

## Debt Facts and Figures - Compiled December 2009

*Note: A Christmas Season special report has been added this month*

### Total UK personal debt

Total UK personal debt at the end of October 2009 stood at **£1,458bn**. The twelve-month growth rate fell to 0.7%.

Total lending in October 2009 rose by £0.3bn; **secured lending increased by £0.9bn** in the month; consumer credit lending **fell by a net £0.6bn** (*total lending in Jan 2008 grew by £8.4bn*).

Total secured lending on dwellings at the end of October 2009 stood at **£1,230bn**. The twelve-month growth rate was unchanged at 0.8%.

Total consumer credit lending to individuals at the end of October 2009 was **£228bn**. **The annual growth rate of consumer credit continued to fall to - 0.1%**.

Average household debt in the UK is ~ **£9,120** (excluding mortgages). This figure increases to **£21,210** 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 ~ **£58,316** (including mortgages). **If you add to this the 2009 budget figure for public sector net debt (PSND) expected in 2013-14 then this figure rises to £116,156 per household.**

**Average owed by every UK adult is ~ £30,208 (including mortgages). This is 133% of average earnings.**  
Average outstanding mortgage for the 11.1m households who currently have mortgages now stands at ~ £110,801.

Britain's interest **repayments on personal debt were £65.7bn** in the last 12 months. The average interest paid by each household on their total debt is approximately **£2,627** 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 **£4,724** per average UK adult at the end of October 2009.

#### Striking numbers

**9,300**  
Number of new debt problems dealt with by CAB each day

**£58,316**  
average household debt (including mortgages)

**£180m**  
interest paid in UK daily

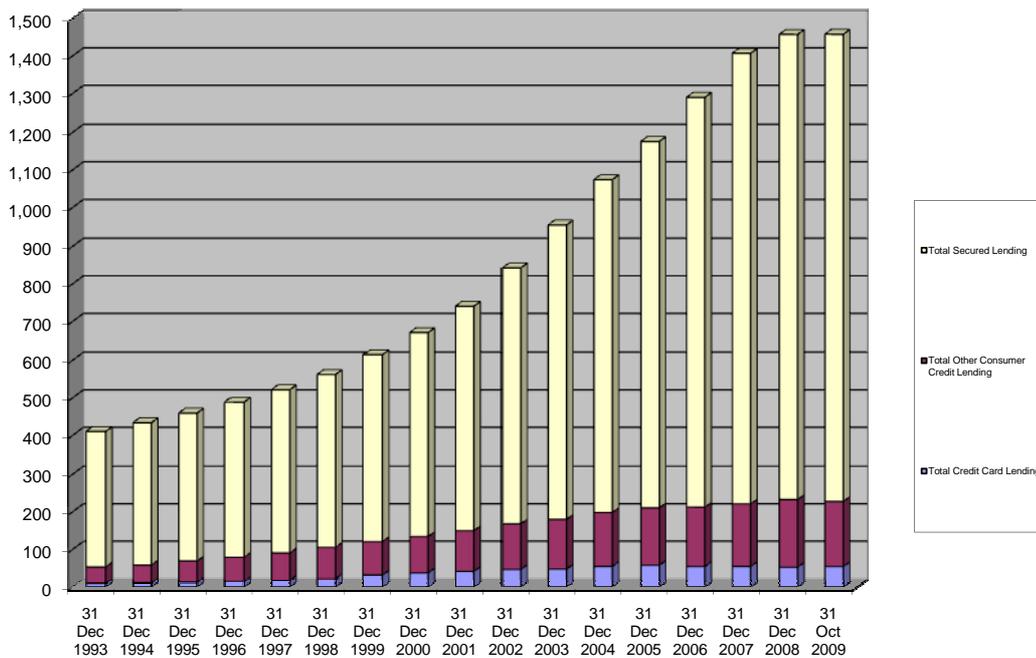
**every 11.2 minutes**  
a property is repossessed

