



Debt Facts and Figures - Compiled 1st December 2007

Total UK personal debt

Total UK personal debt at the end of October 2007 stood at **£1,391bn**. The growth rate increased to 9.7% for the previous 12 months which equates to an increase of £122bn.

Total secured lending on homes at the end of October 2007 stood at **£1,169bn**. This has increased 10.5% in the last 12 months.

Total consumer credit lending to individuals in October 2007 was **£222bn**. This has increased 5.8% in the last 12 months.

Total lending in October 2007 grew by £8.8bn. Secured lending grew by £7.3bn in the month. Consumer credit lending grew by £1.4bn.

Average household debt in the UK is **£8,920** (excluding mortgages). This figure increases to **£20,741** 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 **£55,877** (including mortgages).

Average owed by every UK adult is £29,311 (including mortgages). This grew by **£250** last month.

Average outstanding mortgage for the 11.8m households who currently have mortgages is **£99,090**.

Two fifths of mortgagors have secured debts of over £90,000, up from one fifth in 2004.

Average interest paid by each household on their total debt is approximately **£3,744** each year (this equates to ~ 9% of take home pay).

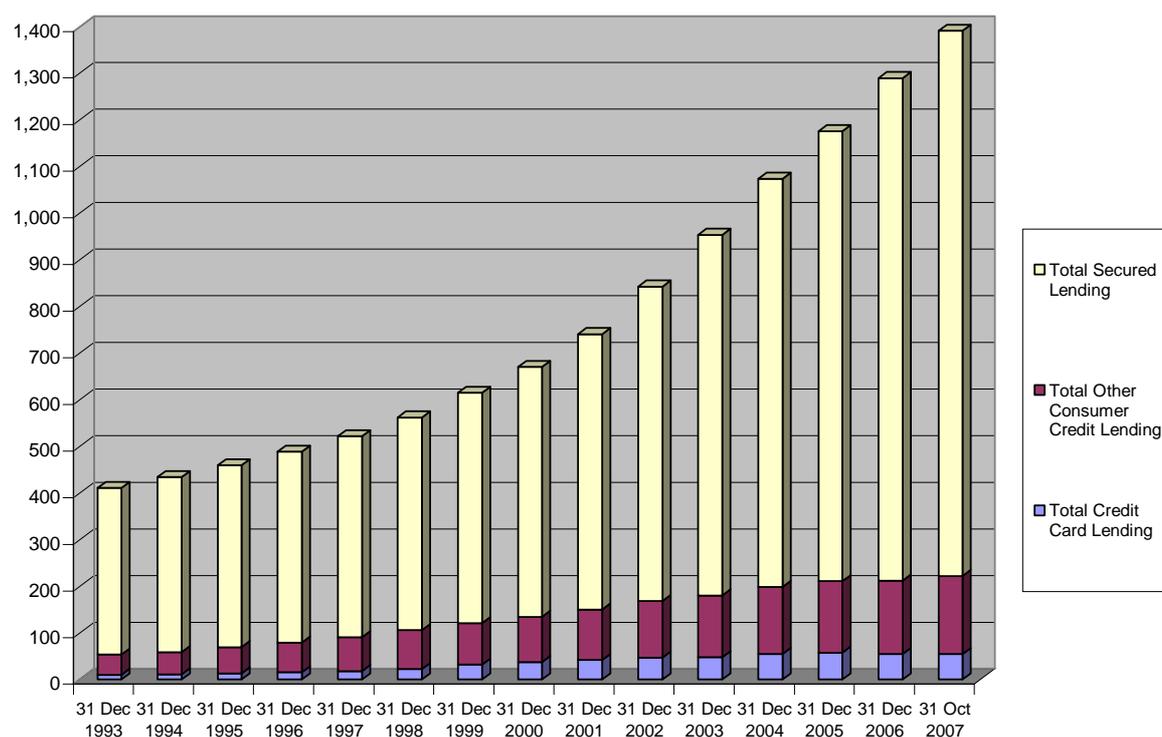
Average consumer borrowing via credit cards, motor and retail finance deals, overdrafts and unsecured personal loans has risen to **£4,678** per average UK adult at the end of October 2007.

