

Debt Facts and Figures - Compiled 1st February 2009

Total UK personal debt

Total UK personal debt at the end of December 2008 stood at **£1,457bn**. This has slowed further to 3.6% in the last 12 months which equates to an increase of ~ £50bn.

Total secured lending on dwellings at the end of December 2008 stood at **£1,224bn**. This has slowed further to 3.4% in the last 12 months.

Total consumer credit lending to individuals at the end of December 2008 was **£233bn**. This has continued to slow to 5.0% in the last 12 months.

Total lending in December 2008 grew by £2.2bn; secured lending grew by £1.9bn in the month; consumer credit lending grew by £0.3bn.

Average household debt in the UK is ~ **£9,550** (excluding mortgages). This figure increases to **£21,766** 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 ~ **£59,700** (including mortgages).

Average owed by every UK adult is ~ £30,435 (including mortgages).

Average outstanding mortgage for the 11.7m households who currently have mortgages now stands at ~ **£104,223**.

Britain's interest **repayments on personal debt were £81.8bn** in the last 12 months. The average interest paid by each household on their total debt is approximately **£3,354** each year.

Average consumer borrowing via credit cards, motor and retail finance deals, overdrafts and unsecured personal loans has risen to **£4,870** per average UK adult at the end of December 2008.

During 2008 Britain's personal debt has increased by ~ **£1 million every 10.6 minutes**.

Striking numbers

£135m

daily increase in UK debt

£59,702

average household debt
(including mortgages)

£224m

interest paid in UK daily

every 10 minutes

a property is repossessed

2,466 people

made redundant every day

1 person every 4.8

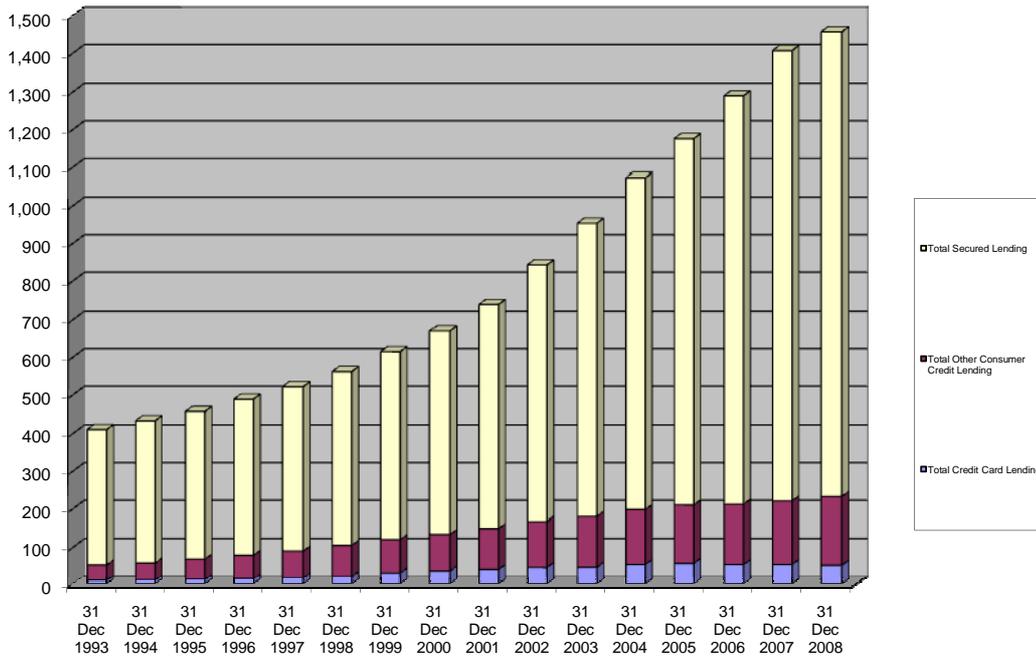
minutes

declared bankrupt or insolvent

£102

average daily decrease in
house prices in 2008

Total UK Personal Debt £bn



Today in the UK:

