



DEBT STATISTICS

FEBRUARY 2012 EDITION

CONTENTS

Welcome to the February 2012 edition of Credit Action’s monthly Debt Statistics. The Debt Statistics provide a detailed overview of the level of debt in the UK as well as a range of other figures related to money, finance and the economy. We hope that you find them useful.

Our headline personal debt figures are on **pages 3 and 4**. The Striking Numbers box on the right also summarises some of the most significant statistics from this month’s release. The Striking Numbers are colour-coded, to help you navigate to the appropriate section using the key below.

Throughout this document, statistics that are written in **white** have been calculated by Credit Action. All other statistics come from external sources and are written in **black**.

From section 4 (Servicing Debt) onwards, figures are divided into either *Key Statistics* or *Recent Headlines*. The *Key Statistics* are reported on an ongoing basis, and are updated regularly when the latest data becomes available. Meanwhile, the *Recent Headlines* provide a summary of relevant and interesting news stories, and change every month.

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STRIKING NUMBERS
£55,823 was the average household debt (including mortgages) in December
£171m was the daily amount of interest paid on personal debt in December
8,652 new debt problems were dealt with by the CAB each working day over the year to September
1,797 people were made redundant every day between September and November
857,000 people had been unemployed for over a year between September and November
£15.68m of loans are written-off daily by UK Banks and Building Societies (based on Q3 2011 trends)
Every 14 min 17 sec a property is repossessed (based on Q3 2011 trends)
Every 4 min 21 sec someone is declared insolvent or bankrupt (based on Q3 2011 trends)
£1.252 billion was the daily value of all purchases made using plastic cards in November

1. UK PERSONAL DEBT

TOTAL UK PERSONAL DEBT

Outstanding personal debt stood at **£1.451 trillion** at the end of December 2011.

- This is down from £1.454 trillion at the end of December 2010.
- Individuals owed nearly as much as the entire country produced in the four quarters between Q4 2010 and Q3 2011.

Outstanding secured (mortgage) lending stood at **£1.245 trillion** at the end of December 2011.

- This is up from £1.238 trillion at the end of December 2010.

Outstanding unsecured (consumer credit) lending stood at **£207 billion** at the end of December 2011.

- This is down from £216 billion at the end of December 2010.

AVERAGE UK PERSONAL DEBT

Average household debt in the UK (excluding mortgages) was **£7,948** in December.

- This is down from a revised **£7,972** in November.

Average household debt in the UK (including mortgages) was **£55,823** in December.

- This is up from a revised **£55,818** in November.

The average amount owed per UK adult (including mortgages) was **£29,547** in December. This was around **122%** of average earnings.

Average consumer borrowing (including credit cards, motor and retail finance deals, overdrafts and unsecured loans) per UK adult was **£4,207** in December.

The estimated average outstanding mortgage for the 11.2m households that carry mortgage debt stood at **£110,703** in December.

Based on December 2011 trends, the UK's total interest repayments on personal debt over a 12 month period would have been **£62.6 billion**.

- This is equivalent to **£171 million** per day.
- This means that UK households would have paid an average of **£2,406** in annual interest repayments.

1. UK PERSONAL DEBT

The Office for Budget Responsibility (OBR) predicts that total household debt will reach **£2.045 trillion** in Q1 2017.

- This would mean that average household debt would reach **£78,669** (assuming that the number of households in the UK remained the same between now and Q1 2017).

