

Debt Facts and Figures - Compiled August 2010

Total UK personal debt

UK banks and building societies wrote off £9.6bn of loans to individuals in the last 12 months to end Q1 2010. In Q1 2010 they wrote off £2.13bn (£1.25bn of that was credit card debt). **This amounts to a write-off of £23.35m a day.**

Total UK personal debt at the end of June 2010 stood at **£1,457bn**. The twelve-month growth remained at 0.8%. **Individuals owe more than what the whole country produces in a year.**

Total lending in June 2010 rose by £0.6bn; **secured lending increased by £0.7bn** in the month; consumer credit lending fell by £0.1bn (*total lending in Jan 2008 grew by £8.4bn*).

Total secured lending on dwellings at the end of June 2010 stood at **£1,239bn**. The twelve-month growth rate remained at 0.9%.

Total consumer credit lending to individuals at the end of June 2010 was **£218bn**. **The annual growth rate of consumer credit fell by 0.1% to - 0.1%.**

Average household debt in the UK is ~ **£8,650** (excluding mortgages). This figure increases to **£18,021** 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 ~ **£57,809** (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 £110,031 per household.

Average owed by every UK adult is ~ £29,928 (including mortgages). This is 127% of average earnings.

Average outstanding mortgage for the 11.4m households who currently have mortgages now stands at ~ £108,819.

Britain's interest **repayments on personal debt were £67.3bn** in the last 12 months. The average interest paid by each household on their total debt is approximately **£2,669** each year. According to PwC the average household will need to spend approximately 15% of net income purely to service the interest payments arising from this debt.

Average consumer borrowing via credit cards, motor and retail finance deals, overdrafts and unsecured personal loans has risen to **£4,478** per average UK adult at the end of June 2010.

Striking numbers

£23.35m

daily write-offs of loans by banks & building societies

1,753 people

made redundant daily

787,000

unemployed for > 12 months

9,562

number of new debt problems dealt with by CAB each day

£57,809

average household debt (including mortgages)

£184m

personal interest paid in UK daily

every 13.4 minutes

a property is repossessed

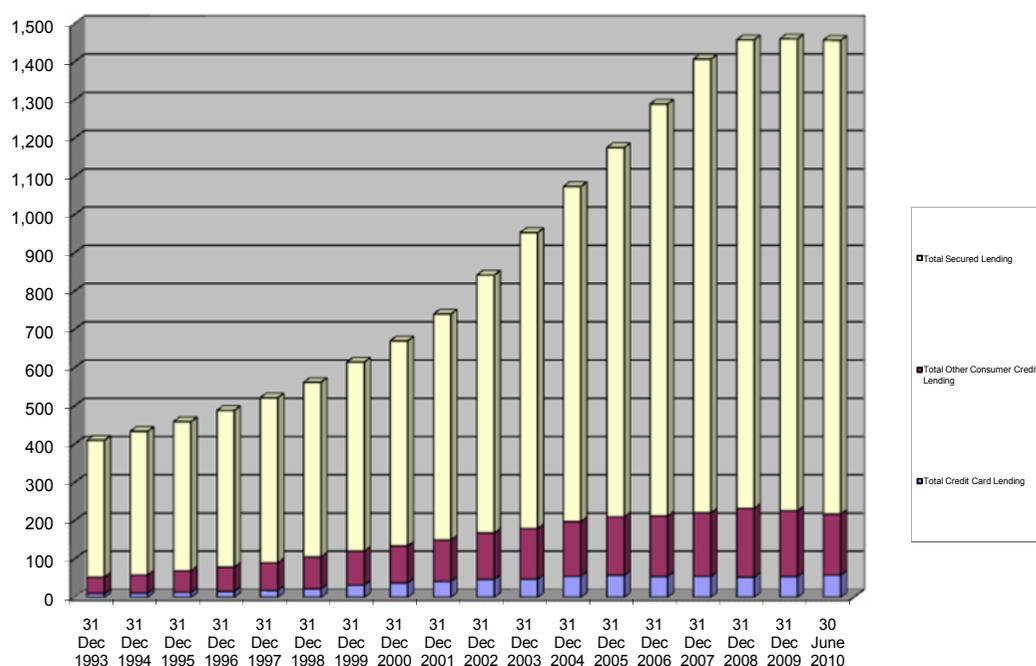
every 51 seconds

someone will be declared insolvent or bankrupt

£354,500,000

daily increase in Government national debt (PSDN)

