

## Debt Facts and Figures - Compiled February 2011

### Total UK personal debt

Total UK personal debt at the end of December 2010 stood at **£1,452bn**. The twelve-month growth rate decreased 0.1 percentage points to 0.7%. **Individuals currently owe more than the entire country has produced during the last four quarters.**

Total lending in December 2010 fell by £0.1bn; secured lending decreased by £0.3bn in the month; consumer credit lending increased by £0.2bn (*total lending in Jan 2008 grew by £8.4bn*).

Total secured lending on dwellings at the end of December 2010 stood at **£1,238bn**. The twelve-month growth rate decreased 0.1 percentage points to 0.7%.

Total consumer credit lending to individuals at the end of December 2010 was **£214bn**. **The annual growth rate of consumer credit was unchanged at 0.6%.**

UK banks and building societies wrote off £9.9bn of loans to individuals in the last 12 months to end Q3 2010. In Q3 2010 they wrote off £1.83bn (£740m of that was credit card debt). **This amounts to a write-off of £20.10m a day.**

Average household debt in the UK is ~ **£8,480** (excluding mortgages). This figure increases to **£16,307** if the average is based on the number of households who actually have some form of unsecured loan.

Average household debt in the UK is ~ **£57,608** (including mortgages). **If you add to this the March 2010 budget report figure for public sector net debt (PSND) expected in 2015-16 (excluding financial interventions) then this figure rises to £109,830 per household.**

**Average owed by every UK adult is ~ £29,824 (including mortgages). This is 126% of average earnings.**

Average outstanding mortgage for the 11.4m households who currently have mortgages now stands at ~ £108,751.

Britain's interest **repayments on personal debt were £65.0bn** in the last 12 months. The average interest paid by each household on their total debt is approximately **£2,578** each year.

Average consumer borrowing via credit cards, motor and retail finance deals, overdrafts and unsecured personal loans has risen to **£4,390** per average UK adult at the end of December 2010.

### Striking numbers

**9,389**  
number of new debt problems dealt with by CAB each working day

**1,732 people**  
made redundant daily

**836,000**  
unemployed for > 12 months

**£57,608**  
average household debt (including mortgages)

**£178m**  
personal interest paid in UK daily

**£20.10m**  
daily write-offs of loans by banks & building societies

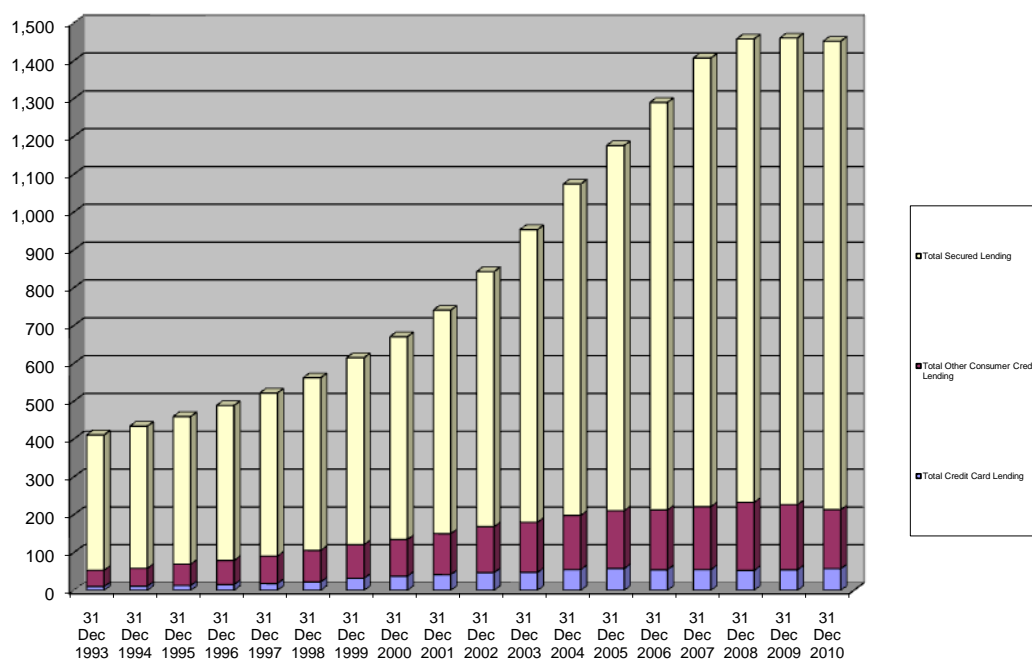
**every 15 minutes**  
a property is repossessed

