals owed nearly as much as the entire country produced during the whole of 2012.

Outstanding secured (mortgage) lending was **£1.266 trillion** at the end of February 2013.

- This is up from £1.249 trillion at the end of February 2012.

Outstanding unsecured (consumer credit) lending was **£158 billion** at the end of February 2013.

- This is down from £159 billion at the end of February 2012.

AVERAGE UK PERSONAL DEBT

Average household debt in the UK (excluding mortgages) was **£5,998** in February.

- This is up from a revised **£5,992** in January.

Average household debt in the UK (including mortgages) was **£54,017** in February.

- This is up from a revised **£53,986** in January.

The average amount owed per UK adult (including mortgages) was **£28,981** in February. This is up from a revised **£28,965** in January, and was around **118%** of average earnings.

Average consumer borrowing (including credit cards, motor and retail finance deals, overdrafts and unsecured loans) per UK adult was **£3,218** in February. This is up from a revised **£3,215** in January.

The estimated average outstanding mortgage for the 11.3m households that carry mortgage debt stood at **£112,153** in February.

Based on February 2013 trends, the UK's total interest repayments on personal debt over a 12 month period would have been **£60.6 billion**.

- This is equivalent to **£166 million** per day.
- This means that UK households would have paid an average of **£2,299** in annual interest repayments.

1. UK PERSONAL DEBT

The Office for Budget Responsibility (OBR) predicted in March 2013 that total household debt will reach **£1.931 trillion** in Q1 2018.

- This would mean that average household debt would reach **£73,284** (assuming that the number of households in the UK remained the same between now and Q1 2018).

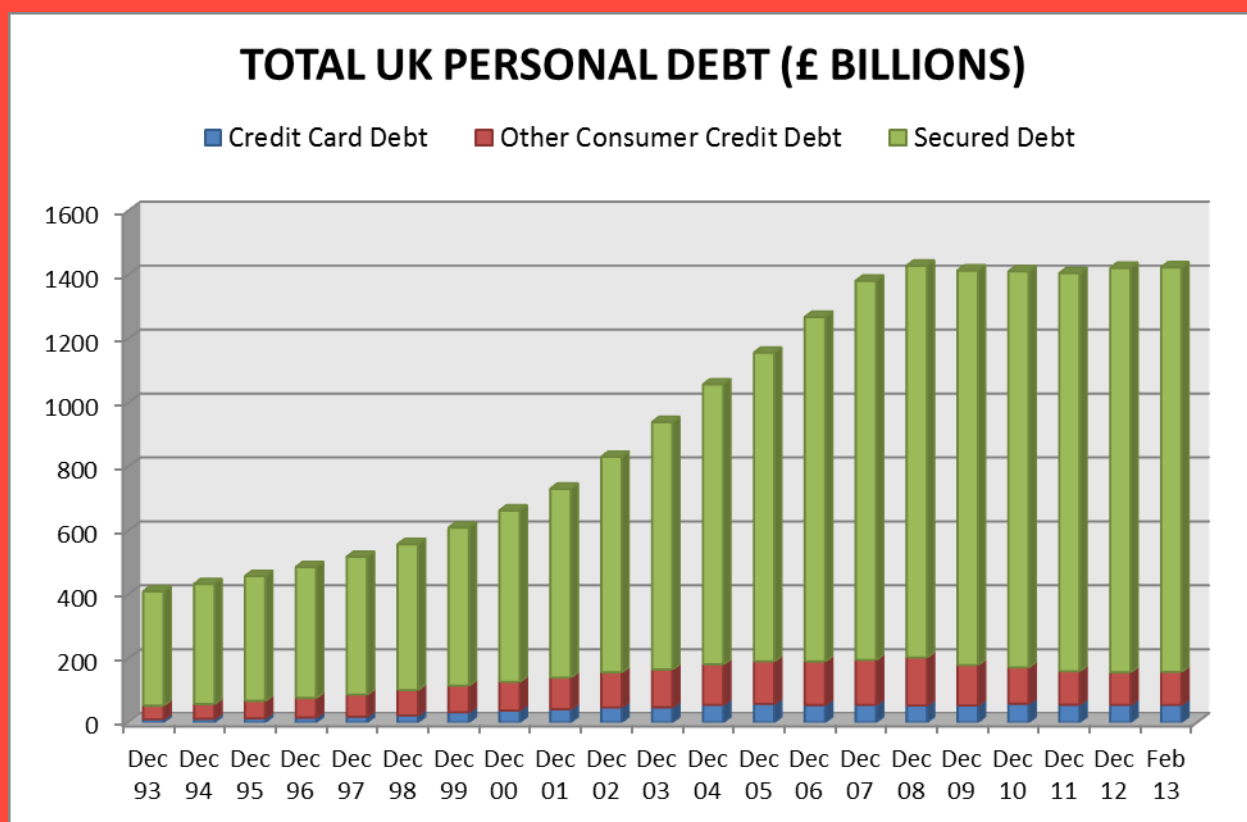
NET LENDING AND WRITE-OFFS

Total net lending to individuals by UK Banks and Building Societies **rose by £1.5 billion** in February 2013.