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 **decrease by - £0.32 today** (it grew by £11.11 a day in January 2008)
- **391 people everyday of the year** will be declared insolvent or bankrupt. This is equivalent to **1 person every 51 seconds during the working day.**
- Citizen Advice Bureaus dealt with **9,562 new debt problems** every day in England and Wales
- The average cost of raising a child from birth to the age of 21 is £26 a day.
- **1,000 people are seeking some form of formal debt rescheduling every working day.**
- **230,137 unsolicited telephone calls** made to UK consumers daily by debt management and personal loan companies
- In the last 12 months consumers saved an average of £2.76 every day
- 2,000 Consumer County Court Judgements (CCJs) were issued every day in the first 3 months of 2009
- **107 properties were repossessed every day during Q1 2010**
- **Unemployment increased by 252 people every day** during 12 months to end May 2010.
- **1,753 people reported they had become redundant every day** during 3 months to end May 2010.
- **164 young people (18 – 24s) have become a NEET** (not in education, employment or training) every day during the last 3 months.
- £354,500,000 is the amount that the Government Public Sector net debt (PSDN) will grow today (**equivalent to £4,103 per second**).
- **£124,930,000** is the interest the Government has to pay each day on the UK's net debt of £927bn. This is estimated to rise to £182m a day in 2015-16.
- 203 mortgage possession claims will be issued and 158 mortgage possession orders will be made today
- 363 landlord possession claims will be issued and 238 landlord possession orders will be made today.
- The UK population is projected to grow by 1,178 people a day over the next decade
- 21.9m plastic card purchase transactions will be made today with a total value of £1.115bn.
- 8.2m cash withdrawals will be made today with a total value of £555m
- The average car will cost £15.13 to run today

Other key national statistics:

The UK economy has grown by 1.1% in the second quarter of 2010.

There were 5.9 million working age benefit claimants at November 2009. This is an increase of 453,000 in the year.

UK base rate fell to a 315 year low when the official bank rate was reduced to 0.5% on 5th March 2009 and has been held at that level for 13 months in a row.

There were 4,082 compulsory liquidations and creditors' voluntary liquidations in total in England and Wales in the first quarter of 2010 (on a seasonally adjusted basis). This was a decrease of 17.8% on the same period a year ago. In the twelve months ending Q1 2010, **approximately 1 in 120 active companies (or 0.8%) went into liquidation.** Additionally, there were 1,343 other corporate insolvencies in Q1 2010 (not seasonally adjusted) comprising 356 receiverships, 783 administrations and 204 company voluntary arrangements. In total these represented a decrease of 24.7% on the same period a year ago.

In June 2010 the **public sector net debt (PSND) was £927bn**, equivalent to **63.9%** of gross domestic product and **equivalent to ~ £36,782 per household. PSND has increased £129.4bn in 12 months (equivalent to a growth of £4,103 per second or £5,135 per household). Net borrowing for the month was £15.2bn.** The interest paid on this debt by the Government in the year April 2010 to June 2010 was £11.4bn which is equivalent to **~ £1,810 per household / annum.**

According to the **Coalition's June 2010 Budget report** the public sector net debt will peak at 70.3% of GDP in 2013-14, before declining to 67.4% of GDP in 2015-16. **The interest on this debt in 2015-16 is estimated at £66.5bn (equivalent to £182m a day).**

The number of **unemployed people in the three months to May 2010 was 2.47 million (7.8%). This is down 34,000** from the previous three months and up 92,000 (252 a day) over the year. **160,000 people (1,753 a day) reported they had become redundant** in the three months down 2,000 from the previous three months and down 144,000 from a year earlier.

The number of people unemployed for more than 12 months increased by 61,000 over the quarter to reach 787,000. The number of inactive people of working age increased by 180,000 over the year to reach 8.10 million.