Britain's personal debt is increasing by **£1 million every 4 minutes**.

Today in the UK:

- Consumers will borrow an additional £335m today
- The average household debt will increase by over £13.45 today
- 77 properties will be repossessed today
- 305 people today will be declared insolvent or bankrupt
- 2,750 County Court Judgements (CCJs) issued
- Bank and building societies will hand out £1bn in mortgages today
- Citizen Advice Bureaus will deal with **6,600 debt problems** today
- The average car will cost £15.40 to run today
- More than 7,716 loan repayments are going unpaid every day
- The average home will cost £30 today to run
- Raising a child to the age of 21 will now set you back £23.50 daily
- The price of a typical house will increase by £33 today
- £526m will be withdrawn from cash machines today.
- 24.5m transactions worth £1.4bn will be spent on plastic cards today
- 1/3rd of all groceries we buy today will end up in the dustbin.

Total UK Personal Debt £bn



Christmas / New Year Season (Special Report):

Despite the recent headlines about house prices and bruised financial markets, total spend this Christmas is up 7% on 2006. Consumers expect to spend on average £706 (food and drink £178; Gifts £385; Socialising £143) per person compared with £662 in 2006 showing little signs of dented confidence and cut backs. This increases to **£907 per person** if you include cards and postage £53, Christmas tree and decorations £64 and travel £84.

59% Britons say that they think they will **overspend on the festive season by an average of £174** each which is equivalent to £4.7bn. The main cause of overspending at Christmas they say is **not setting a budget**.

41 per cent of Britons paid for Christmas on credit last year and almost **one in five are still paying for last year's festivities (17%)**. Fewer than one in three had cleared their Christmas debts when their January credit card bill arrived (29%) according to money saving website Savebuckets.com.

1 in 4 Britons will avoid credit cards this Christmas, with 6.9m (15%) of adults still struggling with over £10,000 in unsecured debt according to research by Thomas Charles.

According to the Halifax just over one third (36%) set a budget for Christmas. Those aged 16-24 were least likely to plan their finances (21% set a budget) with those aged 25-34 the most likely (42%), closely followed by those aged 65+ (40%). Although a minority of us do set a budget, once we've set one most of us stick to it. Almost three quarters (73%) said they stick to their budget once they have set one.

APACS estimates that spending on cards, cash and cheques in December 2007 will reach £53.0 billion, an increase of 4.2 per cent on December 2006. Spend on plastic card use is increasing, and is expected to reach £34.1 billion this December, making up 64.3 per cent of the total predicted spend.

This equated to an average spend on plastic cards in December 2007 of £1,370 per household.

There were 669 million plastic card transactions in December 2006, six per cent more than during December 2005, equating to a record 250 transactions per second - day and night - through the month. Spending on plastic cards accounted for 63 per cent of total retail sales.

Citizens Advice says they were approached for help with **15% more debt problems** in January 2007 than in January 2006.

Research from MoneyExpert.com shows more than a million bills were not paid by Britons in January 2007 as a result of excessive spending over the holiday season.

British shoppers are expected to spend a record-breaking £14bn on their Christmas shopping online this festive season, making them Europe's most internet-obsessed consumers. Britain is the largest online retail market with more than 27 million people expected to buy over the internet over Christmas.

66% of all consumers will use the internet in some way for Christmas gift shopping. 14% will purchase the majority of their gifts on the internet.

According to research by Cornhill 1/3rd people go into debt every Christmas in a bid to make it the best year ever.

Grant Thornton estimated that 10,000 personal insolvencies in the first three months of 2007 were as a result of excessive Christmas Spending.

Christmas is the most significant event in the UK's retail calendar with many outlets making up to **60%** of their annual turnover between November and January.