- Consumers will borrow an additional £135m today
- Consumers will pay £224m in interest today
- The average household debt will increase by over £5.55 today
- **298 people today** will be declared insolvent or bankrupt. KPMG estimate this will increase to **411 people a day in 2009** or **1 person becoming bankrupt or entering into an Individual Voluntary Arrangement (IVA) every 3.5 minutes.**
- 2,430 Consumer County Court Judgements (CCJs) will be issued
- **144 properties were repossessed every day during the last 3 months** to end September 2008. The Council of Mortgage lenders estimates this will increase to approximately **205 a day in 2009.**
- **Unemployment increased by 1,440 people every day** during 3 months to end November 2008. **This will increase to an average of 1,644 every day in 2009** according to the CIPD.
- **2,466 people reported they had become redundant every day** during 3 months to end November 2008.
- 1,600 drivers have been turned down for car loans every day in the past six months.
- 422 mortgage possession claims will be issued and 323 mortgage possession orders will be made today
- 405 landlord possession claims will be issued and 308 landlord possession orders will be made today.
- 27.4m plastic card transactions will be made today with a total value of £1.56bn.
- Citizen Advice Bureaus dealt with **4,760 debt problems** every day during the last 12 months
- The average car will cost £16.80 to run today
- £504m will be withdrawn from cash machines today.
- 1/3rd of all groceries we buy today will end up in the dustbin.

Other key national statistics:

The IMF said that advanced economies are suffering their deepest recession since World War II. Against this uncertain backdrop, output in the advanced economies is now expected to contract by 2 percent in 2009. The UK is predicted to plunge into the deepest recession of any industrialised country this year.

Britain has officially entered recession for the first time since 1991 as the **economy shrank by 1.5%** over the last three months. **The fall is the sharpest contraction in the economy since 1980** and was worse than the 1.2% predicted by economists. Manufacturing output decreased by 4.6% over the quarter.

The Ernst & Young ITEM Club Winter forecast released in January 2009 predicts that the next 12 months will see the largest contraction in GDP since 1946 and that without additional Government intervention a deep recession could evolve into a depression. The forecast sees UK **GDP contracting by 2.7% in 2009** with a further contraction of 0.5% predicted for 2010. ITEM forecast a rise in **unemployment to over 3 ¼ million by the end of 2010** and consumer

spending declining by 2.5%. Inflation and interest rates will both stay close to zero and they think the beleaguered **housing market has a further 22 % to fall over the next 18 months.**

UK base rate fell to a 315 year low when the official bank rate was reduced by 0.5% to 1.5% on 8th January 2009.

The number of **unemployed people increased by 131,000 (1,440 a day)** to 1.864m over the quarter to November 2008. This is the **highest figure in 11 years** since August 1997. 225,000 people reported they had become redundant in the three months up 78,000 from the three months to August 2008 and up 101,000 from a year earlier.

The Chartered Institute of Personnel and Development (CIPD) annual survey predicts the UK economy will shed at least 600,000 jobs in 2009 (**1,644 a day**) and the British Chamber of Commerce estimates that over the next two years, UK unemployment will rise to a **peak of 3.1 million, some 10 per cent of the workforce.**

Consumer Prices Index (CPI) annual inflation fell to 3.1 % in December, down from 4.1 % in November. This is the **sharpest drop in inflation since April 1992.**

The FTSE stood at 4150 at close of play at the end of January. This was 1,688 **points lower (- 28.9%)** than the same time last year. Also £1 was worth \$1.4417 dollars which is **56 cents lower (- 28%)** than the same time last year and £1 was worth \$1.1250 euros which is **22 cents lower (- 16%)** than the same time last year.

The new car market fell for the eighth successive month in December, but the pace of decline was less than expected. New car registrations fell 21.2% in December to 108,691 units. Full year total is down 11.3% to 2,131,795 units from 2,404,007 in 2007.