**2,247 people**  
made redundant every day

**1000 people**  
seek some form of formal debt rescheduling plan every day

**£4,268 a second**  
increase in Government national debt

Total UK Personal Debt £bn



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

### Today in the UK:

- The average household debt will **increase by £0.20 today** (it grew by £11.11 a day in January 2008)
- **386 people today** will be declared insolvent or bankrupt. This is equivalent to **1 person every 3.72 minutes**
- **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 £2.98 every day
- 2,000 Consumer County Court Judgements (CCJs) were issued every day in the first 3 months of 2009
- **128 properties were repossessed every day during the last 3 months** to end September 2009. The Council of Mortgage lenders estimates this will increase to approximately **132 a day throughout 2009.**
- **Unemployment increased by 1,723 people every day** during 12 months to end September 2009.
- **2,247 people reported they had become redundant every day** during 3 months to end September 2009.
- **300 young people (16 – 24s) have become a NEET** (not in education, employment or training) every day during the last 12 months. **The increase has been 1,348 a day during Q3 2009.**
- £369m is the amount that the Government Public Sector net debt (PSDN) will grow today (**equivalent to £4,268 per second**).
- **£72m** is the interest the Government has to pay each day on the UK's net debt of £830bn. This is projected to rise to £118m a day (£43bn) in 2010 – 2011 financial year.
- 25,250 applications for consumer credit have been turned down every day.
- 267 mortgage possession claims will be issued and 188 mortgage possession orders will be made today
- 368 landlord possession claims will be issued and 253 landlord possession orders will be made today.
- The UK population is projected to grow by 1,100 people a day over the next decade
- 21.9m plastic card purchase transactions will be made today with a total value of £1.05bn.
- 8.1m cash withdrawals will be made today with a total value of £530m
- Citizen Advice Bureaus dealt with **9,300 new debt problems** every day in England and Wales
- The average car will cost £15.13 to run today

### Christmas Season (Special Report):

Figures from Abbey Savings show that Brits will use £3.45bn of their savings this year to help cover their Christmas spending, with a third of us (32%) planning to use 9% of this year's savings - an average of £221 each. 39% of us are currently saving nothing and one fifth (20%) of people claim to have no savings whatsoever to fall back on this Christmas. It's no surprise however that the majority of people (59%) are planning to cut back this Christmas.

Money.co.uk research found that, whilst 31% of adults are worried about paying for Christmas, just 15% have made an effort to spread the cost over the course of the year. The rest will fund their share of the nation's £11bn Christmas

splurge using a combination of credit cards (14%), savings (10%) and 'money available at the time' (71%). **Meanwhile 4.7m adults (10%) admit that they are still paying off debts from last Christmas.**

Before the recession calls from debt management and loan companies accounted for as little as 5% of all unwanted sales and nuisance telephone calls made to UK consumers. But now they are the biggest source representing over 28% of the 3bn unwanted sales calls made every year. **Of the 84m unsolicited telephone calls made to UK consumers every year by debt management and personal loan companies, the highest volume of sales calls are received between November and February.**

APACS, the UK payments association reported that spending on plastic in December 2008 reached £32.3bn - **£21.6bn on debit and £10.8bn on credit. The average value of a card transaction was £44.95.** £4.7bn was spent online.

Research by PayPal shows that over three-quarters (76%) of respondents plan to do some or all of our Christmas shopping online this year with one in five (21%) trying to spend less this year than last year.

Research from Sainsbury's Finance in January 2009 shows that only 56% of people expect to clear their Christmas expenditure within one month. Around 177,000 anticipate that it could take more than a year to do so. 4.9m people (12%) estimate it will take 2-3 months; 1.8m people (4%) estimate it will take 4-6 months; 924,000 (2%) estimate it will take them 7-12 months and 9.29m people (22%) don't know how long it will take them to pay off their Christmas debts.

Christmas lunch and the Queen's speech are being joined by another festive staple, online shopping. Almost four million Britons bought goods online on Christmas Day, spending £102m, or 21% more than on the same day last year. Traffic leapt almost 100% between Christmas Day and Boxing Day, which was the busiest single day for online retailers in 2008, as shoppers looked to bag the best bargains from clearance sales without having to queue in the cold.