- Net secured lending rose by £0.9 billion in the month; net consumer credit lending rose by £0.6 billion.

UK Banks and Building Societies **wrote-off £4.5 billion** of loans to individuals over the four quarters to Q4 2012.

- In Q4 2012 itself they wrote-off £999 million (of which £469 million was credit card debt) amounting to a daily write-off of **£10.92m**.



Based on Bank of England Data

2. EVERY DAY IN THE UK

Based on the latest available data, Credit Action estimates that:

- **277** people are declared insolvent or bankrupt every day (based on Q4 2012 trends). This is equivalent to one person **every 5 minutes 12 seconds**.
- **1,374** Consumer County Court Judgements (CCJs) are issued every day (based on Q4 2012 trends). The average value of a Consumer CCJ in Q4 2012 was **£2,615**.
- Citizens Advice Bureaux in England and Wales dealt with **8,192** debt problems every *working day* during the year ending December 2012.
- It costs an average of **£29.02** per day to raise a child from birth to the age of 21.
- **84** properties are repossessed every day (based on Q4 2012 trends).
- **96** new people a day became unemployed for over 12 months during the year ending January 2013.
- **1,454** people a day reported they had become redundant between November 2012 and January 2013.
- Public Sector Net Borrowing (excluding financial interventions) was **£2.8bn** in February 2013, meaning that the Government borrowed an average of **£100m** per day during the month (equivalent to **£1,157** per second).
- **154** mortgage possession claims are issued and **111** mortgage possession orders are made every day.
- **426** landlord possession claims are issued and **297** landlord possession orders are made every day.
- The UK population is growing by an estimated **1,342 people a day**.
- **28.0m** plastic card purchase transactions were made every day in January 2013 with a total value of **£1.373 billion**.
- **8.4m** cash machine transactions were made every day in February 2013 with a total value of **£328m**.
- The average new car costs **£18.33 per day** to run.
- It cost **£69.95** to fill a 50 litre tank with unleaded petrol in March.

3. NATIONAL STATISTICS

ECONOMY

The UK economy **contracted by 0.3%** in the fourth quarter of 2012, 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 5th March 2009, and has been held there for 49 months.

There were **5.7 million** working age benefit claimants at August 2012. This is a decrease of 95,000 in the year.

UNEMPLOYMENT

The number of unemployed people in the three months between November 2012 and January 2013 was **2.52 million** (7.8%). This is up by 7,000 from the previous three months, but down by 136,000 from a year earlier.

- **133,000** people (**1,454 a day**) reported they had become redundant over the three months. This is down by 14,000 from the previous three months, and down by 40,000 from a year earlier.
- **887,000** people had been unemployed for over 12 months between November and January, down 16,000 from the previous three months, but up 35,000 (**96 a day**) from a year earlier.
- The number of economically inactive people aged between 16 and 64 fell by 118,000 over the three months, and fell by 320,000 over the year, to reach **8.95 million** in the three months to January 2013.

Public sector employment fell by **20,000** in the fourth quarter of 2012 to reach **5.722 million** overall.

The Office for Budget Responsibility's March 2013 forecast for General Government Employment estimates a total reduction of around **1.2 million** staff between the start of 2011 and the start of 2018. However, they estimate that this will be more than offset by a rise of **2.6 million** in market sector employment over the period, which will reach 25.8 million by the start of 2018.

3. NATIONAL STATISTICS

PUBLIC SECTOR NET DEBT

In February 2013, public sector net debt (PSND) *excluding* financial interventions was **£1161.5bn**, equivalent to 73.5% of GDP. This compares to £1076.5bn (70.1% of GDP) at the end of February 2012.

Meanwhile, public sector net debt *including* financial interventions was **£2174.4bn**, equivalent to 137.6% of GDP. This compares to £2163.9bn (141.0% of GDP) at the end of February 2012.

- 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 2013 Budget, public sector net debt is forecast to peak at **85.6% of GDP** in 2016-17, before falling to 84.8% of GDP in 2017-18.

CORPORATE INSOLVENCIES

Figures from the Insolvency Service show that there were **3,834** compulsory liquidations and creditors' voluntary liquidations in England and Wales in the fourth quarter of 2012 (on a seasonally adjusted basis).

- This was down 3.3% on the previous quarter, and down 10.7% on the same period a year ago.

In the twelve months ending Q4 2012, approximately **1 in 144** active companies (0.7% of all active registered companies) went into liquidation.

- This is down from 1 in 138 in the previous quarter.

Additionally, there were **1,007** other corporate insolvencies in Q4 2012 (not seasonally adjusted), comprising 276 receiverships, 580 administrations and 151 company voluntary arrangements.

- In total these have decreased 14.2% on the same period a year ago.

3. NATIONAL STATISTICS

INFLATION AND RETAIL ACTIVITY

CPI (Consumer Prices Index) annual inflation stood at **2.8%** in February. This is up from 2.7% in January.

RPI (Retail Prices Index) annual inflation stood at **3.2%** in February. This is down from 3.3% in January.