At the end of December 2008 the **public sector net debt (PSND) was £697.5 billion**, equivalent to **47.5%** of gross domestic product and **equivalent to £22,500 per tax payer.**

UK retail sales values fell 3.3% on a like-for-like basis, and 1.4% on a total basis, from December 2007. By both measures, this was the worst December since the survey began 14 years ago and, barring Easter distortions, the worst performance of any month in that time.

The current Government estimate (31st March 2006) of the combined liability of the **unfunded public sector pension schemes is £650bn.** This liability is estimated to be in the order of £1,000bn today. The annual cost to the taxpayer of the unfunded schemes is projected to increase by 40% over the next twenty years, from 1.0% of GDP (£14bn) to 1.4% of GDP in 2027/8.

There were **4,001 Company insolvencies** (compulsory liquidations and creditors' voluntary liquidations) in total in England and Wales in the third quarter of 2008 (on a seasonally adjusted basis). This was an increase of 10.5% on the previous quarter and an increase of 26.3% on the same period a year ago.

In 2001, UK bank customer lending was comparable to customer deposits. But by 2008 H1, the surplus of lending over deposits — the customer funding gap — was **£700 billion.**

Servicing Debt: The FSA estimate that the **total number of secured loans on people's homes in arrears at the end of Q3 was 340,000** giving an increase of 30,000 or 10% since Q2, and representing a rise of 24% on a year earlier. By the end of 2009 the Council of Mortgage Lenders expects **500,000 households to be more than three months in arrears.**

The FSA said the numbers of new possessions have grown significantly since Q3 2007, with 13,161 new cases in Q3 2008 (after 11,078 in Q2) being **92% higher than a year earlier.** This equates to **144 properties being repossessed every day or 1 property being repossessed every 10 minutes.** The Council of Mortgage Lenders (CML) estimate these will increase to approximately **205 a day in 2009 as they anticipate the number of repossessions to be around 75,000.**

Research from Mintel shows that over 5 million adults have already been 'Hard Hit' by the economic downturn and are seriously struggling to make ends meet. This equates to no less than one in every ten British adults (11%). And according to the research, things are only set to get worse, with a further 16% 'Fearing for the future' because they are worried about their long term financial security.

On top of this, more than half the population (52%) are now 'Feeling the Pinch'. This group may well be coping financially, but they admit that life is certainly getting harder. But it cannot be ignored that 21% are 'Comfortable and Confident' and do not feel that their finances have really been badly affected by the worsening economy.

Calls to the National Debtline, have increased by 40% since 2007, and demand for Business Debtline, the service specifically for business, has doubled comparing autumn 2008 with autumn 2007.

Sainsbury's Finance estimates that as many as 250,000 personal loans, with a combined value of £2.93 billion, could be taken out for debt consolidation during the first three months of 2009.

Grant Shapps, the Shadow Housing Minister, has released a report which finds that 44% of mortgage holders are worried about being able to meet their mortgage payments in 2009 and 47% of local authority and housing association tenants are worried about being able to meet their rent payments. In addition, 41% of private renters fear that they won't be able to pay the rent over the next 12 months.

As the year draws to a close, latest research from Mintel shows that 2008 has seen a seismic shift in the key issues keeping Brits awake at night. In the short time between February this year and today, financial issues have replaced immigration and crime as the nation's greatest worries.

Consumer county court judgments in England and Wales rose by 17.4 percent year-on-year in Q3 2008 to 223,519, their highest level since Q1 2007. This is equivalent to **2,430 every day**.

Nearly one in three (30%) UK adults are concerned about their ability to manage their personal debt as the onset of recession piles on the financial pressure, according to research from MoneyExpert.com and 27% of those owing money have gone further into the red in the last three months.