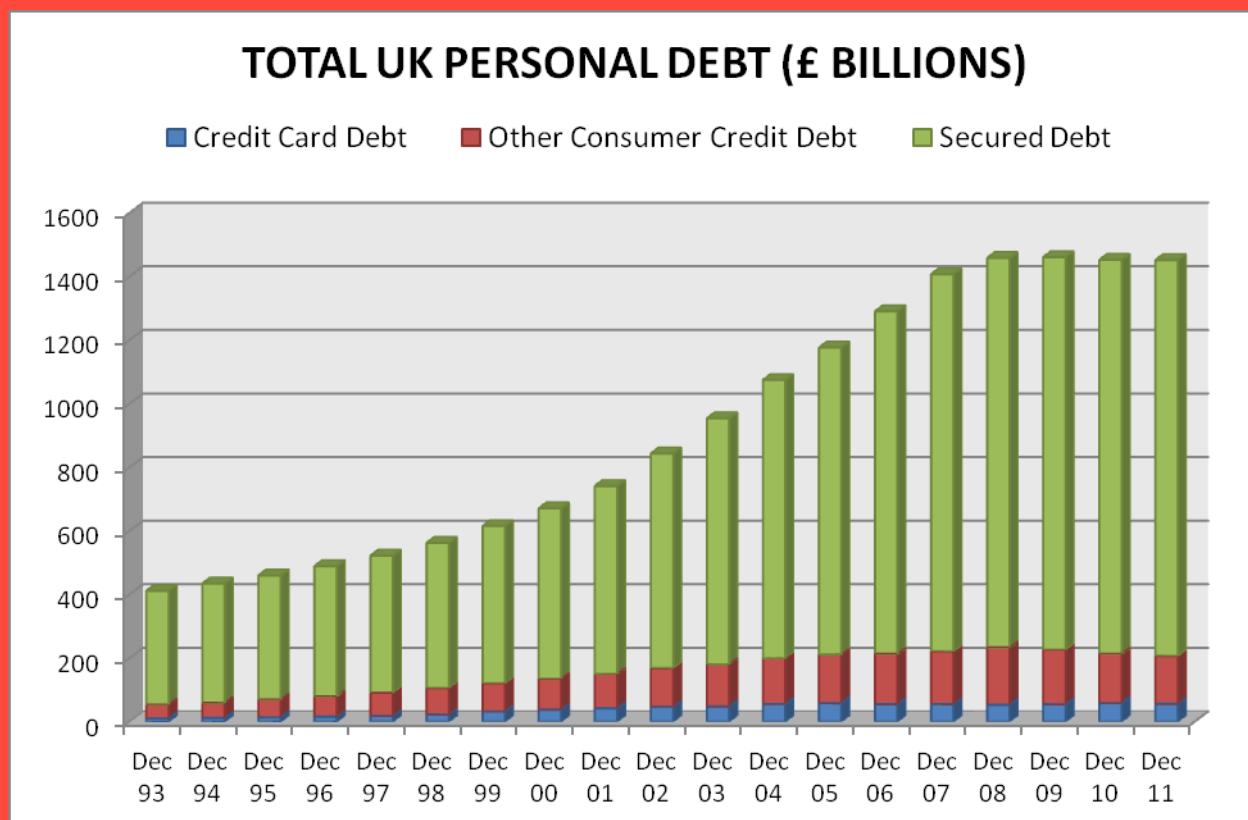
NET LENDING AND WRITE-OFFS

Total net lending by UK Banks and Building Societies **rose by £0.4 billion** in December 2011.

- Net secured lending rose by £0.7 billion in the month; net consumer credit lending fell by £0.4 billion.

UK Banks and Building Societies **wrote-off £7.6 billion** of loans to individuals over the four quarters to Q3 2011.

- In Q3 2011 itself they wrote-off £1.43 billion (of which £716 million was credit card debt) amounting to a daily write-off of **£15.68m**.



Based on Bank of England Data

2. EVERY DAY IN THE UK

Based on the latest available data, Credit Action estimates that every day in the UK:

- **331** people are declared insolvent or bankrupt every day (based on Q3 2011 trends). This is equivalent to **1 person every 60 seconds** during each *working day*.
- **1,779** Consumer County Court Judgements (CCJs) are issued every day (based on Q3 2011 trends). The average value of a CCJ in Q3 2011 was **£2,816**.
- Citizens Advice Bureaux in England and Wales dealt with **8,652** new debt problems every *working day* during the year ending September 2011.
- It costs an average of **£28.44** per day to raise a child from birth to the age of 21.
- **101** properties are repossessed every day (based on Q3 2011 trends).
- **68** new people a day became unemployed for over 12 months during the year ending November 2011.
- **1,797** people a day reported they had become redundant between September and November 2011.
- The Government's Public Sector Net Debt (including financial interventions) will grow by an average of **£199,700,000** today, equivalent to **£2,312** per second (based on December 2011 data).
- The Government pays an estimated **£138,080,000** of interest each day on the UK's Public Sector Net Debt of £2329.9bn (including financial interventions).
- **193** mortgage possession claims are issued and **153** mortgage possession orders are made every day
- **402** landlord possession claims are issued and **274** landlord possession orders are made every day.
- The UK population is projected to grow by **1,205 people a day** over the next decade.
- **26.2m** plastic card purchase transactions were made every day in November 2011 with a total value of **£1.252 billion**.
- **8.0m** cash withdrawals will be made daily with a total value of **£531m** (based on Q3 2011 trends).
- The average car costs **£18.33 per day** to run.
- It cost **£66.75** to fill a 50 litre tank with unleaded petrol in January.

3. NATIONAL STATISTICS

ECONOMY

The UK economy **contracted by 0.2%** in the fourth quarter of 2011, according to initial estimates from the Office of National Statistics.

The Bank of England Base Rate is currently set at **0.5%** (since being established in 1694, the Rate has never been lower). It was reduced to this level on 5th March 2009, and has been held there for 35 months.

There were **5.7 million** working age benefit claimants at May 2011. This is a decrease of 38,000 in the year.

UNEMPLOYMENT

The number of unemployed people in the three months between September and November 2011 was **2.68 million** (8.4%). This is up by 118,000 from the previous three months, and up by 189,000 from a year earlier.

- **164,000** people (**1,797 a day**) reported they had become redundant over the three months. This is up by 14,000 from the previous three months, and up by 5,000 from a year earlier.
- **857,000** people had been unemployed for over 12 months between September and November, a fall of 10,000 over the previous three months, but a rise of 25,000 (**68 a day**) from a year earlier.
- The number of economically inactive people aged between 16 and 64 fell by 61,000 over the three months, and fell by 71,000 over the year, to reach **9.29 million** in the three months to November 2011.

Public sector employment fell by **67,000** in the third quarter of 2011 to reach **5.987 million** overall.

The Office for Budget Responsibility's November 2011 forecast for General Government Employment estimates a total reduction of around **710,000** staff between Q1 2011 and Q1 2017. Meanwhile, they estimate that total employment will rise by around 1 million over the same period, reaching **30.2 million** in Q1 2017.

3. NATIONAL STATISTICS

PUBLIC SECTOR NET DEBT

In December 2011, public sector net debt (PSND) *excluding* financial interventions was **£1003.9bn**, equivalent to 64.2% of GDP. This compares to £883.0bn (59.4% of GDP) at the end of December 2010.

Meanwhile, public sector net debt *including* financial interventions was **£2329.9bn**, equivalent to 149.1% of GDP. This compares to £2257.0bn (151.8% of GDP) as at the end of December 2010.

- The Office of National Statistics includes 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.

According to the Chancellor's November 2011 Autumn Statement, public sector net debt will peak at **78.0% of GDP** in 2014-15. It will then fall back to 77.7% of GDP in 2015-16 and 75.8% of GDP in 2016-17.

CORPORATE INSOLVENCIES

Figures from the Insolvency Service show that there were **4,242** compulsory liquidations and creditors' voluntary liquidations in England and Wales in the third quarter of 2011 (on a seasonally adjusted basis).

- This was up 0.1% on the previous quarter, and up 6.5% on the same period a year ago.

In the twelve months ending Q3 2011, approximately **1 in 138** active companies (0.7% of all active registered companies) went into liquidation.

- This is similar to the previous quarter when 1 in 139 companies went in liquidation.

Additionally, there were **1,253** other corporate insolvencies in Q3 2011 (not seasonally adjusted), comprising 374 receiverships, 673 administrations and 206 company voluntary arrangements.

- In total these have increased 10.0% on the same period a year ago.