The British Retail Consortium/KPMG Retail Sales Monitor for February 2013 showed that UK retail sales values rose by 2.7% on a like-for-like basis from February 2012, when sales had decreased 0.3% on the preceding year.

- On a total basis, sales were up 4.4% in February 2013, against a 2.3% increase in February 2012.
- Excluding distortions caused by the timing of Easter in previous years, total sales grew at the fastest rate since February 2010. Like-for-like sales growth was the fastest since December 2009.

There were 66,749 new car registrations in February, according to the Society for Motor Manufacturers and Traders.

- This is an increase of 7.9% compared to February 2012.

4. SERVICING DEBT

KEY STATISTICS

Citizens Advice Bureaux across England and Wales dealt with **0.55 million** new enquiries in the three months between October and December 2012.

- Debt was the second largest advice category (behind Benefits) with 455,574 enquiries. This is a 6% decrease on the same period last year. Debt enquiries represented 29% of all problems dealt with between October and December 2012.
- Based on *annual* figures to the end of December 2012, Citizens Advice Bureaux in England and Wales are dealing with **8,192** debt problems every *working day*.

According to the Council of Mortgage Lenders (CML), **7,700** properties were taken into possession in Q4 2012 (this is down from 8,200 in Q3 2012, and marked the lowest number of properties taken into possession in a single quarter since Q4 2007).

- This equates to **84** properties being repossessed every day, or one property being repossessed **every 17 minutes 7 seconds**.
- In terms of payment difficulties, **157,900** mortgages ended Q4 2012 with arrears equivalent to at least 2.5% of the outstanding mortgage balance.
- This is down from 161,400 at the end of Q4 2011 (and from 216,400 at the peak of the current arrears cycle at the end of the first half of 2009).

The Financial Services Authority estimates that at the end of Q4 2012 there were **301,800** mortgage loan accounts in reportable arrears (i.e. arrears of over 1.5% of current loan balance), a drop of less than 1% from the previous quarter, and a fall of 4% compared to the end of 2011 (when there were 313,200 accounts in reportable arrears).

- At the end of Q4 2012, loans in arrears represented **2.44%** of the value of the residential loan book.

The Insolvency Service said there were **25,302** individual insolvencies in England and Wales in Q4 2012. This is equivalent to **277** people a day or, one person **every 5 minutes 12 seconds**.

- This was a fall of **9.8%** on the previous quarter and a fall of **12.9%** on the same period a year ago.
- This was made up of 6,919 bankruptcies (down 20.1% compared to Q4 2011), 7,397 Debt Relief Orders (up 0.5% compared to Q4 2011) and 10,986 Individual Voluntary Arrangements (down 15.8% compared to Q4 2011).
- The number of Debt Relief Orders was higher than total bankruptcies for the second quarter, while Bankruptcy Orders have been lower than Individual Voluntary Arrangements for the last seven quarters.

4. SERVICING DEBT

RECENT HEADLINES

A survey conducted for housing charity Shelter has found that a third of people (31%) had cut back on food to ensure they had enough money to pay their housing costs, while a fifth (20%) had reduced their spending on gas and electricity.

- Amongst families with children, Shelter say the problems are even worse. Their survey suggested that 42% of families with children (equivalent to 5.5 million families nationally) had been forced to cut back on food, while 27% (equivalent to 3.4 million families) reduced the amount they spent on household fuel.
- Shelter add that 64% of families with children struggled to meet their mortgage or rent payments last year, compared to 57% across the population as a whole, emphasising just how hard pressed this group has become.

With significant welfare reforms taking place during April, figures from StepChange Debt Charity show that welfare benefits have become increasingly important to helping those with debt problems keep up with day-to-day expenses, raising concerns that welfare cuts could have serious consequences for those in debt.

- According to StepChange Debt Charity, 55.7% of those seeking help last year received at least one of the following benefits: Child Benefit, Child Tax Credit, Disability Living Allowance, Employment and Support Allowance (ESA), Income Support, Jobseeker's Allowance (JSA) or Working Tax Credit.
- They add that since 2009, income from benefits and Tax Credits has increased from £387 to £493 for their clients.
- The importance of these benefits is underlined by the position of StepChange Debt Charity clients who claim either ESA or JSA. They are in the worst financial position of all clients, with significant monthly budget deficits.
- The average budget deficit for a StepChange Debt Charity client claiming ESA is £15 a month less than they need to meet day-to-day living expenses, while for clients in receipt of JSA it is £150 less.

5. PLASTIC CARDS AND PERSONAL LOANS

KEY STATISTICS

During January 2013 an average of **324** purchases were made in the UK every second using debit and credit cards, based on figures from the UK Cards Association.

- An average of **£15,896** was spent every second using debit and credit cards.
- On a daily basis, purchases using plastic cards were worth **£1.373 billion** in January.

Meanwhile, data from LINK shows that, on average, **97** cash machine transactions (including balance enquiries and rejected transactions) were made every second in February 2013.

- In total, cash machine transactions were worth **£3,793** per second in February.
- 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 February 2013 was **£55.3bn**.