Over 3.7 million people are failing to cope with mounting credit card bills and 1.02 million people have borrowed too much money and can't keep up with mortgage repayments, according to research published by AXA. In all around 11.6 million (25% of adults) are said to be struggling financially with over half saying they have no savings left at all.

According to research from CreditExpert.co.uk, 36 million (75 per cent) UK adults have put or are planning to put on hold key life plans for 2009, such as moving jobs and having a baby. Furthermore, over half (55 per cent) of all adults are feeling anxious about reaching their goals in life, mainly due to concerns over affordability.

The Insolvency Service said there were 27,087 individual insolvencies in England and Wales (**298 people a day or 1 every 4.8 minutes**) in the third quarter of 2008 on a seasonally adjusted basis. This was an **increase of 8.8%** on the previous quarter and an increase of 4.6% on the same period a year ago.

KPMG predicts 110,000 personal insolvencies by the end of 2008 and 150,000 personal insolvencies in 2009 (which would be equivalent to **411 people a day or 1 person becoming bankrupt or entering into an Individual Voluntary Arrangement (IVA) every 3.5 minutes**).

Research from Scottish Widows, reveals that the cost of running a home means that almost half (47%) of households are having to rely on more than one breadwinner to maintain a comfortable standard of living. This increases when it comes to those with dependent children, 61% of households with children are reliant on two incomes, forcing both parents out to work.

More than one in ten (11%) cash-strapped borrowers have missed payments on their mortgage, credit card, or personal loan in the last six months, according to MoneyExpert.com. They estimate at least five million finance related bills have been missed with credit cards proving the greatest burden. Around 4m credit card customers have admitted missing a payment in the six months to September. The number of people missing payments on personal loans has increased considerably relative to the previous six month period. In the six months to September 1.3 million people missed a loan repayment, compared to 859,000 in the six months to January.

The number of people who have failed to pay their gas and electricity bills has soared, according to MoneyExpert.com. The amount of electricity bills that have gone unpaid in the past six months has jumped from 1.31 million to 1.96 million and approximately 1.61 million Brits missed a gas bill compared to 1.16 million in the final six months of 2007. The research shows around 12 per cent of adults – around 5.37 million people - have missed a household bill of some sort in the past six months including everything from gas and electricity to council tax, fixed and mobile phones and private or council rent.

In 2007/8 the Citizens Advice service saw 1.9 million clients with 5.54 million issues, of which 1.7 million issues related to debt (31.3% of all enquiries). Debt is the number one issue advised on in bureaux and equates to **4,760 new debt problems every day of the year**. The most recent figures for July to September 2008 (Q2 2008/9) show a 51% increase in new mortgage and secured loan enquiries and a 10% increase in fuel debts compared to the same period last year (Q2 2007/8).

The number of people suffering from serious debt problems is much higher than official figures suggest, a survey by R3 has found. 600,000 UK residents say they are currently repaying debts under a Debt Management Plan (DMP). A DMP is an unofficial, but formalised agreement between an individual who is in financial strife and their creditors which does not show up in the government's official quarterly insolvency statistics.

The number of people who spend more than they earn each month has risen to nearly 5.3 million according to Legal and General.

Plastic card / Personal Loans: More than **4.5 million credit card users** are still clearing debt from **expenditure on Christmas 2007** according to research from MoneyExpert.com. The research shows that 10% of adults are still labouring under credit card debts 12 months old.

Since January 2007 the level of credit card debt held by CCCS clients has increased by almost 19 percent, mainly in the past few months. CCCS counsellors are now dealing with almost 50,000 credit card related debts every month, 3.5 times more than three years ago.

According to the BBA the proportion of credit card balances bearing interest was 72.9% in November 2008.

Total credit card debt in December 2008 was **£52.8bn**. 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 **17.42%**, which is 16.0% above base rate (1.5%).