According to Experian three in four Britons admit to worrying about financial pressures during the festive season. The festive season is turning into 'Stressmas' as 20% of us are still paying off our Christmas up to six months later.

According to the British Retail Consortium the average family accumulates 18% of their annual borrowing in December by spending twice as much than in any other month of the year

Sales of Brussels sprouts are set to reach £12 million, 7% more than in 2006.

Servicing Debt: The Insolvency Service said that 111,359 people went into bankruptcy or entered into an Individual Voluntary Arrangement (IVA) in the last 12 months, an increase of 13% over the previous 12 months.

The Bank of England estimates that 12% of households with unsecured debts found them a heavy burden.

15% of adults struggle with over £10,000 in unsecured debt according to Thomas Charles.

The Credit Services Association (CSA), which represents the debt collection industry, reveals some £22.7 billion will be collected in 2007 with as much as £24.3 billion in 2008.

Money worries concern UK adults more than any other social issue, over and above terrorism, immigration, climate change and gun crime, according to a new report from AXA. However, despite the fact it worries more adults individually than any other social issue, as a nation we class terrorism, immigration and gun crime of greater social concern. 43% of adults said money worries is the social issue that has the greatest impact on them

One in four adults with debts have increased their borrowing in the past three months as people continue to feel the pinch of recent interest rate rises. Some 2.7m people (9%) claim to have gone further into debt by over 10%.

Close to the edge: according to uSwitch 10.3m Brits (23%) acknowledge that their current level of borrowing borders on the unmanageable or is no longer manageable. A further 9.5m consumers (21%) have maxed out on at least one source of credit over the last six months.

The average person in the UK now sees over half (53%) of their monthly take home pay eaten up in debt repayments – 35% on mortgage payments and 18% on other debts.

More than a million householders have used credit cards to pay their mortgage or rent in the past 12 months, according to a new survey published today by Shelter in its magazine ROOF.

New figures show that debt enquiries to Citizens Advice Bureaux in England and Wales have hit a record high, increasing by 20% in the last year and bringing the total to 1.7 million in 2006/07. The number of debt problems brought to bureaux has doubled in the last 10 years. Debt is now the number one issue advised on in bureaux, accounting for one in three of all enquiries and equates to **6,600 new debt problems a day**.

As many as 7.5 million parents (40% of parents with adult children) have had to help adult children pay off their debts with the average family forking out £2,540 on behalf of their kids, according to research by MoneyExpert.com. The most popular forms of child debt slashed by parents are mobile phone bills, car finance and credit card bills, although nearly one in ten parents have had to help their child keep up with mortgage repayments.

The majority of people who take out a personal loan to consolidate existing debts go on to build up more debt and struggle with the consequences. Research commissioned by moneysupermarket.com shows 28% of Brits (12.7 million people) have taken out a loan to consolidate some or all of their existing borrowing. Worryingly, of those who took out a personal loan to merge their existing debt, 8.4 million people (66%) continue to build up even more debt.

14,000 properties (77 a day) were taken into possession in the first six months of 2007. This rose by nearly 18% compared with the previous half-year, and nearly 30% compared with the first half of 2006.

The number of mortgages in arrears of three months or more at the end of June 2007 rose to an estimated **125,100**, up 4% compared with the end of December 2006.

Over two million British consumers (6%) cannot quantify how much debt they're in, according to research carried out by Unbiased.co.uk. This trend seems worse amongst young people, with 41% of 18-24 year olds unaware of their current debt burden to within £500.

Almost half of working Brits were in the red at least once last year and over **2.1m are permanently overdrawn**.

More than 160,000 people contacted the Consumer Credit Counselling Service (CCCS) in the first half of this year - an **increase of 18.5%** on the same period last year.

According to research by the Conservative Social Justice Policy Group between 7 and 9 million people in Britain claim to have had a serious debt problem and they estimate that British consumers are on average twice as indebted as those in Continental Europe.

Personal debt as a proportion of income has risen from 105% in 1997 to 164% in 2006 - the highest ever recorded and the highest in the developed world.