- The average interest rate on credit card lending was **18.04%** in February. This is **17.54%** above the Bank of England Base Rate (0.5%).
- The British Bankers Association says that the proportion of credit card balances bearing interest has remained stable over the past three years, at about two-thirds.

RECENT HEADLINES

Research by Confused.com has revealed that a significant number of credit card owners have little understanding of how their credit rating works.

- Confused.com say that a concerning 27% of credit card owners don't even know what the term "credit rating" means.
- Meanwhile, 61% don't know what their current credit rating is, and 40% have never checked it.
- Confused.com add that 19% of credit card owners don't realise that missing payments on your credit card could potentially affect your credit rating. Moreover, 87% don't know that using your credit card for online gambling can impact on your rating, while 28% don't realise that making multiple applications for a credit card can also have an effect.
- 55% of credit card owners were unaware that taking out a payday loan could potentially have an impact on your credit rating, while just 17% knew that your credit rating can affect your ability to get certain types of job, such as with the police or in the financial services industry.

6. YOUNG PEOPLE

KEY STATISTICS

800,000 economically active 18-24 year olds were unemployed between November 2012 and January 2013. This was up by 53,000 (7.2%) compared to the previous three months.

- This meant that **19.2%** of all economically active 18-24 year olds were unemployed between November and January.
- **385,000** (48.1%) had been unemployed for over 6 months.
- **257,000** had been unemployed for over 12 months. This is a rise of 27,000 (11.6%) over the previous 3 months, and a rise of 41,000 (19.0%) from a year earlier.

The number of 18-24 year olds not in education, employment or training (NEET) at the end Q4 2012 was **831,000** (17.5%).

- The number of 16-18 year olds classed as NEET stood at **153,000** (8.4%) at the end of Q4 2012.
- The overall number of 16-24 year olds NEETs was **893,000** (15.0%).

RECENT HEADLINES

Research by Lloyds TSB has revealed that 83% of parents with children under the age of 10 have some form of savings account for their child in place.

- Of these, Lloyds TSB say that nearly three-quarters (72%) have a Child Trust Fund, despite these having been unavailable to new customers for several years.
- Meanwhile, 58% have a standard children's savings account, but only 7% have the much newer Junior ISA product.
- Of those parents who have some form of savings account, 44% say they pay regularly into them, with a further 30% pay in occasionally. However, 10% of parents admit they have never paid anything into their children's accounts themselves.
- Of those parents who have never saved anything for their children, and do not have an account set up, 57% say this is because the cost of living is so high it leaves them with no spare cash to put away.
- At the same time, 36% of all the parents surveyed by Lloyds TSB agreed that the cost of living is prohibiting them from regularly paying into their children's savings account.
- Lloyds TSB add that 53% of parents feel that the Government is not doing enough to help parents save for their children, compared to 22% who do not believe it is the Government's responsibility.

6. YOUNG PEOPLE

The End Child Poverty Campaign has released figures which map the level of child poverty across the UK.

- On a parliamentary constituency basis, Manchester Central has the highest level of child poverty (47%). This is followed by Belfast West and Glasgow North East (both 43%).
- Tower Hamlets has the highest level of child poverty if the figures are broken down by local authority, with 42% of children living in the area in poverty. Manchester (38%) and Middlesbrough (37%) are ranked second and third.
- The study also reveals that there can be significant variation in child poverty rates not only across the UK, but also within the same region.
- For example, in London the constituency of Poplar and Limehouse has a child poverty rate of 41%, compared to 7% in Richmond.
- Meanwhile, in the North West, while 38% of children in Manchester live in poverty, the comparative figure in Ribble Valley is 7%.

A report from Aviva has revealed that the period between birth and two years is the most financially stressful time for parents.

- Aviva say that the mums and dads of under-twos are most likely to worry about their income and finances (56%), argue about money with their family or partner (22%), borrow money from their family (19%), and see an increase in their household debts (19%).
- Furthermore, 27% of parents of under-twos admit they've stopped saving as a result of having a family, while 32% dipped into savings in order to make ends meet.
- On a more positive note however, Aviva add that parents with very young children are most likely to be trying to get to grip with their finances. 29% of those with a child aged one say having a child has motivated them to tackle their debts, but this falls steadily as children grow older, with just one in 10 saying the same when their child is aged 21.
- As their children grow, Aviva say parents are likely to experience another spike in financial stress when their children are aged 11-15, as this is when parents most likely to feel under pressure to spend beyond their means.

7. OLDER GENERATIONS AND PENSIONS

KEY STATISTICS

390,000 people aged over 50 were unemployed between November 2012 and January 2013. This is down 10,000 (2.5%) from the previous quarter, and down 36,000 (8.5%) from a year earlier.

- **45.2%** of unemployed workers aged over 50 - a total of **176,000** people - have been out of work for over a year. 104,000 have been unemployed for more than two years.
- **964,000** people aged over 65 were *in work* between November and January, up 5,000 (0.6%) from the previous quarter, and up 98,000 (11.3%) from the previous year.