Three in ten (31%) British adults spent more last Christmas than they did on Christmas 2007 according to Mintel. Many of us had good intentions to be a little more frugal at Christmas but the spirit of Christmas was simply too much to resist. 41% of adults said that they planned to spend less at Christmas but only 28% of adults said they actually managed to do this. Half of 16 – 24 year olds (49%) said that they actually spent more at Christmas 2008 than they had done in 2007.

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

Christmas is coming and Santa is on his way, but it's not the season of good cheer for more than one in three people over 55 who dread the festive season. Loneliness along with poor health, money worries and isolation can be so overwhelming that they can trigger depression, says Age Concern.

In 2008 it was estimated that consumers spent on average £655 (food and drink £170; Gifts £359; Socialising £126) per person compared with £706 in 2007. This increases to **£856 per person** if you include cards and postage £53, Christmas tree and decorations £64 and travel £84.

### **Other key national statistics:**

Real GDP in the UK economy during 2009 Q3 **declined by 0.3%** which means that **Britain has officially been in recession for 18 months – the longest period since records began in 1955. GDP is now 5.2 per cent lower than the third quarter of 2008.**

The Ernst & Young Item Club economist forecast warns GDP will struggle to pass one per cent growth in 2010 – as people turn to cutting back debts over spending and tax rises come.

There were 5.84 million working age benefit claimants at May 2009. This is an increase of 694,000 in the year.

**UK base rate fell to a 315 year low when the official bank rate was reduced to 0.5% on 5<sup>th</sup> March 2009.**

There were 4,716 compulsory liquidations and creditors' voluntary liquidations in total in England and Wales in the third quarter of 2009 (on a seasonally adjusted basis). This was an increase of 14.6% on the same period a year ago. In the twelve months ending Q3 2009, **approximately 1 in 114 active companies (or 0.9%) went into liquidation.** Additionally, there were 1,578 other corporate insolvencies in the third quarter of 2009 (not seasonally adjusted) comprising 410 receiverships, 974 administrations and 194 company voluntary arrangements. In total these represented an increase of 9.3% on the same period a year ago.

In October 2009 the **public sector net debt (PSND) increased to £829.7bn**, equivalent to **59.2%** of gross domestic product and **equivalent to ~ £33,188 per household. PSND has increased £135bn in 12 months (equivalent to a**

**growth of £4,268 per second or £5,400 per household).** The interest paid on this debt by the Government in April to October was £15.4bn which is equivalent to ~ **£1,056 per household / annum.**

The biggest impact of the financial interventions on the UK's fiscal measures is on public sector net debt through the reclassification of financial corporations. The exact effect of the reclassifications has not been quantified yet but is expected to be about £1.5 trillion (equivalent to 100% of GDP).

According to the **UK 2009 Budget report** the public sector net debt (PSND), including unrealised losses from financial sector interventions, increases over the period to 2013-14 to £1,446bn (**equivalent to £57,840 per household**) and then stabilises at around 79% of GDP.

The number of **unemployed people in the three months to September 2009 was 2.46 million (7.8%), up 30,000** from the previous three months (which is the smallest quarterly increases in unemployment since March-May 2008) and up **629,000 (1,723 a day) over the year.** This is the **highest quarterly figure in 14.5 years** since Q1 1995. **205,000 people (2,247 a day) reported they had become redundant** in the three months down 63,000 from the previous three months and up 49,000 from a year earlier.

There is a gap of 820,000 between the number of people who are currently unemployed and the number of people claiming Jobseeker's Allowance benefit (1.64m).

Consumer Prices Index (CPI) annual inflation increased to 1.5% in October. **Retail Prices Index (RPI) fell – 0.8% in October, up from - 1.4% in September.** According to the November Bank of England Inflation report, **CPI inflation is likely to rise sharply to above the 2% target in the near term,** reflecting higher petrol price inflation and the reversal of last year's reduction in VAT.

New car registrations rose for the fourth month in a row in October. New car registrations rose 31.6% in October to 168,942 units.

UK retail sales values rose 3.8% on a like-for-like basis and rose 5.9% on a total basis, from October 2008.