**every 3.87 minutes**  
someone will be declared insolvent or bankrupt

**£203,600,000**  
daily increase in Government national debt (PSDN)

**£1,153,000,000**  
total value of all purchases made using plastic cards today

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:

- **372 people every day of the year** will be declared insolvent or bankrupt. This is equivalent to **1 person every 53 seconds during a working day.**
- 1,716 Consumer County Court Judgements (CCJs) were issued every day during Q3 2010 and the average judgement amount was £3,312.
- **The average person will save £2.73 every day.**
- Citizen Advice Bureaux dealt with **9,389 new debt problems** every working day in England and Wales
- The average cost of raising a child from birth to the age of 21 is £26 a day.
- **1,000 people are seeking some form of formal debt rescheduling every working day.**
- **98 properties were repossessed every day during Q3 2010**
- **548 new people became unemployed for more than 12 months every day** during the 12 months to end November 2010
- **1,721 people reported they had become redundant every day** during 3 months to end November 2010
- £203,600,000 is the amount that the Government Public Sector Net Debt (PSDN), including financial interventions, will grow today (**equivalent to £2,356 per second**).
- **£119,450,000** is the interest the Government has to pay each day on the UK's net debt of £2322.7 bn (which includes financial interventions). This is estimated to rise to £182m a day in 2015-16.
- 207 mortgage possession claims will be issued and 154 mortgage possession orders will be made today.
- 372 landlord possession claims will be issued and 248 landlord possession orders will be made today.
- The UK population is projected to grow by 1,178 people a day over the next decade
- 24.1m plastic card purchase transactions will be made today with a total value of £1.153bn.
- 7.9m cash withdrawals will be made today with a total value of £530m
- The average car will cost £16.08 to run today

## Other key national statistics:

The UK economy **contracted by 0.5%** in the fourth quarter of 2010, according to preliminary estimates. The Office of National Statistics suggests that the decline into negative territory was driven by December's extremely bad weather, and that had there been no disruption growth would have been "flattish".

There were 5.7 million working age benefit claimants at May 2010. This is a decrease of 89,000 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 and has been held at that level for 23 months in a row.**

There were 3,974 compulsory liquidations and creditors' voluntary liquidations in total in England and Wales in the third quarter of 2010 (on a seasonally adjusted basis). This was a decrease of 2.2% on the previous quarter and a decrease of 13.9% on the same period a year ago. In the twelve months ending Q3 2010, **approximately 1 in 133 active companies (or 0.8%) went into liquidation**, which is a slight decrease from the previous quarter, when this figure stood at 1 in 127. Additionally, there were 1,141 other corporate insolvencies in Q3 2010 (not seasonally adjusted) comprising 349 receiverships, 633 administrations and 159 company voluntary arrangements. In total these represented a decrease of 27.7% on the same period a year ago.

In December 2010 the **public sector net debt (PSND) including financial interventions was £2322.7 bn**, equivalent to **154.9%** of Gross Domestic Product. This compares to £2248.4bn (157.9% of GDP) as at the end of December 2009. Meanwhile, **public sector net debt excluding financial interventions was 889.1bn** (59.3% of GDP), up from £743.5bn at the end of December 2009 (52.2% of GDP). **As of this month, the Office of National Statistics has started to include complete data from the Royal Bank of Scotland and Lloyds Banking Group, which were part-nationalised in 2008, in its calculations for PSND including financial interventions, which has caused this figure to increase dramatically from last month.**

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

The number of **unemployed people in the three months to November 2010 was 2.50 million (7.9%). This is up 49,000** from the previous three months and up 38,000 from a year earlier. **157,000 people (1,721 a day) reported they had become redundant** in the three months up 14,000 from the previous three months and down 25,000 from a year earlier.