At August 2012, there were 12.8m claimants of State Pension (SP), a rise of 153,000 on the year.

RECENT HEADLINES

Latest figures from the Alliance Trust Economic Research Centre found that over-75s faced the highest rate of inflation of all age groups in February – they experienced inflation at 3.2% over the month, up from 3.1% in January.

- Alliance Trust attribute this to rises in food, electricity and gas price inflation during the month, which elderly groups spend a relatively higher share of their income on.
- Increases in energy bills pushed electricity price inflation to 6.4% in February, while gas price inflation rose to 7.2%. Meanwhile, food price inflation is running at 4.1%.
- Of the other age groups, Alliance Trust report that 65-74 year olds faced an inflation rate of 2.4%, while for 50-64 year olds it was 2.5% and for 30-49 year olds it was 2.6%. Under-30s are the other age group that faced a comparatively high inflation rate, of 2.8%, driven by last Autumn's increase in tuition fees.

Research by Legal & General has found that older workers' confidence in their job security experienced a notable drop in January 2013, compared to the previous set findings recorded three months earlier in October 2012.

- For workers aged over-55, Legal & General say that their confidence in their job security fell by 6% between October and January, from 82% to 76%. Moreover, for workers in the 45-54 age range the drop was even larger, with confidence falling from 79% in October to 69% in January.
- By contrast, younger workers in fact expressed increased confidence in their job security over the period, with Legal & General's Job Security Index for this age group recording a 4% rise from 76% to 80% in January.

7. OLDER GENERATIONS AND PENSIONS

Figures from the Prudential have revealed that women who intend to retire in 2013 will do so with an annual income that is a third lower than men in the same position.

- Prudential say that women retiring this year expect to have an average retirement income of £11,750 per year, compared to £18,250 for men. This equates to a gender gap of £6,500 (36%).
- Prudential add that the gap has increased from 2012, when it was £5,750. In 2012, women's expected retirement income was £12,250 (and has since fallen by £500) while men's expected income was £18,000 (and has since increased by £250). Women's expected retirement income is in fact at a five-year low.
- In addition, Prudential say that 43% of women retiring in 2013 feel financially well-prepared for retirement, compared to 52% of men. However, just 32% of women say they will have enough to enjoy a comfortable retirement, compared to 41% of men.

A report by Aviva has revealed that Britain's workers remain unsure about pension saving, despite the roll-out of auto-enrolment having started in October 2012 – according to Aviva, 37% of employees are planning to opt-out, while 28% are undecided.

- However, Aviva did find that employee awareness of auto-enrolment has significantly increased, standing at 59% compared to 31% in May 2012.
- Moreover, despite uncertainty around take-up, 65% of employees suggested that auto-enrolment would improve saving, which suggests that many British workers understand the benefits of the reforms.
- Aviva found that affordability was the key issue for many, with 45% of employees who currently do not take up the pension they are offered saying they simply don't have the cash to do so. 19% do not save into a pension because they are repaying debts, and 17% are saving for other things such as a house or holiday.
- Aviva add that in the current financial climate, only 37% of employees are confident about their personal financial situation.