The Policy Exchange says most people are aware that Britain has a huge national debt which is growing during the current fiscal crisis. But what many people do not know is that we have a **second national debt** – one that is kept out of government figures and hidden from view. This is the **public sector pension debt**, which has grown as successive governments have continued to promise public sector workers defined benefit pensions, often worth two thirds of final salary, index-linked for life. **It is now equivalent to 78% of GDP (£1.1trillion)** with the cost of servicing the debt each year to pay for these unfunded schemes now at £45.2 billion.

**Servicing Debt:** The Insolvency Service said there were 35,242 individual insolvencies in England and Wales (**386 people a day or 1 every 3.72 minutes**) in the third quarter of 2009 on a seasonally adjusted basis. This was an **increase of 6.6%** on the previous quarter and an **increase of 28.2%** on the same period a year ago. **These are currently at the highest levels on record.**

Personal insolvencies now have a run rate of more than 120,000 per annum. In addition to these reported insolvencies, PwC estimates there will be between 100,000 and 150,000 Debt Management Plans this year. Taking these combined debt solutions into account suggests that, on average, around **1,000 people are seeking some form of formal debt rescheduling every working day.**

11,700 properties were taken into possession in the third quarter, up slightly from 11,400 in the previous quarter, and 5% higher than the number in the third quarter of 2008. This equates to **128 properties being repossessed every day or 1 property being repossessed every 11.2 minutes.**

At the end of September 194,600 mortgages, 1.77% of the total, were in arrears of 2.5% or more of the outstanding mortgage balance. This compares with 204,200 cases (1.86% of all mortgages) at the end of June.

The FSA estimate that at the end of Q2 there were **403,000 loan accounts in reportable arrears (> 1.5% of current loan balance)**, an increase of 3,000 or 1% on Q1, and a rise of 30% on a year ago. At the end of Q2, loans in arrears represented 3.66% of the value of the loan book, up 1.1% from a year earlier.

Research from Shelter and Money Advice Trust shows that a massive 1.3m low-income households are struggling or falling behind with their finances and many feel under mental and emotional strain. Four in ten (39%), equivalent to around 600,000 households, feel their debts are harming their physical and mental well-being, rising to almost 50% in households with children

12.2m people – almost one quarter (24%) of adults in the UK – are hiding some form of debt (be that overdrafts, credit cards, store cards loans etc) from their partner, friends or family according to research completed by AXA. With an average hidden debt of £4,096 this means that there is potentially £50.1bn worth of 'hidden debt' in the UK.

**AXA research estimates that 1.4m (5%) admit they have taken time off work in the last 12 months as a result of money worries;** 1.2m (4%) spend more than four hours a day feeling anxious; seven in ten admit they spend time at work worrying about their finance, with almost a third (31%) spending up to 15 minutes a day worrying.

The recent rise in unemployment has left large numbers of people having to spend far more than they earn each month, according to the UK's leading debt advice charity, Consumer Credit Counselling Service (CCCS). There has been a significant drop in the income of people coming to the charity for help. Between October 2008 and May 2009 the average yearly income of a couple contacting CCCS dropped by over 12 percent. With average expenditure on priorities and essential living costs remaining the same, the amount available to that couple to repay their debts has dropped from £197 to minus £114. In the second quarter of 2009 over 30 percent of clients being counselled by the charity had to be advised that there was no immediate solution to their debt problem. They neither had the funds for a debt repayment plan nor an IVA, nor qualified for bankruptcy or a debt relief order. Their best hope was to try to increase their income.

The UK and Ireland are the worst places in Europe to live, according to the latest uSwitch.com Quality of Life Index. While the UK enjoys the highest net household income in Europe, quality of life is the poorest, proving that there is more to good living than money. Long working hours, lower holiday entitlement and a high cost of living all contribute to a poor quality of life in the UK.

Citizens Advice is reporting a 46% increase in the number of people struggling with debts owed to their gas and electricity companies. The increase over the last six months follows a rise of 82% in enquires about fuel debts in the three years since 2005/6.

The estimated number of households in fuel poverty in the UK rose between 2006 and 2007 by 0.5 million, to stand at around 4 million (around 16 per cent of all households).