**The number of people unemployed for more than 12 months increased by 15,000 (1.8%) over the quarter and increased 200,000 (548 a day) over the year to reach 836,000.** The number of economically inactive people aged from 16 to 64 increased by 89,000 over the quarter and increased by 73,000 over the year to reach 9.37 million in the three months to November 2010.

Public sector employment decreased by 33,000 in the third quarter of 2010, to 6.014 million compared with the previous quarter.

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

In the year to December, the consumer prices index (CPI) rose by 3.7%, up from 3.3% in November. **The Retail Prices Index rose by 4.8% in the year to December, up from 4.7% in November.**

New car registrations fell 18.0% in December to 123,817 units. Across the whole of 2010 the market rose by 35,847 units to 2,030,846 units, ending 1.8% up on 2009 figures.

UK retail sales values decreased 0.3% on a like-for-like basis from December 2009 – last December like-for-like sales values had risen 4.2%. On a total basis, sales were up 1.5% against a 6.0% increase in December 2009.

**Servicing Debt:** uSwitch.com has released figures suggesting that recent price rises by five of the big six energy companies have added £560m onto household energy bills. A total of 24.6m consumers have been affected by the increases, which have seen the average bill go up by £56 (4.7%) to £1,250. Consumers are now paying £338 (37%) more for their energy than at the beginning of 2008.

A study conducted by YouGov for Callcredit has found that 7% of young adults, aged 25-34, admit that they have applied for credit while knowing that they might not be able to pay it back, while 10% have knowingly overestimated their income on a credit application. Meanwhile, 12 % of British adults generally would be unable to keep up with their mortgage repayments if their income fell by up to £300, and 5% of 45-54 year olds would struggle to keep up repayments if income fell by up to £100.

Research by Scottish Provident has found that the average person only considers themselves to be in serious financial difficulty once their debts exceed £15,837. This increases to £16,646 for 18-34 year olds, but is slightly lower for over-55s at £14,424.

Figures released by debt counselling charity Christians Against Poverty (CAP) suggest that men are a third less likely to deal with spiralling personal debts. Over the course of 2010, 63% of callers to CAP were women – amongst clients who were single the ratio was even higher with almost double the number of women calling CAP compared to men. The figures also show that February 15<sup>th</sup> was CAP's busiest day of 2010, followed closely by the last two Mondays in January.

The Consumer Credit Counselling Service has found that self-employed debtors that it works with are far less able to repay their debts than those who are not self-employed. The charity's specialist Self Employed Centre helped over 10,000 people deal with their debts last year, with only 17% being recommended a Debt Management Plan. This is notably less than the figure for Consumer Credit Counselling Service clients as a whole, of whom 27% were recommended a DMP.

Figures released by Finance & Leasing Association show that consumers are continuing to exercise caution in spending. Store card and instalment credit business were down 25% and 11% respectively in November, and credit card spending was flat compared with November 2009. Personal unsecured loans rose 34% in November, but this was compared to a very low level of credit granted in November 2009.

Citizens Advice Bureaux across England and Wales advised 0.5 million clients about 1.85 million new problems in the three months between July and September 2010. Debt was the largest advice category with 589,163 enquiries (33% of all problems – including enquiries about mortgage and rent arrears, benefit overpayment debts – and a 1% increase on the same period last year). Citizens Advice Bureaux in England and Wales are currently dealing with ~ **9,389 new debt problems every working day**.

Research by the Money Advice Trust has found that 1.4 million UK adults accessed free, independent debt advice in 2010 (equating to 1 in every 33 adults) and predict that this could increase to 2 million in 2011. The research also found that, at any one time, up to 5 million people report arrears on consumer credit, failure to keep up with mortgage repayments, or difficulties with meeting credit commitments – however, only 1 in 6 of these people seek any form of advice.

The Bank of England's 2010 survey of the financial position of British households found that unsecured debt was held by 52% of all households surveyed. The proportion of unsecured debtors who found unsecured debt a burden increased to 51%, the highest level recorded by the survey.

38% of people say they struggle financially to reach payday, according to a quarterly survey by R3. This equates to 18 million individuals across the UK. Those who struggle say that difficulties now begin on the 19<sup>th</sup> day of the month, a day earlier than in July when the 20<sup>th</sup> day of the month was identified as the point at which trouble started.