The number of county court judgments (CCJs) has risen to a near **10-year high**. A total of 247,187 consumer debt related CCJs were issued in the first three months of the year - the highest quarterly total since the summer of 1997.

According to a recent report by the Legal Services Research Centre (LSRC) 89% of debt clients interviewed reported worrying about their money problems 'most' or 'all' of the time. Perhaps as a consequence, the great majority of clients believed their **health had been adversely affected by their debt problems**. 48% of clients described the impact of problems on their health as 'great', and 43% felt that their health had suffered 'to some extent'. Around three in five clients reported having received treatment, medication or counselling as a result. 45% of clients stated that debt problems had a negative effect on relationships with partners

Almost half of people in the UK are getting stressed at least once a week (47%) according to the Samaritans, with three quarters of people getting stressed at least once a month (74%). The biggest cause of stress for most people is money (51%), followed by job (38%), then family (27%).

Citizens Advice Bureau (CAB) clients have an average of £13,000 of debt which is nearly 17.5 times their monthly income. On average it would take CAB clients **77 years** to pay back their debts in full.

Three quarters (74%) of British couples find money the hardest subject to talk about with their partners according to the Financial Services Authority (FSA). They also found that over a quarter (27%) of couples regularly argue when they try to discuss their finances; about a third (32%) of couples lie to their partners about how much they spend on their credit cards; over a third (35%) of British couples are kept awake at night worrying about their money situation

Plastic card / Personal Loans: uSwitch research reveals that over 22.5 million consumers (50%) have been sent credit card cheques. 96% of the 326m credit card cheques sent are unsolicited. They estimate that the average APR on credit card cheques is 12% higher than the average APR on credit cards. Half the people using credit card cheques are not aware of the costs involved in using them.

According to the BBA the proportion of credit card balances bearing interest fell to 73.9% in September 2007 which is the lowest for nearly 3 years.

Total credit card debt in October 2007 was **£54.4bn**.

The average interest rate on credit card lending is currently **17.16%**, around 11.5% above base rate.

MoneyExpert.com research shows more than **4.1 million credit card bills (700,000 per month)** have been missed in the first six months of 2007. A fee of £12 is usually charged for each missed payment.

The combined value of transactions made on charge, credit, debit and store cards was £511bn in 2006.

Plastic cards in issue were 181m in 2006. This works out at just under 4 plastic cards for every adult in the UK.

284 plastic transactions took place every second in the UK using payment cards (excluding petrol and oyster cards) and there were 86 cash withdrawals / second (equal to £6,279 / second) from UK's 58,000 cash machines in 2006.

There are **more credit cards in the UK than people** according to APACS. At the end of 2006 there were 74.4m credit and charge cards in the UK compared with around 60 million people in the country.

The percentage of credit card holders who repay in full in 2006 stood at 58%.

Young people - the IPOD generation (under 30): Nationwide Building Society has found that two-thirds of teenagers do not believe they have a good knowledge of finance. It also revealed that one in five teenagers do not view being in debt as a bad thing.

The average graduate debt has dropped for the first time in six years. Graduates who leave university with debt now owe on **average £12,363**, a decrease of £889 (6%) on 2006. 54% graduates leaving university with debts of over £10,000.

CCCS research shows that **debt levels for the under-25s increase with age**. The average consumer debt for 24 year olds in 2006 was £16,351. Personal loans make up the largest part of this debt (56%), followed by credit cards (28%). Homebuyers under 25 owe an average of £20,290 on unsecured credit, compared to £12,113 for tenants in the same age group.

Nearly half (44%) of young Britons aged 16 to 24 say their friends put pressure on them to keep spending even when they have run out of money.

Pensioners / Pensions: Over 2.5 million older people (1 in 5) stay or live in just one heated room of their homes to keep warm and save heating costs. Over one million older people cut back on food shopping in order to pay for their

Britain's pension gap continues to increase with more than a quarter (26%) of British adults failing to make any provision for retirement, according to the annual retirement confidence index (RCI) provided by Alliance Trust. This has jumped from 20% a year ago.