The claimant count in June 2010 was 1.46 million, down 20,800 on the previous month and down 100,100 on a year earlier. There is a gap of over 1 million between the number of people who are currently unemployed and the number of people claiming Jobseeker's Allowance benefit.

The Office for Budget Responsibility (OBR) budget forecast for the number of general Government employees estimates a reduction from 5.53m in 2010/11 to 4.92m in 2015/16. They estimate that for the whole economy employment will rise from 28.89m to 30.23m.

The Chartered Institute of Personnel and Development (CIPD) said that economic growth will slow by far more than the budget suggests and, rather than peaking at 8% this year, **unemployment will continue to rise toward 3m (10%)** by the time Mr Osborne's measures take full effect. This will add to public borrowing and debt, not reduce it. **The 2010 Emergency Budget is not the beginning of the end of the UK's post-recession economic difficulty but the start of a period of painfully slow growth, falling living standards, and prolonged high unemployment.**

In the year to June, the consumer prices index (CPI) rose by 3.2%, down from 3.4% in May. **The Retail Prices Index rose by 5.0% in June 2010 down from 5.1% in May.**

New car registrations climbed 10.8% in June to 195,226.

UK retail sales values increased 1.2% on a like-for-like basis and increased 3.4% on a total basis, from June 2009.

Servicing Debt: A survey of 372 CCCS clients found that debt problems have a negative impact on people's close relationships, their health and their ability to carry out their jobs. Alarming, 83% of those surveyed said that their debt problems had a very negative impact on their lives. 37% of respondents said that a debt problem had adversely affected their relationship with their partner, 22% said it had affected their relationship with their children and 46% said that it had a very negative impact on their health

Finance & Leasing Association statistics show that consumers used 8% less credit in the 12 months to May than in the 12 month period to May 2009.

The Budget has left 67% of consumers – potentially 33 million – feeling worse off, according to research from uSwitch.com. But while 51% of people now feel less confident about their own finances, 42% are now more confident about the country's finances, suggesting that the Government's message about unavoidable pain is starting to get through. **uSwitch also estimate that 1 in 5 (18%) are using debt to fund their living costs and 14% are struggling to meet repayments.**

Despite the nation officially being out of recession, a study by Clydesdale and Yorkshire Banks has revealed that the ongoing financial effects of the recession are having a disruptive impact on family relationships. The Banks' research found that as well as over one million families arguing more, almost two million families say that they feel under severe strain on a daily basis due to money worries and financial pressures.

Citizens Advice Bureaux across England and Wales advised people on 7.1m new issues in the 2009/10 period, up 18% on the previous year (May 2008-March 2009). Debt is still the biggest area of advice, making up 34% of all enquiries, closely followed by Benefits at 29%. Both issues saw an increase in enquiries compared to last year: Debt was up 23% (2.4m enquiries) and Benefits up 21% (2m enquiries). Citizens Advice Bureaux in England and Wales are currently dealing with **9,562 new debt problems every working day**.

The Insolvency Service said there were 35,682 individual insolvencies in England and Wales (**391 people a day or 1 every 3.68 minutes**) in the first quarter of 2010 on a seasonally adjusted basis. This was an **increase of 0.3%** on the previous quarter and an **increase of 17.9%** on the same period a year ago. **These are currently at the highest levels on record.**

However, there remains something of a 'debt iceberg' with many more people in unrecorded Debt Management Plans which are not included in today's statistics. According to estimates by R3 this could amount to 500,000 people, more than double the number in formal insolvency procedures. Below them, under the waterline are another 574,000 who are struggling financially but have contacted their creditors informally. More worrying are 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.

Mortgage lenders took 9,800 properties into possession in Q1 2010 – 7.5% lower than Q4 2009 according to the Council of Mortgage Lenders. This equates to **107 properties being repossessed every day or 1 property being repossessed every 13.4 minutes**.

In terms of payment difficulties, 186,300 mortgages ended Q1 2010 with arrears equivalent to at least 2.5% of the outstanding mortgage balance. This was 2.5% lower than at the end of Q4 2009.

The FSA estimate that at the end of Q1 2010 there were **361,800 loan accounts in reportable arrears (> 1.5% of current loan balance)**, a decrease of 4% from Q4 2009. At the end of Q1 2010, loans in arrears represented 3.23% of the value of the residential loan book.