Mortgage lenders took 8,900 properties into possession in Q3 2010 down from 9,400 in Q2 2010 according to the Council of Mortgage Lenders. This equates to **98 properties being repossessed every day or 1 property being repossessed every 15 minutes**.

In terms of payment difficulties, 176,100 mortgages ended Q3 2010 with arrears equivalent to at least 2.5% of the outstanding mortgage balance. This was down from 178,200 at the end of Q2 2010.

These figures are consistent with CML's prediction that 175,000 mortgages will end 2010 2.5% or more in arrears, lower than the original forecast of 205,000. A total of 28,400 repossessions have taken place so far in 2010, trending below the CML's revised forecast of 39,000 repossessions for 2010 as a whole, and significantly below the original forecast of 53,000.

The FSA estimate that at the end of Q3 2010 there were **346,000 loan accounts in reportable arrears (> 1.5% of current loan balance)**, a decrease of 2% from Q2 2010. At the end of Q3 2010, loans in arrears represented 2.97% of the value of the residential loan book.

The Insolvency Service said there were 33,935 individual insolvencies in England and Wales (**372 people a day or 1 every 3.87 minutes**) in Q3 2010. This was a decrease of 2.3% on the previous quarter and a **decrease of 3.7%** on the same period a year ago.

However, there remains something of a 'debt iceberg' with many more people in unrecorded Debt Management Plans which are not included in these statistics. According to estimates by R3 this could amount to 500,000 people, more than double the number in formal insolvency procedures. Below them, under the waterline are another 574,000 who are struggling financially but have contacted their creditors informally. More worrying is another group further down comprising of 961,000 individuals who are struggling with debts but have not sought help. This group could find themselves in formal insolvency procedures unless they take swift action.

**Plastic card / Personal Loans:** According to research undertaken by the Post Office, over 11.5 million people (34% of all credit card holders) spent the first month of 2011 relying on credit cards to fund their day-to-day living costs. Furthermore, 2.4 million expect to spend more on their credit card during 2011 compared to 2010. The Post Office also suggested that 7% of card holders estimate that it will take them more than 3 years to entirely clear their credit card debt.

Figures from CPP suggest that card fraud has now affected 13 million people. CPP's Annual Card Fraud Index named Brighton the card fraud capital of the UK, with 38% of people there affected by card fraud at least once in 2010. It was



followed by London in second place (34%) and Manchester in third (33%). On average, victims of card fraud reported that £417 was stolen from them, with 4% of victims reporting losses of over £2,000.

The results of a survey conducted for Shelter in August 2010 have been released, and suggest that more than 2 million people used credit cards to pay their mortgage or rent, a situation described as "totally unsustainable". This is an increase of nearly 50% since November 2009. 6% of respondents to the survey said that they had borrowed money on their credit card to pay their rent or mortgage over the previous 12 months, which equates to over 2 million people nationwide.

The UK Payments Council has revealed that the amount spent in the UK on debit cards over the course of a year has exceeded the amount spent using cash for the first time ever. The historic milestone was passed over the last August Bank Holiday, when the running total of debit card spending during the year (£272bn) overtook the cumulative amount of cash (£269bn) spent in the economy.

There were 143.7m debit, credit or charge cards in circulation in the UK at the end of 2009 according to the UK Payments Council. **An average 279 plastic card purchases were made in the UK every second** during Q3 2010 using debit and credit cards (equal to £13,356 /second). 91 cash withdrawals were made every second (equal to £6,134 / second) from UK's 63,294 cash machines during Q3 2010.

There are **more credit cards in the UK than people** according to the UK Payments Council. At the end of 2009 there were 64.4m credit and charge cards in the UK compared with around 62m people in the country.

Total credit card debt in December 2010 was **£57.7bn**.

The average interest rate on credit card lending is currently **18.26%, which is 17.76% above base rate (0.5%)**.

According to the BBA the proportion of balances bearing interest is 70%.

**Young people - the IPOD generation:** With students now in the second term of the academic year, the NUS and Endsleigh's Student Lifestyle Report has found that students are spending an increasing amount of time in paid employment. On average students did 15 hours a week of paid work in 2010, up from 13 hours a week in 2008. Furthermore, during the holidays students spent an average of 24 hours a week in employment, up 20% from 17 hours in 2008.