8. HOUSING MARKET

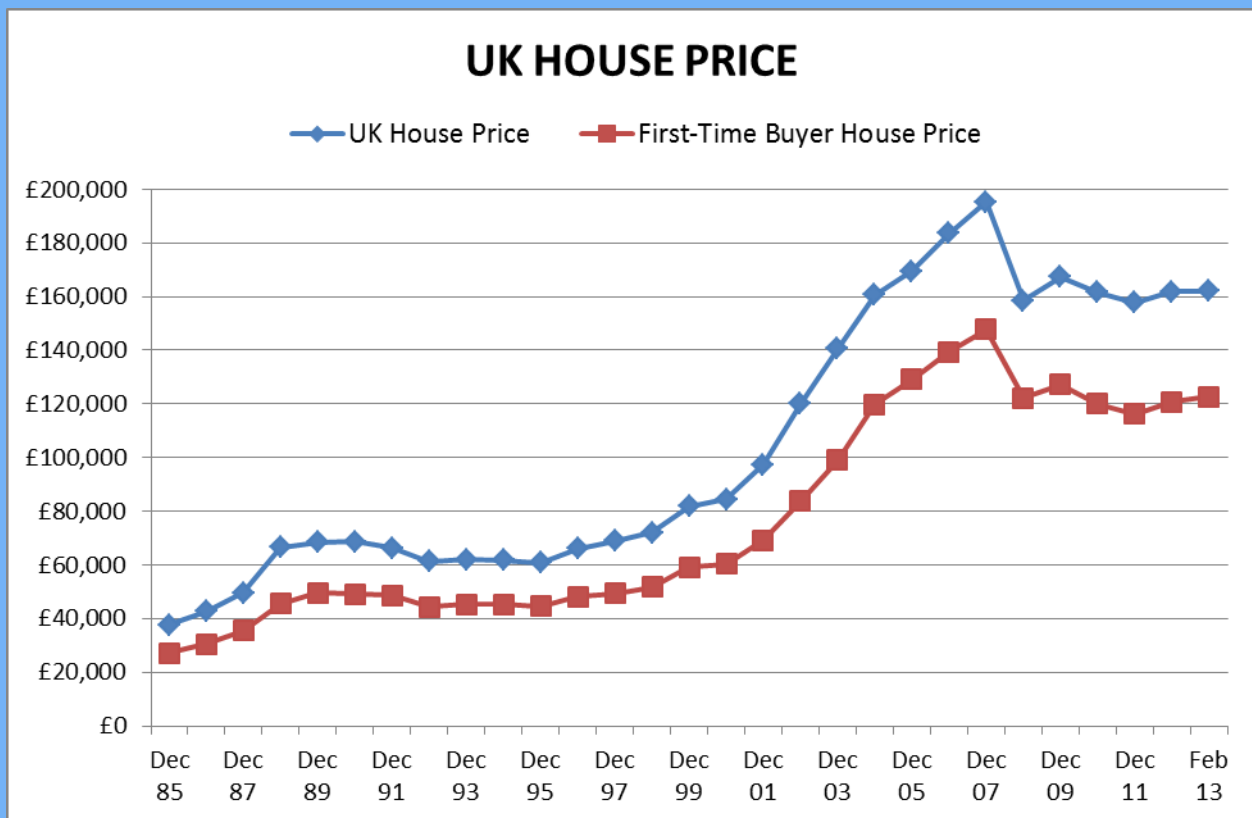
KEY STATISTICS

According to the Office of National Statistics the average house price in the UK in January 2013 stood at **£234,000** (£243,000 in England).

- Average UK house prices decreased by 0.7% over the month to January 2013, compared to an increase of 0.4% in January 2012 (seasonally adjusted).
- Over the year to January 2013, UK house prices **increased by 2.2%**.
- Average house prices in London **increased by 5.5%** in the year to January 2013.

Nationwide estimate that house prices rose by 0.2% during February 2013, and were unchanged compared to February 2012.

Halifax said that house prices rose by £756 in February 2013. This is a monthly rise of 1.9%. Prices rose 1.9% over the quarter and rose 0.5% over the year.



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

8. HOUSING MARKET

The average Mortgage Interest rate was 3.37% at the end of February.

According to the Council of Mortgage Lenders, gross mortgage lending in February totalled an estimated £10.5 billion. This is a fall of 8% compared to January's gross lending total (£11.4 billion) but a rise of 1% from February 2012 (£10.4 billion).

The February 2013 RICS Housing Market Survey shows that 6% more surveyors reported prices falling rather than rising.

- RICS add that the demand for new property remained steady across the country, while the amount of homes coming onto the market was stable, with 1% more surveyors reporting rising rather than falling instructions.
- Looking ahead, surveyors expect prices will continue to stabilise over the coming three months, and there is growing optimism that prices will begin to edge upwards over the next year.

Hometrack's monthly survey of agents and surveyors showed that demand for housing rose 14.3% in February (consistent with previous years), compared to a fall of 9.9% in January.

- The supply of homes for sale increased by 8.7% in February, following a 6.8% decrease in January.
- House prices grew by 0.1% in February, the first time values have grown in nine months (since May 2012).
- Lower prices were reported across 8.0% of post code districts in February, compared to 16.2% in January. Price rises were reported across 14.8% of postal districts in February, compared to 5.4% the previous month.
- Hometrack say that of those markets registering a price rise, 74% were in London and the South East. 48% of post codes in London registered an increase in values over the month, while 26% of post codes in the South East registered a price rise.

Rightmove said new seller asking prices rose by 1.7% in March, standing at an average of £239,710. Prices rose 1.2% compared to March 2012.

According to the NAEA the number of house-hunters registered per branch increased on average from 263 in November to 282 in December.

- The average number of sales agreed per branch decreased from 7 in November to 5 in December.
- The average number of properties available for sale per branch decreased from 60 in November to 58 in December.

8. HOUSING MARKET

There were 30,506 house purchase approvals in February, 6% lower than in February 2012 according to the British Bankers Association (BBA). They add that 2012 ended with reports of more first-time buyers looking to enter the market, which will help mortgage chains in due course. The average loan approved for house purchase rose to £150,500.

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 0.8% during the month of February, and rose 10.2% year on year from February 2012.

- The average price increased 11.6% year on year to \$173,600. This is the twelfth consecutive month in which there has been a year on year rise.
- Meanwhile, RealtyTrac® said that a total of 154,281 foreclosure filings — default notices, auction sale notices and bank repossessions — were reported on U.S. properties in February 2013. This is a 2% increase from the previous month, but a 25% decrease from February 2012.
- RealtyTrac®'s monthly Foreclosure Report also shows that one in every 849 U.S. housing units received at least one foreclosure filing during the month.

FIRST-TIME BUYERS AND BUY TO LET

The Office of National Statistics say that the average house price for first-time buyers was **£175,000** in January 2013, which is an annual increase of 2.0%.