CCCS Debt Remedy, the charity's online debt counselling tool, had 86,444 unique users in the first three months of 2010, which is over half the total number of users for the whole of 2009. Last year, 152,872 people used it for help with their debts, almost two-thirds more than in 2008.

Total household wealth in the UK has increased by over five times in "real" terms (i.e. after allowing for retail price inflation) over the past 50 years, Halifax research shows. There has been an increase from £1,251bn in 1959 to an estimated £6,316bn in 2009 in today's prices. Net housing equity is £2,519bn and net financial assets (such as savings, pensions and shares) is £3,797bn.

The Department for Business, Innovation and Skills estimate that in the UK, one person in ten is struggling to manage his or her debts.

More than a fifth (21%) of UK residents currently in debt are lying to their partner about the amount of cash they owe according to a report from the Post Office.

uSwitch estimate that every month, **5.4m adults (11%) spend more than they earn, 13m (26%) just break even** and 26m (53%) have less than £100 left in their bank account when all else has been paid.

Plastic card / Personal Loans: Confused.com estimate that 26% of credit card holders have been charged at least once in the last year for missing a minimum payment (costing an average of £12 per time), 8.5% have been charged three or more times in the last 12 months and 1.2% have been charged ten or more times in the last 12 months - that's over £100 each in charges.

Almost 5m UK adults admit regularly using their credit card to pay household bills, research from moneysupermarket.com has found, while a further 2.5m withdraw money using their cards.

There were 146.3m debit, credit or charge cards in circulation in the UK at the end of 2008 according to APACS. **An average 254 plastic card purchases were made in the UK every second** during Q4 2009 using debit and credit cards (equal to £12,900 /second). 95 cash withdrawals were made every second (equal to £6,418 / second) from UK's 63,400 cash machines during Q4 2009.

There are **more credit cards in the UK than people** according to APACS. At the end of 2008 there were 71.3m credit and charge cards in the UK compared with around 60 million people in the country.

Shelter estimate that more than one million householders have used credit cards to pay their mortgage or rent in the last 12 months.

According to the BBA the proportion of balances bearing interest is 69%.

Total credit card debt in June 2010 was **£58.5bn**. 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 **18.46%, which is ~ 18% above base rate (0.5%)**.

Young people - the IPOD generation: The Association of Investment Companies (AIC) estimates £21,198 is the average amount of debt of 2011 graduate. They also say that 55% of students are worried they will not find a job on graduation and that 49% of students think it will take over a decade to repay their student debt.

Generational attitudes indicate more young people heading for debt disaster than older peers. Research from R3 shows among those struggling with debt, over a third (36%) of the 18-24 year olds surveyed have not contacted anyone for help as it is 'easier not to think about it' compared to just 9% of 55-64 year olds. 30% of 18-24 year olds cite they 'don't know where to go' as the reason for not contacting anyone for help. Moreover, across all age groups, 44% of those struggling with debts mistakenly believe that debt advice must be paid for.

The unemployment rate for 18 to 24 year olds decreased 16,000 (-2.3%) in the last 12 months to reach 707,000. **This means that 17.1% of all 18 to 24 year olds are unemployed**. 338,000 (48%) have been unemployed for > 6 months.

The proportion of 18-24 year olds not in education, employment or training (NEET) at the end Q1 2010 was 837,000 (17.6%). The proportion of 16-18 year NEETs stood at 195,000 (10.1%) at the end of Q1 2010. **The total of 16 – 24 classed as NEETS now stands at 927,000**.

Engage Mutual research shows that 68% give their children pocket money and that most British parents haven't reduced the amount they give, despite the credit crunch. Only 7% stated they are giving less than last year. On average mums and dads give £4.08 a week pocket money.

Children spend £383 a year on technology to maintain their lifestyle in the entertainment age, according to new research from Halifax. This includes computer games and equipment, mobile phones and music downloads.

Children are becoming increasingly interested in their own finances and money management arrangements, according to research from Halifax. This increased awareness in financial matters has led children to believe that they should be responsible for their own money and financial arrangements at 13 years of age. 69% of children would like to receive financial education and advice from their parents at home, followed by 18% from teachers at school.