The report also looked at where students spend their income, finding that accommodation is the largest necessary outgoing (the average student spends £80 a week on this, with a quarter of students spending over £100 every week on rent) while activities and entertainment was where they spent most of their disposable income.

Meanwhile, Barclays has revealed that 45% of students are using "Kittynomics" to manage their living expenses, whereby they pool money into a single pot, or kitty, with friends to make group purchases. Barclays estimates that students collectively save £193 million every year using this system. Its research suggests that in total 66% of students contribute to a kitty at least once a month, with those who do saving an average of £171 per year.

The unemployment rate for economically active 18 to 24 year olds increased 5,000 (0.6%) in the last 3 months to reach 747,000. **This means that 18.1% of all economically active 18 to 24 year olds are unemployed.** 339,000 (45%) have been unemployed for > 6 months. 203,000 **have been out of work for over 12 months** which is an increase of 4,000 (2.1%) over the last 3 months and an increase of 46,000 (29.5%) over the last 12 months.

The number of 18-24 year olds not in education, employment or training (NEET) at the end Q3 2010 was 885,000 (18.7%). The number of 16-18 year NEETs stood at 266,000 (13.8%) at the end of Q3 2010. **The total of 16 – 24 classed as NEETS now stands at 1,026,000.**

Citizens Advice report that 729,825 young people aged under 25 sought help from them over the year ending March 2010. This is an increase of 21% on the year before. Four issues accounted for 80% of problems: debt (which was the subject of a third of enquiries), benefits (a quarter), employment (12%) and housing (10%). The biggest single issue that under 25s sought help on was personal loans.

A study by M&S Money has revealed that the UK's parents are still worried about whether the next generation will be able to manage their own money. A quarter think it will be easier for their children to get into debt than it was for them, and a third believe their children will be less able to handle money than they are. 19% said that their children will be ill equipped to deal with their own finances as there is too much jargon to wade through and not enough practical guidance in school. However, a third believed imparting their own experiences could help children learn and improve their chances.

**Pensioners / Pensions:** Research from Prudential has found that one in 5 people planning to retire this year will still have debts when they stop working. This group owes an average of £33,100. One in 20 people will retire with debts of over £50,000, rising to one in 10 amongst men over the age of 65. Credit cards and mortgages are the major

sources of debt – 55% of those people who will retire with debts in 2011 owe money on credit cards while 52% still have outstanding amounts on their mortgage.

A survey from F&C Investments has found that 41% of UK adults have no pension provision, with nearly 48% also having no long-term savings that they could draw on in retirement. Only one third of respondents are currently contributing to an employer's or personal pension plan, with another 22% having pensions to which they are not currently contributing. Of those who are not currently contributing to a pension over 57% said they could not afford to.

Age UK Enterprises has calculated that since 2008, those aged over 55 have experienced price rises at 2% above headline rates of RPI, rising to 4% above headline RPI for those aged over 75. The gap between real and headline inflation has cost the average 60 year old £620 a year, while for someone aged between 65 and 69 the cost is even greater at £700 a year.

Figures from M&S Money have revealed that, during the first 18 years of a child's life, grandparents in the UK are providing an average of £6165 worth of support. Grandparents spend an average of £315 on each grandchild in their first year. In each further year they spend an average of £257 on additional items and £68 on Christmas and birthday gifts.

A survey by YouGov for the Institute of Financial Planning has found that only 22% of people are clear how much they have to save and for how long in order to achieve the standard of living they want in retirement.

The number of people aged 50+ out of work is 386,000, which is a decrease of 0.4% over the last quarter and a decrease of 1.5% (6,000) over last year. The number of people over 65 in work increased by 24,000 in the three months to the end of November to 870,000, **a rise of 106,000 (13.9%) over the previous year.**

Two in five 50-plus unemployed workers (42.5%) - a total of 165,000 people - have been out of work for over a year. 75,000 have been unemployed for more than 2 years.

At May 2010, there were 12.7m people of state pension age claiming a DWP benefit, an increase of 229,000 since May 2009. Of these, 67% were claiming State Pension (SP) only.