According to uSwitch 7.3 million consumers use their credit card to make cash withdrawals – collectively, they take out £3.7 billion each year. They estimate that over one million people are using this money to pay their mortgage, loans and household bills and over 700,000 are withdrawing cash from one credit card to pay off another. uSwitch estimate the average APR for cash withdrawals is 29.97%.

There were 181m plastic cards in circulation in the UK at the end of 2007 according to APACS. 145m of these were debit, credit or charge cards. This works out at just under **4 plastic cards for every adult in the UK**.

An average of 317 plastic card transactions were made every second during 2007 (equal to £18,100 / second); 239 plastic card purchases were made in the UK every second during the third quarter of 2008 using debit and credit cards (equal to £11,788 /second). 92 cash withdrawals were made every second (equal to £5,917 / second) from UK's 64,500 cash machines in the third quarter of 2008.

There are **more credit cards in the UK than people** according to APACS. At the end of 2007 there were 73m credit and charge cards in the UK compared with around 60 million people in the country.

Young people - the IPOD generation: Research by Reform and Chartered Insurance Institute reveals that **50% of the 18 – 34-year olds** surveyed had debts (excluding mortgages) up to £10,000 and **20% had debts (excluding mortgages) greater than £10,000**. Nearly a third of IPODs have no savings at all.

FSA research shows that one-in-three students are constantly overdrawn; two-in-five students admit to being completely disorganised about their money; and one-in-three never check their bank statements or, if they do, they only check the final balance.

The annual survey by Push, the UK's leading independent resource for prospective students, has found that **student debt now tops £4,500 for each year of study – a hike of 9.6% since last year**. Students who started at university last year can expect to owe over £17,500 by the time they leave and new students should reckon on nearly £4,000 more than that. The national average projected debt on graduation now stands at £14,161.

The average pocket money in 2008 is £6.13 per week, versus £8.01 in 2007. Three in ten children (30%) save some of their pocket money each week.

According to the AXA group millions of teenagers are planning to fund their lifestyle through credit cards, overdrafts and loans. As many as 44% of 15 to 17 year olds are planning to take out a credit card when they become an adult; 18% are thinking of taking out a bank loan when they turn 18 and a further 17% expect to be overdrawn.

Pensioners / Pensions: Life Trust Insurance research has found of those aged 45 to 54, nearly a third expected to be forced to delay retirement with just under a fifth (19%) planning to extend their working lives by five years or more. For the over 55s a staggering 41% said they would be delaying retirement with 15% expecting this to be for five years or more.

Latest figures from Alliance Trust Research Centre show inflation rate facing over 75 year olds was 5.9% in December, 90% higher than the official rate of inflation of 3.1%. It was 4.2% for 65-74 year olds.

The Office for National Statistics (ONS) estimates that in December 2008 there was a deficit of £194.5 billion in the aggregate funding position of defined benefit (DB) occupational pension schemes, mainly in the private sector.

Households headed by someone aged 75 or over spent nearly 40% of their average weekly expenditure of £218 on food, domestic energy bills, housing and council tax in 2007, according to figures from ONS. This decreases to 30% for households headed by someone aged 65 to 74.

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

Research from Lincoln Financial Group reveals that 41% of Brits are resigning themselves to the fact that they will have to work either full or part time during their retirement to fund and maintain the lifestyle they want. Lincoln's research also reveals that 11% people are convinced they will not have enough money to last them to the age of 70, let alone longer.