Pensioners / Pensions: More than a third of equity release customers have used the extra cash to help clear their debts, whilst almost half have put it towards essential house maintenance, according to research by Age UK.

The annual Scottish Widows UK Pensions Report reveals that pension savings have seen a dramatic drop since last year and are at the lowest level since 2006. Those saving adequately have decreased by 6% since last year down to 48% and a fifth (21%) of people who could and should be saving nothing at all.

More than 33 million (68% of UK adults) intend to work beyond their current standard retirement age, according to Aviva's latest Real Retirement Report.

The number of people aged 50+ out of work is 389,000, which is a decrease of 1.7% over the last quarter and an increase of 7.5% (27,000) over last year. The number of people over state pension age in work continues to rise – with an increase of 28,000 in the three months to the end of May to 1.449 million, a rise of 84,000 (6.2%) over the previous year.

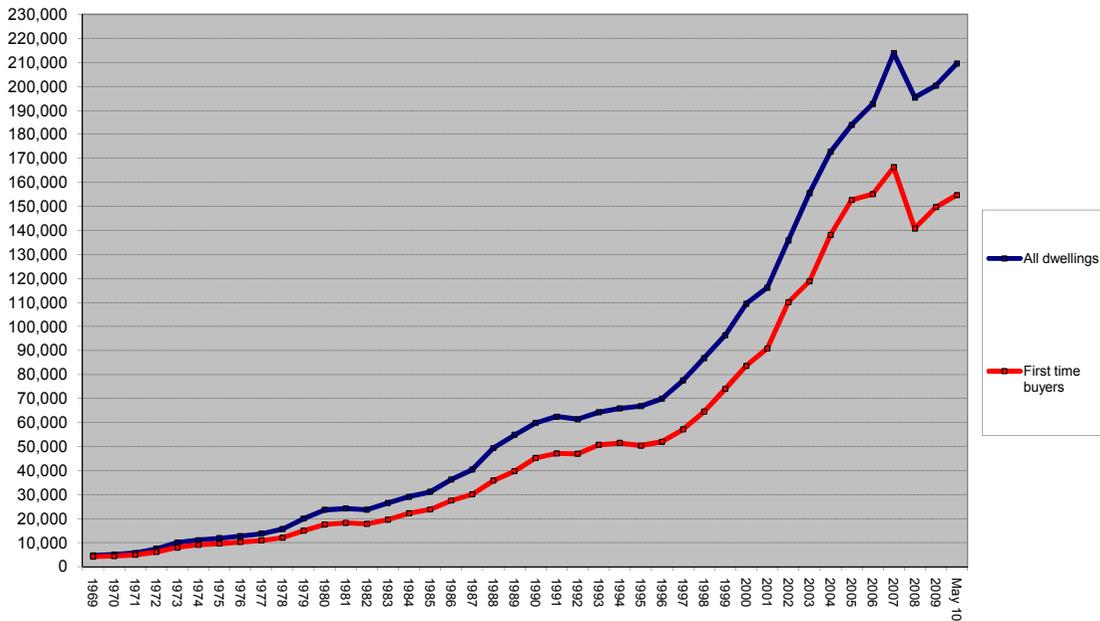
There are 8.6m pensioner units in the UK (single pensioners over state pension age or pensioner couples, married or cohabiting pensioners, where one or more are over state pension age). Pensioner units on average received £406 a week in gross income in 2008-09 compared with a gross income of £644 for the working age benefit units.

At November 2009, there were 12.6m people of state pension age claiming a DWP benefit, an increase of 250,000 since November 2008. Of these, 66% were claiming State Pension (SP) only.

There are currently 398,000 elderly people in residential care. In the UK the average annual fee for a single room in a private residential home is £24,492, and for a nursing home it is £35,100.

Housing: According to the Department for Communities and Local Government (DCLG) the average house price in the UK in May 2010 now stands at **£209,505** (£216,488 in England). UK annual house price inflation increased by 11.0%. **Annual house price inflation in London increased by 17.1%**.