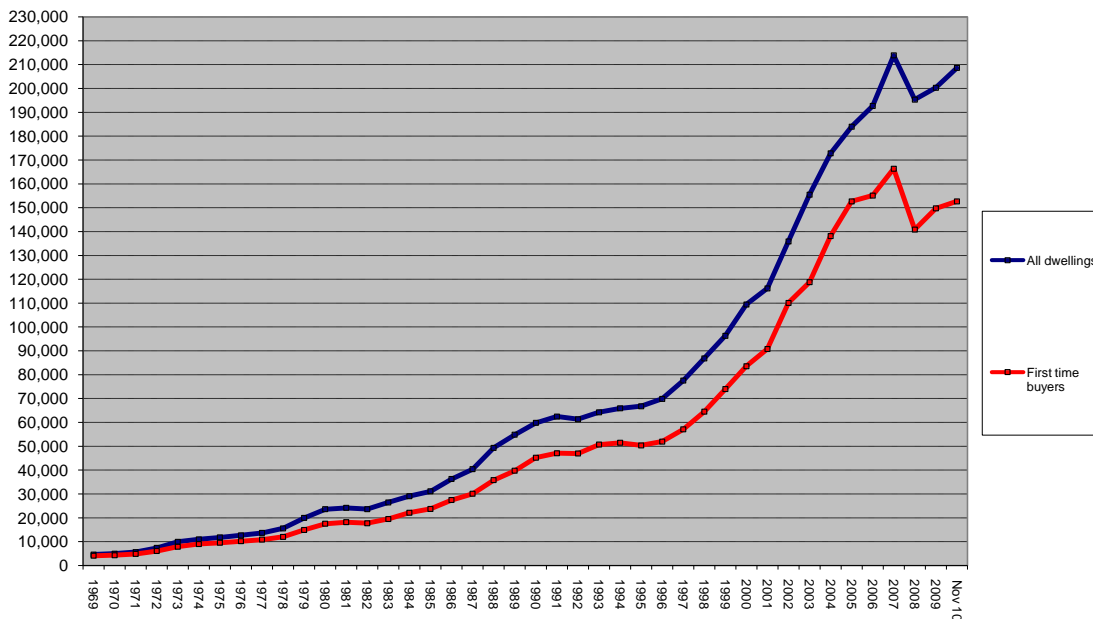
The proportion of retired households in the population rose from 22% in 1977 to 26% in 2008/09. There are 8.6m pensioner units in the UK (single pensioners over state pension age or pensioner couples, married or cohabiting pensioners, where one or more are over state pension age). In 2008/09, pensioner couples received average income of **£564 per week**, compared with £304 per week for single men pensioners and £264 per week for single women pensioners.

Pensions provide modest levels of annual income for many pensioner households. In 2008/09, 53% of single pensioners had total pension income (state benefit income and private pension income) of **less than £10,000**, while 36% of pensioner couples had less than £15,000.

**Housing:** According to the Department for Communities and Local Government (DCLG) the average house price in the UK in November 2010 stood at **£208,585** (£216,065 in England). The annual rate of UK house-price inflation is 4.0%. **The annual rate of house-price inflation in London is 8.7%.**

Average UK house prices were 0.6% lower over the quarter to November 2010 compared to a quarterly increase of 0.9% over the quarter to August (seasonally adjusted).

## UK Average House Prices £



The average Mortgage Interest rate is 3.5%.

Gross mortgage lending totalled an estimated £11.0 billion in November, down 6% from November (£11.7 billion) and down 18% from December 2009 (£13.3 billion). This is the lowest December total since 2000 (£10 billion). This is the fourth month in a row that the monthly outturn has been the weakest since 2000.

Halifax said that house prices fell by £2187 in December 2010. **This is a monthly fall of 1.3%.** Prices fell 0.9% over the quarter and fell 1.6% over the year.

Nationwide estimate that house prices dropped £1,161 (0.1%) during January 2011, and fell 1.1% over the year.

The December RICS Housing Market Survey continued to show more surveyors reporting falling rather than rising prices. The Survey also reports that new buyer enquiries (demand) continued to fall in December, although at a slower pace. Meanwhile, new vendor instructions (supply) declined at a quicker rate than the previous month.