The typical first-time buyer deposit in January 2013 was **20% (around £31,447)**. The average first-time buyer borrowed 3.20 times their income and the average first-time buyer loan was an estimated **£125,786**.

The Council of Mortgage Lenders say that 36,700 buy-to-let loans were advanced in Q4 2012, worth a total of £4.6bn. This is up from Q4 2011 when 34,200 buy-to-let loans were advanced worth £3.9bn.

According to the January 2013 RICS Residential Lettings Survey, tenant demand is continuing to grow at a faster pace than new property becomes available. As a result, RICS say that rent expectations unsurprisingly remain in positive territory, as has been the case since mid-2009. RICS add that on average, rents are expected to rise by nearly 2% over the next twelve months.

8. HOUSING MARKET

RECENT HEADLINES

Figures from Lloyds TSB suggest that home affordability for city dwellers has improved by almost a quarter since 2008.

- Lloyds TSB's research found that the average price of a city home in the UK was £172,556, which is 5.6 times gross annual average earnings.
- This is significantly (22%) below the peak experienced in 2008, when the average city home cost 7.2 times gross annual average earnings.
- Lloyds TSB say that this improvement in affordability has been driven by a decline in city house prices in recent years. They say that since 2008, the average city house price fell by 17%, from £207,387 in 2008 to £172,556 in 2013. Over the same period, average earnings in cities increased by 7%.
- There is also a significant North-South divide in terms of affordability. Lloyds TSB say that all 10 of the most affordable cities for UK homebuyers are in the North, while the top 12 least affordable cities are all in Southern England.
- Londonderry in Northern Ireland is the most affordable city in the UK, with its average property price (£94,776) 3.38 times the area's gross average annual earnings. Meanwhile, Oxford is the least affordable city, with an average property price (£299,459) that is 9.66 times gross average annual earnings in the area.

Meanwhile, a separate report by Lloyds TSB has looked at the situation facing second steppers in the UK (those looking to sell their first home and move on) and found that 61% of second steppers wanted to move up the ladder in 2012 but found they were unable to.

- Indeed, 22% of second steppers believe it is actually harder to move up the housing ladder than it was to get on it in the first place. 46% believed moving up the ladder was equally hard.
- The most significant challenges cited by second steppers were difficulties raising a deposit (65%), lack of affordable housing to move into (53%), the high costs of moving including stamp duty (52%), negative equity (25%) and a lack of offers from potential buyers (25%).
- Lloyds add that 53% of second steppers agreed that market conditions hadn't improved for them compared with the previous year. However, there were some signs of optimism, with 31% thinking the housing market will improve in 2013 and 22% believing it will be easier to sell their property.

9. FINANCIAL EDUCATION

RECENT HEADLINES

Research conducted by Nationwide has shown that three-quarters of people agree that children should now learn about money management at school.

- Indeed, half of those surveyed for Nationwide’s survey said that if they had been taught about money management when younger, they believe it would have had a positive impact on their current financial situation.
- The Department for Education recently announced that financial education is set to be included on the national curriculum for the first time, and be embedded in both mathematics and Citizenship.
- Nationwide’s research found that three-quarters of people believe that adding financial education to the school curriculum will be good for young people.

A survey from Triodos Bank has revealed a lack of awareness about the way that companies use the money which people invest in them – Triodos found that 54% of private investors have no idea how their money is used, and therefore whether it supports ethical activities.

- Triodos say that 51% of UK adults are interested or very interested in the ethical records of companies that they buy from or invest in, and 80% of them believe that companies have a duty to behave ethically. Despite this however, just 20% of investors are aware of “unethical” activities undertaken by companies that they invest in.
- Forced or child labour is seen as the most reprehensible form of “unethical” behaviour, with 66% of investors saying that they would refuse to invest in companies that engage in this.

Research published by Citizens Advice has demonstrated that social housing tenants could be more than £10 per week better off if they are provided with one-to-one financial skills training by their landlords.

- The effects of such training (which took place over a nine month period) were recorded and contrasted with a comparison group. Citizens Advice found that 71% of tenant learners reported higher financial confidence, compared to just 13% of the comparison group.
- Meanwhile, 78% of learners reported that they had changed the way they managed money since the training, compared to just 36% of the comparison group.
- Strikingly, the research also suggested that tenant learners who changed their savings behaviour ended up saving an average of £11 more per week.

10. SPENDING

KEY STATISTICS

The AA calculate that in March 2013 the average price of unleaded petrol rose by 2.0ppl (pence per litre) to 139.9ppl.

- This meant it cost **£69.95** to fill a 50 litre unleaded tank.
- The average price of diesel rose by 1.6ppl to 146.4ppl.

According to the RAC, the average new car costs **£6,689** annually to keep on the road, equating to £128.64 per week or 55.74p per mile.

An annual report by LV has calculated that the cost of raising a child to their 21st birthday now stands at **£222,458**. This is up 2.0% from last year, and has increased 58.4% since the study first began in 2003.

- Education and childcare represent the biggest areas of expenditure, costing parents £72,832 and £63,738 respectively over the course of their children's childhoods.
- The cost of education (including uniforms, after-school clubs and university costs) has increased 123.5% since 2003, while the cost of childcare has risen by 60.9%.
- LV predict that the cost of raising child to 21 will reach £350,000 by 2023.