UK Average House Prices £



The average Mortgage Interest rate is 3.65%.

The cost of owning and running a home in the UK has declined by 6% over the past two years, according to research by Halifax. Between April 2008 and April 2010, the average annual cost associated with owning and running a home fell by £544 from £9,564 to £9,020. In real terms (i.e. after allowing for retail price inflation), the cost of housing has fallen by 9%. Housing costs in the UK are now equivalent to 27% of gross average full-time earnings, down from 30% in 2008. Regionally, London (£11,762) and the South East (£10,457) have the highest average annual costs of owning and running a home. Housing costs are lowest in Northern Ireland (£7,331).

Gross mortgage lending in June was an estimated £13.1 billion, a 15% increase from £11.4 billion in May and a 7% increase from £12.2 billion in June last year, according to new data from the Council of Mortgage Lenders.

Nationwide said house prices fell back 0.5% in July as buyer demand remains weak. The annual rate of house price inflation also slips back further from 8.7% to 6.6%.

The Royal Institution of Chartered Surveyors (RICS) said there were an average of 17 completed sales per surveyor during the last 3 months which is an increase of 0.8%.

Rightmove said new seller numbers outstripping new mortgage approvals by approximately 5:2 and that the second half of the year looks set to see prices drift back to where they were at the beginning of the year as buyers get the upper hand. An early indication of where prices are headed is new-to-market sellers dropping their asking prices for the first time this year, down by 0.6% (£1,435) this month.

According to the NAEA the number of house-hunters registered per branch increased on average from 265 in May to 279 in June; the number of sales agreed per branch **decreased from 8 in May to 6** in June and the average number of properties available for sale per branch decreased from 62 in May to 59 in June.

House purchase mortgage approval numbers in June were 34,813. The average loan approved for house purchase in June was **£150,600 which is 9.0% higher than a year ago**.

Existing home sales across the United States (including single-family, townhomes, condominiums and co-ops) decreased 5.1% over last month and rose 9.8% year on year in June 2010. The **average price increased 1.0% year on year** to \$183,700. RealtyTrac® said there were a total of 313,841 foreclosure filings — default notices, auction sale notices and bank repossessions — were reported on U.S. properties in June 2010, a 3% decrease in total properties from last month and a 7% decrease in total properties from June 2009. The report also shows that one in 78 of all U.S. housing units received at least one foreclosure filing in the first 6 months of 2010.

Housing First Time Buyers (FTB) & Buy-to-let: The average house price in the UK in May 2010 for first time buyers now stands at **£154,738** which is an **annual increase of 11.6%**.

A fifth of private-residential landlords (21%) have had tenants in rent arrears over the last three months, according to research published by the National Landlords Association (NLA). The average amount of outstanding rent arrears is £799.

The dearth in available rental properties is worsening, according to research from the Association of Residential Lettings Agents (ARLA). 70% of ARLA member offices say that there are more tenants than available properties.

First-time buyers made up the lowest proportion of house purchase loans since September 2007, according to data from the Council of Mortgage Lenders. They accounted for 35% of all house purchase mortgages, down from 39% in March and 38% in April 2009.

The typical first-time buyer deposit in May was **25% (£40,541)**. The average first-time buyer borrowed 3.14 times their income and the average first-time buyer loan was £121,621.

At the end of March, the number of buy-to-let loans with arrears of more than 1.5% of the mortgage balance totalled 19,300 (1.56% of all buy-to-loans), compared with 20,700 (1.69% of loans) at the end of 2009. The number of buy-to-let properties taken into possession in the Q1 2010 totalled 1,400, an increase from 1,200 taken into possession in the preceding three months but unchanged from the total a year ago.

A YouGov survey, commissioned by the National Housing Federation, revealed that **86% of 18-30 year-olds, who do not own their own home, could not currently afford to buy a home if they wanted to**, despite recent falls in house prices. A massive 83% of 18-30 year-olds, also thought buying a home was now more a dream than a reality for young adults.