Hometrack monthly survey of over 5,100 agents and surveyors recorded price falls across 36% of the market during December. Demand for housing dropped by -4.8% in December. This is the sixth month in a row that demand has fallen. Supply also dropped -1.5%. The proportion of asking prices achieved fell to a 16 month low in December (92.8%). Over 2010 as a whole, house prices fell by -1.6% according to Hometrack, with 71% of the country seeing prices end lower than at the start of the year. Over the course of the year, the supply of homes for sale grew by 24% while demand fell by 7% (in the final 6 months of the year demand fell by 18%).

Rightmove said new sellers raised average asking prices by 0.3% (£711) in January. This is the first rise for 3 months. **According to Rightmove, the number of new properties coming to market is at its lowest level since January 2009.**

According to the NAEA the number of house-hunters registered per branch decreased on average from 241 in November to 227 in December, the number of sales agreed per branch decreased from 7 in November to 4 in December and the average number of properties available for sale per branch remained the same with 64 in November and 64 in December. **Sales per branch were at their lowest level since January 2003 in December, due to a combination of unprecedented weather conditions and the lead up to Christmas.**

House purchase approvals (28,726) were marginally lower in December, according to the British Bankers Association. The average loan approved for house purchase fell slightly in December to **£143,300 which is 1.6% higher than a year ago.**

Existing home sales across the United States (including single-family, townhomes, condominiums and co-ops) increased 12.3% over last month and fell 2.9% year on year in December 2010. The **average price decreased 1.0% year on year** to \$168,800. RealtyTrac® said that a total of 257,747 foreclosure filings — default notices, auction sale

notices and bank repossessions — were reported on U.S. properties in December 2010, a 2% decrease in total properties from last month and a 26% decrease from December 2009. This is the biggest annual drop since RealtyTrac® began publishing its foreclosure report in January 2005, and gives December the lowest monthly total since June 2008. However, across 2010 as a whole RealtyTrac® report that there were a total of 3,825,637 foreclosure filings on a **record 2,871,891 U.S. properties**, and that 2.23% of all U.S. housing units (**one in 45**) received at least one foreclosure filing during the year (in 2006 only 0.58% of housing units received a foreclosure filing).

Data published by the LSL Buy to Let Index shows that 11.7% of all UK rent was unpaid or late by the end of December, rising from 9.7% in November. Unpaid rent totalled £276m across the UK in December 2010, the highest total since December 2009.

Meanwhile, research for Paragon shows that 41% of landlords are planning to increase rents in 2011, with just 4% saying they intend to reduce them. 45% of landlords also believe that tenant demand will continue to grow during 2011, with 44% forecasting it to stabilise.

**Housing First Time Buyers (FTB) & Buy-to-let:** The average house price in the UK in November 2010 for first time buyers now stands at **£152,659** which is an **annual increase of 2.4%**.

As at the end of September, there were 1.29 million buy-to-let mortgages outstanding, worth a total of £150 bn. By value, buy-to-let mortgages accounted for 12.1% of all mortgages.

The typical first-time buyer deposit in November was **20% (£28,963)**. The average first-time buyer borrowed 3.18 times their income and the average first-time buyer loan was £115,854.

According to the RICS Residential Lettings Survey for Q3 2010, tenant demand increased at a faster pace in the three months to October than in the previous quarter. 33% of surveyors reported a rise in demand for property than a fall, compared to 27% last quarter.

**Money Education:** A survey for Gocompare.com has found that 25.9% of consumers (equating to 12 million people nationally) have never switched provider for any of the 20 most common financial products. 29% of respondents had never switched their bank account, 12% had never switched savings accounts, and 13.6% of drivers had never switched their car insurance.

Lloyds TSB suggests that the financial crisis has helped to increase people's awareness about their financial affairs to an all time high. According to a survey, 57% of British banking customers (equating to 27 million people nationally) are more confident about how they manage their finances than ever before, with over 6 million consumers saying that the financial crisis had contributed to improvements in their ability to manage money.

A survey by M&S Money has found that some 14-18 year olds are given no help on basic money matters by their parents. 19% of parents have never discussed how to spend money with their teenagers, and 32% have yet to discuss how to budget or even describe what one is.