RECENT HEADLINES

A survey by Tesco Bank has examined the costs faced by pet owners, and found that those with dogs spend considerably more than other animal owners.

- Tesco Bank estimate that owning a dog costs an average of £594 per year, which includes annual veterinary fees averaging £200 as well as additional day-to-day costs.
- By contrast, the yearly cost of owning a cat comes in at £336 (including £150 in vet's fees), while for a rabbit or guinea pig annual spending falls to £268, and for hamsters or gerbils it is just £163.
- Indeed, Tesco Bank add that 22% of pet owners have found that caring for their animal is more expensive than they anticipated.
- Despite this however, many Brits are still prepared to spend significant amounts on treats for their pets, with the average pet owner saying they would spend up to £25 on a single treat on top of day-to-day expenditure on care.

10. SPENDING

Meanwhile, separate research by Tesco Bank has revealed that British holidaymakers would be willing to spend an average of £4,279 on their dream holiday, while over one in three would be willing to spend over £5,000.

- However, Tesco Bank add that one in five people would need to save for over two years in order to afford that dream holiday, while over a third believe they will never be able to save a sufficient amount to go.
- According to the survey, a combination of family and luxury are the key factors to an ideal holiday. An around-the-world trip is the number one choice (45%), although travelling to a unique location (26%), relaxing on a luxury cruise (21%) and staying in a five-star hotel (22%) also feature highly.
- Furthermore, while one in six people would take their entire family with them, fewer than 5% would want to go travelling alone.

A survey by uSwitch has found that 48% of UK pay-monthly mobile phone customers (equivalent to 10 million Brits nationwide) pay more on top of their set tariff every month.

- uSwitch say that those who overspend pay an average of £100 extra per year. However, 27% overspend by at least £10 per month, and a striking 9% overspend by £25 every month.
- In total, uSwitch suggest that consumers overspend on their mobile tariffs by over £1 billion per year.
- In looking at where mobile users overspend, uSwitch say that 26% of customers use their mobiles to make premium rate calls to 08 numbers. Meanwhile, 21% are hit by roaming charges abroad, and 12% spend on competition voting lines and texts. Moreover, a concerning 12% have absolutely no idea where their money is going.
- uSwitch add that part of the problem may be that consumers are blindly racking up bills because they don't sort out their finances themselves – 14% of people rely on partners or housemates to take care of their mobile, broadband, home phone or TV bills, and of those 23% have never thought to check what they are paying.

Research by LV suggests that UK homeowners have spent more than £6 billion over the past five years on home improvements that contravene current building or planning regulations.

- LV say that 176,000 homeowners in the last five years have been ordered to rectify building work that does not meet the necessary planning or building standards, as the current economic climate encourages many homeowners to extend or improve their properties rather than move.
- Indeed, LV add that according to research it has conducted amongst builders and surveyors, 10% of homes they have seen in the past five years breach current building regulations, including extensions, loft conversions and the removal of walls.

11. SAVING

RECENT HEADLINES

Legal & General's latest MoneyMood Survey suggests that 49% of UK households can afford to save (in that they have some money left over at the end of the month after paying off bills and debts).

- However, this is down slightly from the same period last year when 51% of households were in this position (Legal & General estimate that this means 300,000 fewer households can afford to save).
- Legal & General add that across the UK, the average monthly saving amongst those households that do have some money left over at the end of the month is £103. This is up 10% from £93 in January 2012.
- According to the survey, the most popular reason for saving is to make provision for a rainy day (cited by 71% of households, up from 66% in January 2012). This is followed by saving for a holiday (cited by 62%, compared to 57% in January 2012) and saving to pay household bills (cited by 57%, up from 49% in January 2012).
- Moreover, the number of households saving in case of job loss rose by one third, from 29% in January 2012 to 40% this year.

Meanwhile, research by Lloyds TSB has revealed that amongst the UK's savers, ISAs are still not the first stop for the majority of those looking to open a savings account.

- When asked where they would save £5,000, less than half of savers (47%) said they would use an ISA. 15% said they would opt for a standard savings account.
- However, if the amount to be saved dropped to £1,000, the proportion of those who would turn to ISAs fell to 37%, with 26% saying they would use a standard savings account.
- Furthermore, if they were saving just £100, only 18% would save into an ISA while 62% would use a standard savings account.
- These figures help reveal how the amount people are looking to save affects their choice of account. When saving £100, people's priorities are easy access (58%), being able to pay into the account regularly (32%) and online access (30%).
- However, when saving larger amounts, the most important factors are the interest rate (32% for £1,000 and 42% for £5,000) and the tax-free element (30% for £1,000 and 39% for £5,000) explaining the greater popularity of ISAs at these levels.

NOTES

Credit Action's Debt Statistics are compiled on a monthly basis by John Davies. Email johndavies@creditation.org.uk for information and enquiries.

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Note that all statistics in this release are based on the latest available data at time of writing.

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