Research from Scottish Widows reveals that over 1.5 million of those aged 55 and over (34% of those aged over 55) claim they can't afford to retire at state retirement age due to lack of pension savings.

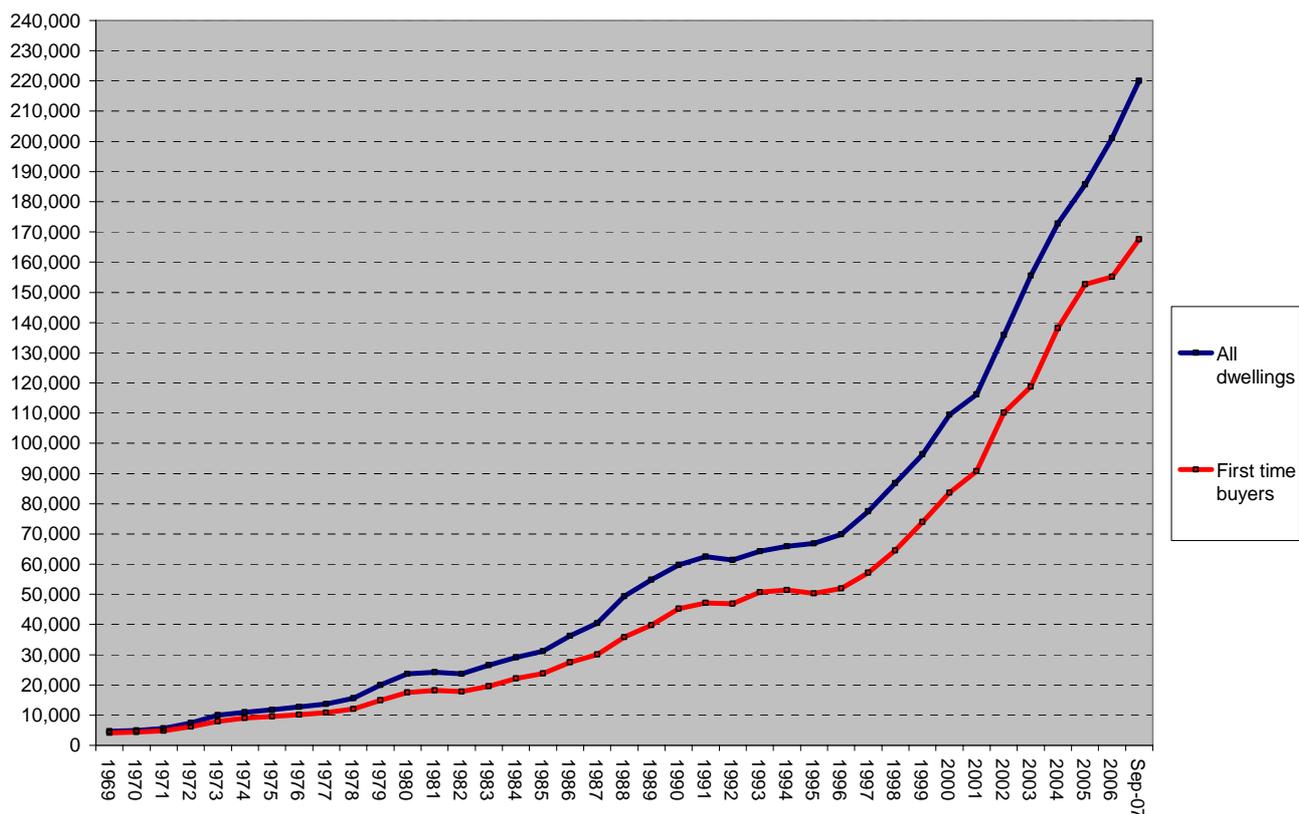
Research from Scottish Widows reveals around **one in five (over 1.1 million)**, retired homeowners in the UK have an **outstanding mortgage** on their home – with an average debt of £38,000. What is more, one in eight owe more than £50,000 putting increased pressure on retirement income. When it comes to short term debt (e.g. credit cards, personal loans etc) the situation is no better. Almost **one in three** have carried over short term debts for each of the last three months – with the average outstanding balance owed being £5,900.