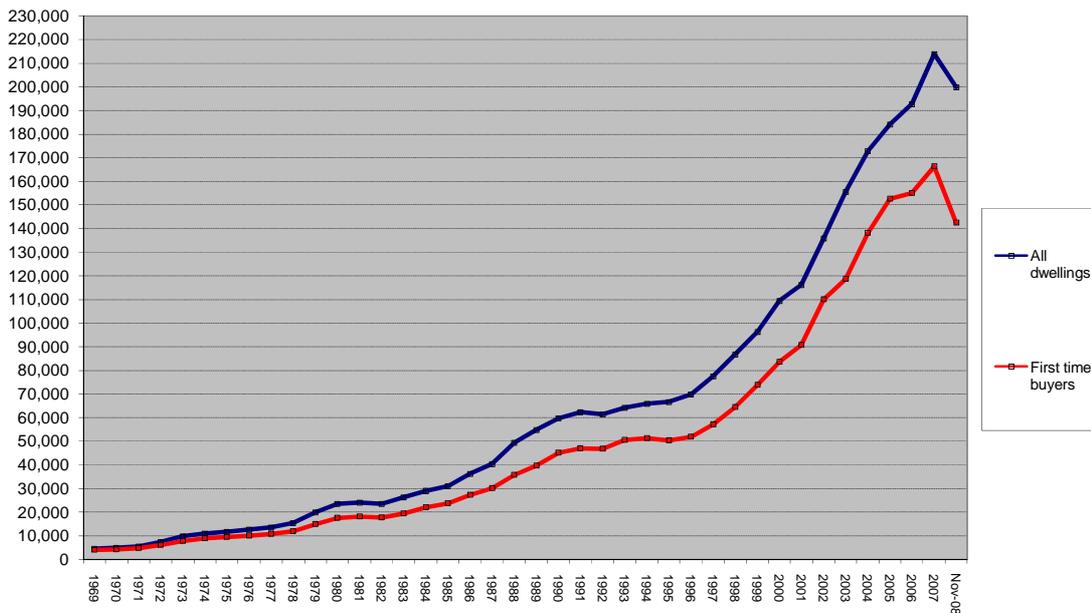
Some 1.5 million pension holders are teetering on the brink of halting their pension contributions in an effort to stave off the effects of the impending recession. The AXA figures suggest that one in twelve pension holders feel they will be left with little choice but to take a pension holiday in the next two years.

Independent research conducted by Prudential reveals that almost one in five (18 per cent) of UK workers say they have reduced the amount they save for an occupational or private pension as a result of the credit crunch. In addition, more than half of all UK workers (55 per cent) do not contribute to a company or private pension, leaving them completely reliant on the State pension or other savings.

For the first time ever, there are more people of state pensionable age than under-16s.

Housing: According to the Department for Communities and Local Government (DCLG) the average house price in the UK in November 2008 now stands at **£199,732** (£206,161 in England). UK annual house price inflation fell by – 8.6%. Annual house price inflation in London fell by – 7.0%.

UK Average House Prices £



The average Mortgage Interest rate has dropped to 4.8%.

The Halifax said that there was a 2.2% decline in average UK house prices in December and prices were 16.2% lower on an annual basis. The UK average price has returned to the level in August 2004 (£159,799). This is equivalent to a fall of **£102 / day**.

Houses spend an average of 12.3 weeks on the market before being sold which is 45% longer than a year ago.

The Bank of England estimates that individuals **injected a net total of £5.7 billion into housing equity** in the third quarter of 2008. That compares with a **housing equity withdrawal of £11.4bn** in Q3 2007.

Rightmove said average asking prices were down by 1.9% in January. Very low level of new listings coming to market (43,000 this month compared to 89,000 in January last year) is squeezing choice.

House purchase mortgage approval numbers in December were 22,051 which was **47% lower than December 2007**. The average loan approved for house purchase in December 2008 was **£116,000**, some **25.5% lower** than a year earlier.

Existing home sales across the United States (including single-family, townhomes, condominiums and co-ops) fell 3.5% year on year in December 2008 and the **average price dropped 15.3% year on year** to \$175,400. RealtyTrac® said foreclosure filings — default notices, auction sale notices and bank repossessions — were reported on 303,410 U.S. properties during December, a 41% increase from December 2007.