Citizens Advice Bureaux in England & Wales **deal with 9,300 new debt problems every working day.** Debt problems shot up 27% in the three months to the end of June 2009 compared with the same period last year

The average Brit is just £155 away from a money meltdown. Bright Grey reveals 12m Brits (25%) are currently struggling to cope with their monthly bills and 39% of people would be in trouble if they had to find just £50 extra each month. Essential bills now account for 68% of household income, which equates to £1,378 on average each month per person and £2,001 for families.

According to the latest survey from Equifax, nearly 1 in 3 consumers have turned to parents or other family members for help with debt repayments or finances. And more than half of consumers will freely discuss their financial situation with family.

The percentage of households where no adults work at end of June 2009 was 16.9% (40.4% in lone parent households). **The number of working-age people in workless households increased by 500,000 to reach 4.8m.** The number of **children in workless households was 1.9m**, up 170,000 from a year earlier. In addition there are 5.5m households (28.4% of all households) where at least one person aged 16 and over is in employment and at least one other is either unemployed or inactive.

The total number of county court judgments (CCJs) against consumers in England and Wales in Q1 2009 was 182,490 which was a 9.7% decrease from the previous quarter. This is equivalent to **2,000 every day.**

A recent profile of CAB clients revealed that CAB debt clients owe an average of £16,971, an amount it would take an average of 93 years to pay off at a rate they can afford. The most common reasons for debt were low income, over-commitment, illness or disability and job loss. But irresponsible lending, poor financial skills and increases in the cost of living had also played a significant part in people's debt problems.

**Plastic card / Personal Loans:** uSwitch calculations estimate that 7.3m consumers currently make over 38m cash withdrawals using a credit card every year. The interest rate applied to withdrawals has rocketed by 41% over the past three years from 21.22% APR in 2005 to almost 30% APR.

According to the BBA the proportion of **balances bearing interest fell marginally, by 0.6% to 65.3%.** Improved reporting for the proportion of balances bearing interest has resulted in a reduced level. Please note, however that this new level cannot be compared with data prior to August.

Total credit card debt in October 2009 was **£54.5bn.** The UK collective credit limit on credit cards is **£158bn, which is an average credit card limit of £5,129 per person.**

PricewaterhouseCoopers in their precious plastic 2010 report estimate that the average borrowing per credit card has increased by 5% and has surpassed £1,000 for the first time.

PwC say that bad debts have reached historic highs. Total credit card write-offs stood at 5.8% (£3.2bn) of outstanding balances in 2008. PwC's forecast suggests that write-offs will continue to increase and could reach 9% of outstanding balances by the end of 2010.

The average interest rate on credit card lending is currently **18.04%, which is 17.54% above base rate (0.5%)**.

768,000 (47.5%) applications for consumer credit were rejected by the major UK lenders in July.

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 Q2 2009 using debit and credit cards (equal to £12,113 /second). 94 cash withdrawals were made every second (equal to £6,139 / second) from UK's 63,678 cash machines during Q2 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.

**Young people - the IPOD generation:** The proportion of 18-24 year olds not in education, employment or training (NEET) increased by 113,000 in the last 12 months to end Q3 2009 and now stands at 933,000 (19.7%). The proportion of 16-18 year olds not in education, employment or training (NEET) stood at 261,000 (13.4%) at the end of Q3 2009. **The total of 16 – 24 classed as NEETS now stands at 1.082m which is the highest on record.**

AXA estimate that a fifth of 18-24 year-olds drink alcohol to take their mind off their financial concerns.

The unemployment rate for 18 to 24 year olds increased by 24,000 (3.3%) on the quarter and 165,000 (28.5%) in the last 12 months to reach 746,000. **This means that 18.0% of all 18 to 24 year olds are unemployed which is the highest figure since records for this series began in 1992.** 325,000 (43.6%) have been unemployed for longer than 6 months.

Research from Sainsbury's Finance highlights that over half of undergraduate students (53%) in the UK are to be given financial assistance by their parents to see them through the financial burden of university. The average amount of parental financial support given to undergraduates is £8,070 per student during their university life.

The UK's largest survey of student finance, published by Push.co.uk, reveals that students who started at university last year can expect to owe nearly £21,200 by the time they leave and new students should reckon on at least £2,000 more than that.