The Consumer Credit Counselling Service (CCCS) said that the number of over-60s with money worries grew faster than any other age group last year. Pensioners are being forced into debt because of the rising cost of living.

Housing: According to the Department for Communities and Local Government (DCLG) the average house price in the UK in September 2007 now stands at **£220,111** (£227,661) in England). UK annual house price inflation rose by 10.8%. Annual house price inflation in London rose by 16.5%.

The price of a typical house increased by the equivalent of £33 per day during the last 12 months.

UK Average House Prices £



The average Mortgage Interest rate is 5.91%.

The Nationwide said house prices fell by 0.8% in November, bringing the annual rate of increase down to 6.9%. This is the first monthly fall since February 2006 and the largest monthly fall in 12 years.

The Bank of England said 88,000 new mortgages were approved in October 2007 which is 40,000 fewer than in October 2006 and the lowest monthly figure since February 2005.

Average national **asking prices** fell by 0.7% (£1,656) in November to £239,986 which is a 7.9% annual growth.

House purchase approval numbers fell sharply in October to a record low, as pressures on household finances and other factors combined to suppress demand. The average loan approved for house purchase in October 2007 was **£153,500**, some 6.1% higher than a year earlier.

Gross mortgage lending grew to an estimated £32.4 billion in October, rising nearly 6% from £30.6 billion in October last year, according to the Council of Mortgage Lenders (CML). This figure predominantly reflects applications and approvals from before the mortgage market became affected by wholesale funding problems. CML expect mortgage advances to be somewhat lower over the rest of the fourth quarter, reflecting the Bank of England's data that shows mortgage approvals have declined during the third quarter.

35% of mortgages taken out by home movers in September 2007 were "**interest only**" mortgages compared with only 12% taken out in June 2003. 26% of these "interest only" mortgages were taken out without a repayment plan specified to repay the capital.

The Council of Mortgage Lenders (CML) estimates that:

- House prices to rise 7% in 2007 as a whole and 1% in 2008.
- Property sales to total 1.17 million in 2007 and 1.01 million in 2008
- Gross lending to reach £360 billion in 2007 and £340 billion in 2008
- The number of 3+ months arrears cases to reach 145,000 by the end of 2007 and 170,000 by the end of 2008
- The number of repossessions to total 30,000 in 2007, and increase 50% to 45,000 in 2008 (this would be the highest level for 13 years)
- Base rates to end the year at 5.5% in 2007 and 5.0% in 2008

It is estimated that over the next 18 months, nearly two million borrowers will see their **fixed rate mortgage deals expire**. They will need to budget at least £100 / month more than they are currently spending and may also need to pay re-mortgage and / or large arrangement fees if they want to fix their mortgage for an additional period.

Britain's housing stock is worth a total value of £3,915 billion – up 10 per cent on the previous year

Banks and building societies will hand out **£1 billion every day** this year in the biggest-ever home loan bonanza in Britain. The Council of Mortgage Lenders said 2007 will be a record year with an extraordinary £360 billion borrowed in mortgages.

Housing 1st Time Buyers: The average house price in the UK in September 2007 for first time buyers now stands at **£167,503** which is an annual increase of 11.8%.

Affordability pressures continued to squeeze first-time buyers as income multiples reached their highest-ever level in September at **3.38 times the average first-time buyer income** according to the Council of Mortgage Lenders (CML). The average new mortgage for first time buyers has now reached **£118,750**. The av. age of a first-time buyer is 29.

The Bank of England financial stability report said that recent first-time buyers are vulnerable as many have stretched themselves more than normal to get on the housing ladder because of the increase in house prices relative to income and the sharp increase in the proportion of new mortgages with high loan to income multiples.