RealtyTrac® report a total of 3,157,806 foreclosure filings — default notices, auction sale notices and bank repossessions — were reported on 2,330,483 U.S. properties during 2008, an 81 percent increase in total properties from 2007 and a 225 percent increase in total properties from 2006. The report also shows that 1.84 percent of all U.S. housing units (one in 54) received at least one foreclosure filing during the year, up from 1.03 percent in 2007.

The latest RICS Housing Market Survey shows that completed sales per surveyor (over the last three months) fell to 10.1, which is the lowest level on record (this series was first introduced in 1978).

Gross mortgage lending reached an estimated £12.6 billion in December, down 11% from £14.2 billion in November and 47% on December 2007, according to the Council of Mortgage Lenders. **This is the lowest monthly figure since April 2001.**

Research by Liverpool Victoria reveals a worrying 'mortgage gap'. Nearly half of the UK's 2.9m interest-only mortgages (1.3m mortgages with a total value of £74bn) have no specified investment vehicle in place to pay off the capital on the loan.

Housing First Time Buyers (FTB) & Buy-to-let: The average house price in the UK in November 2008 for first time buyers now stands at **£142,477** which is an **annual decrease of – 11.8%**.

In November 2008 the average first-time buyer put down a deposit of 18%, the largest it has been in 35 years of available data. And first-time buyers typically borrowed 3.07 times their income, the lowest level since Sept. 2005.

The National Landlords Association (NLA) has published research showing that 71 per cent of landlords expect rent arrears to increase during 2009. The research also revealed that 67 per cent of landlords have experienced problems with rent arrears in the past, while 37 per cent are having payment difficulties with current tenants.

Nearly half of all first-time buyers under 30 are receiving assistance with their deposit – most likely from parents or grandparents.

The number of buy to let mortgages with arrears greater than 3 months at the end of Q3 2008 **has risen to 18,000 which is a 49% increase** from Q2 2008. The payment profile of buy-to-let lending has worsened more rapidly than the market as a whole. Reasons include falling rents and an over-supply of rental property in some areas, resulting in some landlords being unable to let their property or achieve high enough rents to support their borrowing commitments.

Money Education: Instead of making the traditional new year's resolutions of losing weight or drinking less, many Britons intend 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.

According to research from CreditExpert.co.uk, the economic downturn may have broken the taboo of talking about money. The research reveals that more than half of us (53 per cent of UK adults) admit that we are now far more likely to discuss our personal finances today with other people than we were a year ago.

Spending: 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.

The average family car now costs £6,133 a year to keep on the road, an increase of 19% (£1000) year-on-year.

Petmeds.co.uk estimate that the cost of keeping a pet has increased by £7.6million a week in the past two years, with UK adults now spending £93.6 million a week on their animals.

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.**

Savings: 35% of savings accounts across the market currently pay 0.5% AER or less and 16% offer 0.1% AER or less.

Alliance & Leicester say almost 31m Brits (64%) have managed to put at least some money away during 2008. However 13.5m Brits (28%) haven't saved at all this year.

Nearly a third of adults would face financial disaster within two months if they lost their jobs, according to research for MoneyExpert.com. Half of them (15%) believe they would only last a month.

The number of people who are regularly saving money each month has fallen to below half of the population (47%). The monthly amount Britons are setting aside as a percentage of income has fallen every autumn since 2005.

As many as 14 million people say they cannot afford to set aside money for savings. However, a financial experiment conducted by AXA reveals that in just three months Britons can train themselves to save without substantially affecting their lifestyle. The research indicates that Britons treat money left in their current account after bills have been paid as the amount they need to live on and set their standard of living accordingly. If money is paid into a savings account on pay day the research demonstrates that they change their spending patterns and establish a new standard of living based on their remaining disposable income.

AXA says its analysis of recently-released savings ratio figures - which measure the amount of disposable income households save rather than spend - shows that most people can no longer afford to save with the exception of those bringing in over £70,000 a year – or more than £52,785 after taxes and benefits. The firm says that over 20 million households have been eating into savings since the turn of the year.

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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