**Pensioners / Pensions:** At May 2009, there were 12.5m people of state pension age claiming a DWP benefit, an increase of 221,000 since May 2008. Of these, 66% were claiming State Pension (SP) only.

The proportion of people aged 55 and above planning to work beyond the state pension age has jumped to 71%, compared to 40% in a CIPD survey two years ago suggesting that the recession has shrunk pension pots, savings, investments and house values.

The number of people aged 50+ out of work is 367,000, which is a decrease of 0.5% over the last quarter and an increase of 37.7% (100,000) over last year. The number of people over state pension age in work continues to rise – with an increase of 29,000 in the three months to the end of September to 1.403 million, a rise of 76,000 (5.8%) over the previous year.

Scottish Widows estimates that **one in six (15%) retired people in the UK have an outstanding mortgage**, with an average debt of £50,100. They also estimate that **a third (34%) are in the red on loans and credit cards** and the average outstanding non mortgage debt amongst retired people with debt is £7,344.

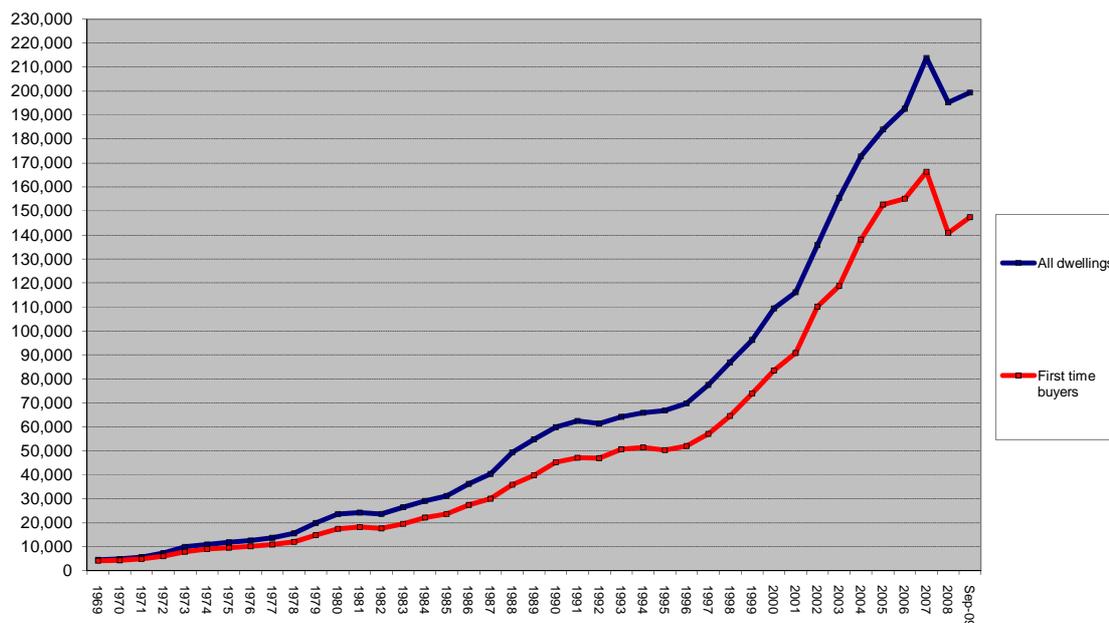
More than one in 10 workers (16%) who have a pension say that during the past five years they have reduced the amount they contribute or have stopped saving into it altogether, according to the Prudential.

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

There are more people of state pensionable age than under-16s. There were 11.5 million people aged under 16 in mid-2008 compared to 11.8 million people above state pensionable age,

**Housing:** According to the Department for Communities and Local Government (DCLG) the average house price in the UK in September 2009 now stands at **£199,303** (£205,592 in England). UK annual house price inflation fell by – 4.1%. Annual house price inflation in London fell by – 2.7%.

## UK Average House Prices £



The average Mortgage Interest rate is 3.56%.

UK house prices will not reach their autumn 2007 peaks for at least another five years, according to the Ernst & Young ITEM Club. They also expect that house prices will fall again in the first half of 2010.