Parents are paying on average £21,314 to help their children get on the property ladder. 20% have already dipped into their savings to help their children buy their first home, while a further 22% plan to offer financial help to their offspring when they come to buy.

A typical two-income British couple buying their first property in Q4 2006 would have had to commit 34% of their take home pay to meet their initial mortgage payments, the highest level since 1990.

Spending: Research from Alliance & Leicester reveals 4.2 million Britons could be reaching for the brochures without having paid for their previous jaunt. More than one in five (22 per cent) spent as long as a year paying off their last main holiday and nearly 900,000 (2 per cent) still haven't paid the final bill.

Parents of children under 18 end up an average £1,140 in debt a year after the birth of their first child research from MoneyExpert.com says. Loss of income and increased costs mean they have debt worries to add to the sleepless nights with more than 40 per cent of parents going into the red. Around 7% rack up over £2,500 worth of debts, and one in 50 will owe over £7,000 after just twelve months with their newborn.

The average wedding costs around £20,000. It costs an average of £386 to attend a wedding.

In 2006 / 2007, the average annual cost of sending a child to **private school** as a day pupil was £9,627 compared to £6,820 in 2002, an increase of 41%. The average annual cost of boarding fees is £20,970. The number of children who attend a private school is 669,300.

The number of gamblers who called Gamcare's helpline shot up by more than a third last year. Gamblers aged between 26 and 35 constituted the largest single group of callers to the helpline. The average debt specified by callers was £13,867.

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

Norwich Union's "Cost of Divorce" survey reveals that couples now spend an average of £28,000 when a marriage ends - twice the amount spent in 2003.

Money Education / Financial Literacy: A high number of people **regularly fail to budget effectively** each month resulting in 64% of people running out of cash on average 5 days before their next pay cheque.

Research from Nationwide Building Society reveals that 75% of people in the UK don't understand the monetary value a 1% difference in mortgage rates can make.

National Consumer Council (NCC) research reveals more than 27 million people in England and Wales do not have a will.

It seems that money is fast becoming the nation's most uncomfortable topic. Research from Scottish Widows shows that we'd rather talk about sex and health than money.

One in three adults – or around 12.4 million people – refuse to plan their finances at all, and those that do find the time to review them set aside a miserly **five minutes a week**.

A quarter of Brits (25%) have no idea how much they spend in a week, and a similar number (26%) have no idea of their monthly cash flow. This lack of knowledge extends into other financial aspects of life. Only half (51%) the population know the balance on their credit cards and nearly half (46%) have no idea what interest rates they receive on their savings or are paying on their accounts and debts.

Around 15 per cent of 18 to 24- year-olds think an individual savings account (ISA) is an iPod accessory, and one in 10 reckon it's an energy drink. With rising personal debt levels in Britain, and a lack of long-term savings, better money management seems a pressing issue.

Savings: Sainsbury's Bank estimates that on a typical monthly basis, 11.7 million people are saving less in July 2007 than they were three months ago, and even more worryingly 6.8 million people are not saving anything at all

The number of people who save regularly is at the lowest level recorded in two years (46%).

Less than half (43%) of the population are planning for their financial future, with a tenth (11%) of these planners confessing that any plan they have is very vague.

Over one in four (27%) have no savings at all – and a further one in four (25%) have less than £3,000 – meaning that the savings pot of more than half of all households in the UK will **last less than three months**.

Over 7.5 million people only save money for **short-term goals** and about 3 million describe themselves as 'frivolous spenders' - making purchases based solely on desirability rather than affordability. For every financially aware person there are two frivolous spenders who spend for today with no thought to tomorrow - the buy now, think later culture.

Half the population (52%) could survive financially for just 17 days, should they suffer an unexpected loss of income, according to research by Combined Insurance.

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 www.creditation.org.uk/debtstats.htm. Note: new / changed statistics are at the start of each section.**

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