Lack of financial education has cost Brits nearly £250 million in charges and penalties alone, with almost a quarter (24%) having been hit by charges because they don't understand the terms and conditions of financial products, according to research from uSwitch.com. Moreover, almost three quarters of Brits (71%) say that a lack of basic personal financial understanding is to blame for debt.

The same survey also found that less than one in ten people (7%) think we are financially educated as a nation. Despite the fact that consumers can take out financial products such as credit cards and loans as soon as they hit 18, worryingly, on average most people don't become knowledgeable about personal finance until they are 27 years old.

**Spending:** A survey for moneysupermarket.com has found that 25% of UK credit applicants, equivalent to 4.5 million people across the country, were turned down for a credit card or loan over the last year. The worst success rate was in London, where only 62% of applicants were accepted. The young were also more likely to be rejected than more mature customers, with 36% of 18-34 year olds having been turned down.

MGM Advantage has estimated that annual average household expenditure is currently £35,261, and that collectively UK households need to find an extra £33bn to maintain the same standard of living that they enjoyed 12 months ago – this equates an additional £528.96 per person.

Research from Shelter and Co-operative Insurance has found that nearly one third of people (28%) spend more each month than they have coming in. UK adults face an average shortfall of £165 each month according to the research, with 26% unsure whether they can pay their bills on time. It also found that 70% of people are worried about their cash flow, and 8% even admit to deliberately undervaluing their home contents to keep insurance premiums down.



A survey by moneysupermarket.com has found that two thirds of Britons have changed their driving habits as a result of the record cost of fuel. 62% of respondents to said that they had reduced their car usage because of fuel prices, while 5% said that they had stopped driving altogether.

A major study by Aviva has found that 39% of families feel too stretched to take on any additional financial obligations. The research also found that housing is the single largest expenditure for UK families, making up 20% of their monthly outgoings – with almost two thirds of families owning their own home, the report suggests that any sudden increase in mortgage rates is likely to hit this group particularly hard.

A survey by uSwitch.com has found that 79% of people believe that the New Year VAT increase will have an impact on their finances. 71% of people surveyed said they were thinking twice about spending this year due to the hike – 49% said that they would think twice about buying anything “non-essential”, and 24% suggested that they would reconsider big purchases.

With Prince William and Kate Middleton preparing for their big day in April, Weddingplan estimates that the average cost of a wedding is now in excess of £21,000.

**The average new family car now costs £5,869 annually to keep on the road, equating to £112.87 per week or 48.91p per mile.**

uSwitch estimate that 4m British women are in the grips of shopaholicism , resulting in unsecured debts of £13 bn. Shopaholics have an average personal shopping debt of £3,353 - nearly three times the national average of £1,147. 74% use a combination of credit cards, storecards, overdrafts and loans to feed their addiction and 41% will ignore their overdraft limit to purchase a ‘must have’ item .

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

**Savings:** Aviva’s Family Finances Report has found that 33% of families have no savings and 40% are currently saving nothing each month. Furthermore, amongst families that do save, 25% have less than £2,000 put aside, meaning they have little to fall back on in the case of an emergency.

Research by the Financial Services Compensation Scheme has found that Britons collectively keep over £7 billion lying around their homes rather than in a savings account. On average people have £280 in cash at home, with 4% of people saying they have over £1,000 lying around and 1% admitting to keeping over £10,000 at home. 32% of people said they saw no point in depositing money with a bank or building society while interest rates are at such historic lows.

NS&I’s latest Quarterly Savings Survey revealed that the amount of money the population is saving has decreased. On average, Britons are setting aside £82.92 every month (6.69% of their monthly income), a decline from 12 months ago when the population was saving £88.65. This figure is also down from last quarter when the average amount saved per month was £87.37.

According to research from the Skipton Building Society people could achieve financial happiness simply by saving an extra £6.75 a week, equivalent to the cost of a daily chocolate bar. When people were asked how much they needed to save to feel happy about their financial situation, the average amount given was £194 a month. On average, people save £167 a month, meaning they are only falling £27 short of their happiness target, or £6.75 a week.

**Compiled monthly by John Davies. [johndavies@creditation.org.uk](mailto: johndavies@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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