Detailed figures of the country's wealth show that the most valuable asset continues to be housing with a total value of £3,923 billion. This is equivalent to 56% of the nation's wealth, and is down 9% on the previous year. The value of housing stock belonging to the household and non-profit organisations sector was worth £3,693 billion a decrease of £384m in 12 months.

According to data from the Bank of England 20% of all applications for mortgages for house purchase by major UK lenders were rejected in August 2009.

Council of Mortgage Lenders research suggests that about **900,000 home-owners currently have some degree of negative equity**, although the majority of these - around two thirds - face only modest shortfalls of less than 10% (equating to around £6,000 for those first-time buyers with negative equity, and £8,000 for other home-buyers). A further 565,000 homeowners have just 5% equity, and in total **an estimated two million UK mortgage borrowers** would not be able to raise a 10% deposit from their equity should they decide to sell their house.

John Charcol estimate there are another ½m with equity only between 10% and 15% which means in total that there are about **2½m households who can't move (unless they sell up and rent)**.

October gross mortgage lending was an estimated £13.5 billion, a 5% rise from £12.9 billion in September but down 27% on £18.5 billion in October 2008, according to the Council of Mortgage Lenders.

Halifax said house prices increased by 1.2% in October, marking the fourth consecutive monthly increase. Nationally, house prices have risen by 2.9% since the end of 2008. They are now 7.1% higher than six months ago when prices reached a trough in April.

The Royal Institution of Chartered Surveyors (RICS) said that the seasonally adjusted net balance of surveyors reporting rising rather than falling prices over the last three months jumped sharply higher to 34%, compared to 21% in September. That was the highest net balance since December 2006. There were an average of 19 completed sales per surveyor during the last 3 months.

Rightmove said the onset of the winter market brings what they predict will be the first of three monthly falls before asking prices resume their recovery in February of next year. Average national asking prices fell by £3,744 (-1.6%) this month as the traditional autumn buoyancy tailed off.

According to the National Association of Estate Agents the number of house hunters registered per branch decreased from **294** in September to **287** in October; the number of sales agreed per branch decreased from an average of nine (8.5) in September to eight (7.7) in October and the average number of properties available for sale per branch fell from 62 in September to 57 in October.

House purchase mortgage approval numbers in October were 42,073 which were **97.7% higher than a year ago but 6.3% lower than 2 years ago**. The average loan approved for house purchase in September was **£142,300**, some 10.6% higher than a year earlier.

Existing home sales across the United States (including single-family, townhomes, condominiums and co-ops) rose 23.5% year on year in October 2009 and the **average price dropped 7.1% year on year** to \$173,100. RealtyTrac® said there were a total of 332,292 foreclosure filings — default notices, auction sale notices and bank repossessions — were reported on U.S. properties in October 2009, a 3% decrease in total properties from last month and a 19% increase in total properties from October 2008. The report also shows that one in 385 of all U.S. housing units received at least one foreclosure filing in October 2009.

**Housing First Time Buyers (FTB) & Buy-to-let:** The average house price in the UK in September 2009 for first time buyers now stands at **£147,517** which is an **annual decrease of – 1.3%**.

Research conducted by the National Landlords Association (NLA), reveals nearly three quarters of landlords have experienced rental arrears. Worryingly, 43% of these occurred in the last 12 months.

The Council of Mortgage Lenders (CML) estimate that around 80% of first-time buyers aged under 30 are likely to be receiving help from parents as they are unlikely to have been able to build up the deposits needed to enter the market from their own resources.

The typical first-time buyer deposit in September was **25% (£37,225)**. The average first-time buyer borrowed 3.15 times their income and the average first-time buyer loan was £111,675.

For the third quarter in a row, there was a decline in the number of buy-to-let mortgages with arrears of more than 1.5% of the balance. In the last three months, the number has fallen from 22,900 to 20,500, representing 1.7% of outstanding buy-to-let mortgages.

The number of properties taken into possession rose in the third quarter, from 1,400 to 1,600, equivalent to 0.14% of all buy-to-let mortgages.