Money Education: AXA estimate the number of adults afflicted by Money Sickness Syndrome has doubled since 2006. **87% of people have suffered from financial stress. More than one in 10 suffer from financial stress all the time**, over a quarter frequently and one third sometimes. Over the past 12 months 63% of adults have felt their financial stress increase. The hardest hit were those in junior managerial and supervisory jobs, with 66% complaining of rising stress levels over money in the last year. However, one in five (21%) of high-level managers and professionals complained of suffering constant money-related stress.

Aviva's Feel-Good Insight Study, produced in conjunction with a leading psychologist at City University, London, indicates a **strong link between financial behaviour and self esteem - but proves money doesn't buy happiness**. In short, those with sensible financial plans in place are happier overall and have a stronger sense of "financial wellbeing", regardless of their salary.

Research by NatWest's 2010 MoneySense Research Panel reveals that the recession has had a profound, and encouraging, impact on the attitudes, beliefs and behaviours of British teenagers around money. It shows that, compared to 12 months ago, they are now significantly more considered now in how they plan, budget, spend and save. As many as 67% of young people surveyed thought their money management skills had improved from last year.

In a disturbing reflection of attitudes towards planning and financial literacy in the UK, **more than a quarter of Brits are relying on winning the Lottery to help improve their financial situation**. This is compared to just one in 20 who will seek professional help to improve their finances, according to a YouGov survey commissioned for Financial Planning Week 2009. The survey also found that:

- More than half of Brits said they were struggling to some degree to keep up with bills and credit commitments at the moment. However, on a positive note, only five per cent were actually falling behind.
- 43% of people often or sometimes struggle to make it to the next payday.
- **Only a quarter of people (26%) have a budget they follow regularly**
- Only 31% have made a Will, with 49% of those without one saying it's because they've just not got round to doing it yet

Spending: PayPal estimate that one in every £10 will be spent online by 2012

According to Defra **17% of all the food purchases that could have been eaten were wasted in 2008**.

Brits fork out more than £18,500 a year on bills according to Confused.com. Each month, the average household parts with £1,541.91 on utility bills, rent or mortgage payments, the weekly shop and other bills. That's a total of £18,502.86 a year or £962,148.72 between the ages of 18 and 70. The study revealed that the cost of living has risen by £642.12 in the past 12 months, from £17,860.74 last year.

Research carried out by moneysupermarket.com shows that over five million Brits travelling abroad this summer plan to fund their trip on a credit card.

Research by Santander Cards reveals that the bride and groom aren't the only ones splashing out on the big day, with the average guest spending an astonishing £380 in the run up to and during the day, equating to a national spend of £10.45 billion.

Figures from moneysupermarket.com show that Britons use an average of 2.4 million discount vouchers for goods and services every day - an increase of 25% on last year.

The annual survey from insurance and investment group LV= on the Cost of a Child, now in its seventh year, shows that, for the first time, parents are likely to have to shell out more than £201,000 on raising a child from birth to the age of 21. This equates to £9,610 a year, £800 a month or £26 a day.

The average new family car now costs £5,523 annually to keep on the road, equating to £106 per week or 46p per mile.

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

Savings: This winter, **the amount of money the population is saving has decreased to its lowest level for over two years**, according to NS&I's Savings Survey. On average, the British public is now setting aside 6.25% (£81.94) of their monthly take-home income. This figure has fallen consistently since this time last year (6.48%), and is at its lowest level since summer 2007 (6.22%). **Fewer people say they are regularly saving money this quarter. Over the past five years, this figure has fluctuated between 47% and 55%, but this winter it has fallen to 44%, one of the lowest ever recorded levels.**

56% said that they had met or had exceeded the savings goals they had set themselves in the past year according to the Scottish Widows fourth annual Savings and Investments Report. This year those who said they are currently saving nothing doubled from 20% last year (2009) to 37%.

Research from Aviva estimates that without further borrowing, the average British household could get their hands on only £914 of disposable cash, less than two weeks of the average weekly household expenditure of £471. One in four (24%) of British households say they could only access £100 without further borrowing.

Compiled monthly by Richard Talbot. richardtalbot@creditation.org.uk. If you would like to receive regular monthly updates of these statistics then please register using the "Register to receive Debt Statistics" link at <http://www.creditation.org.uk/debt-statistics.html> Note: new / changed statistics are at the start of each section.

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