**Money Education:** The number of households without bank accounts has been cut by half. The latest report on access to banking by the Financial Inclusion Taskforce shows that the number has fallen from 2 million in 2003/04 to less than 900,000 in 2007/08. The proportion of low-income households without a bank account has fallen sharply in recent years, from 20–25 per cent in the mid-1990s to 4 per cent in 2007–08

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

**63% of the population are more aware of their finances** and are making an increased effort to look after their accounts as a result of the credit crunch, according to research by NS&I. Almost half (48%) of these people, who are focusing more attention on their finances, state now that they know exactly how much money they have in all of their accounts. This is true for nearly half (46%) of the total population. A further third (33%) know roughly how much money they have in their bank account and in savings, give or take £50. Whether people know exactly what their financial situation is seems to be affected by both age and gender. Older age groups are more likely to be sure of their financial state of affairs with 60% of over 65 year-olds sure of the exact amounts in their current and savings accounts compared to 38% of the 16-24 age group and 41% of 25–34 year-olds

The FSA has published research which indicates that an improvement in financial capability leads to an improvement in psychological well-being. The results of the research suggest that moving from low to average levels of financial capability increases psychological wellbeing by over 5%, and decreases anxiety and depression by 15%. The precision of such statistics are of course always open to question, but the positive trends and the relative scores are

significant. For example, the research also concluded that the increase in life satisfaction from increased financial capability is 12 times greater than the impact of earning an extra £1,000 a year.

**Spending:** Research, commissioned by price comparison website moneysupermarket.com revealed, on average, those in employment hang on for 27 days before going into their overdraft. The survey also showed over 10 million were overdrawn at least once in the past 12 months, including 2.1 million people who never come out of their overdraft. *5% of 45 to 54 year old workers were permanently overdrawn as against 15% of 18 to 24 year old employees*

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

Brits will spend more than £1.7billion on cat and dog food this year according to M&S Money. Last year £1.7billion was spent on feeding the nation's 14.5 million cats and dogs.

Vacant retail premises are forecast to more than double, from 7% at the start of 2009 to around 15% by the year end. Some town centres already record vacancy rates of almost 40%. One in every eight households (nearly 3m people) has someone who works in retail.

UK homeowners with a mortgage have seen their spending power rise by a tenth over the past year, according to research by Halifax. Between March 2008 and March 2009, the average monthly discretionary income of households with a mortgage rose from £892 to £989, an increase of 11% (£97). Private renters have seen their typical monthly discretionary income remain broadly flat over the past year, rising by just 0.3% (£3) between March 2008 and 2009 from £801 to £804.

Sun Life Direct's annual total cost of dying survey has revealed that on average a funeral will cost £2,733 whilst the additional extras could result in a total bill of £7,098 as the cost of probate, funerals and other costs, such as flowers and wakes, increase.

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

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

**Savings:** Research from Abbey Savings has highlighted that over one in four (28%) British parents with young children have no savings or investments to use in times of difficulty or to use as a nest egg for their children's future. Indeed a further 20% of these parents have less than £1000 to fall back on.

TNS Omnibus found that **32% of people made redundant would fail to meet their current living expenses in the first month**, with one in six defaulting immediately. Less than half (43%) of working adults questioned had sufficient funds in place to survive more than three months.

The average saver has increased the amount they put away each month by 26% according to research by Abbey Savings. Savers are now putting away £206 each month on average, compared with £163 at the beginning of the year. However, the effects of the recession are still being felt by many, with the research showing a 6% fall in the overall number of people saving since the start of the year. **Four out of 10 Britons still save nothing at all**, while 26% of those who are saving claim to be saving less now than they were last year - an increase of 6% since May 2009, perhaps driven by rising unemployment.

This quarter the monthly amount saved per head across the population declined slightly from £92.41 in spring 2009 to £90.73 in summer 2009 according to the NS&I's Quarterly Savings Survey. The average amount saved as a percentage of income fell to 6.65% this quarter from 6.83% in spring 2009, despite an increase in the average monthly take-home income.

81% of Britons say they never argue about money with their partner. 52% of couples who argue over finances say their arguments are based on how much they are spending; the small purchases as well as the more substantial outgoings

31% of savers don't think they have enough money to cope in an emergency. In real figures, this equates to over 15 million people.

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