3. NATIONAL STATISTICS

INFLATION AND RETAIL ACTIVITY

CPI (Consumer Prices Index) annual inflation stood at **4.2%** in December. This is down from 4.8% in November.

RPI (Retail Prices Index) annual inflation stood at **4.8%** in December. This is down from 5.2% in November.

The British Retail Consortium/KPMG Retail Sales Monitor for December 2011 showed that UK retail sales values increased by 2.2% on a like-for-like basis from December 2010, when sales had fallen 0.3% having been hit by snow.

- On a total basis, sales were up 4.1%, against a 1.5% increase in December 2010.
- On both measures, excluding Easter distortions, sales performance was the best since January 2011.

There were 119,188 new car registrations in December, according to the Society for Motor Manufacturers and Traders. This is a decrease of 3.7% compared to December 2010.

4. SERVICING DEBT

KEY STATISTICS

Citizens Advice Bureaux across England and Wales advised **0.52 million** clients with new problems in the three months between July and September 2011.

- Debt was the second largest advice category (behind Benefits) with 529,000 enquiries. This is an 11% decrease on the same period last year. Debt enquiries represented 31% of all problems dealt with between July and September 2011.
- Based on *annual* figures to the end of September 2011, Citizens Advice Bureaux in England and Wales are dealing with **8,652** new debt problems every *working day*.

According to the Council of Mortgage Lenders (CML), **9,200** properties were taken into possession in Q3 2011. This is largely unchanged from 9,100 in Q2 2011.

- This equates to **101** properties being repossessed every day, or one property being repossessed **every 14 minutes 17 seconds**.
- In terms of payment difficulties, **161,600** mortgages ended Q3 2011 with arrears equivalent to at least 2.5% of the outstanding mortgage balance. This was down from 165,200 at the end of Q2 2011.
- Between the start of 2011 and the end of Q3, a total of 27,500 properties were taken into possession, which is 4% lower than during the equivalent period in 2010. It now appears that the total number of repossessions in 2011 will be lower than the CML's forecasts of 40,000.

The Financial Services Authority estimates that at the end of Q3 2011 there were **324,200** mortgage loan accounts in reportable arrears (i.e. arrears of over 1.5% of current loan balance), a fall of 6% from Q3 2010.

- At the end of Q3 2011, loans in arrears represented **2.72%** of the value of the residential loan book.

The Insolvency Service said there were **30,219** individual insolvencies in England and Wales in Q3 2011. This is equivalent to **331** people a day or, one person **every 4 minutes 21 seconds**.

- This was a fall of **1.0%** on the previous quarter and a fall of **11.0%** on the same period a year ago.
- Previous research by R3 has suggested that there may also be an additional 700,000 people using informal insolvency solutions such as Debt Management Plans.
- R3 also said that there were around 574,000 people who had contacted their creditors informally about their debts, and a worrying 961,000 individuals who are struggling but have not sought help.

4. SERVICING DEBT

RECENT HEADLINES

Figures released by the Money Advice Trust show that 1.54 million people received help from free debt advice agencies during 2011, an increase from 1.4 million in 2010.

- However, the Money Advice Trust also warn that there is a much larger 'latent' demand for help, with figures showing that around 10 million people in the UK (equivalent to 20% of the adult population) face a 'constant struggle' to repay debts.
- Beyond this, they also believe that 2.5 million people are in arrears on at least one consumer credit product, household bill or payment.

According to research by Shelter, 22% of people have spent less on gas and electricity in order to meet their rent in the last 12 months, while 34% have spent less on food.

- On a nationwide basis, this equates to 10 million people reducing the amount that they spend on fuel, which is an increase of 60% since 2008.
- Meanwhile, the figures suggest that the equivalent of 16 million people have reduced spending on food in order to meet housing costs. This is up 44% since 2008.

Research by Citizens Advice has found that 43% of people are worried that they can't afford their next fuel bill, and one in two say that energy bills will put a strain on their finances this year.

- Parents with an under-15 living at home were most worried about energy bills putting a strain on their finances, with 56% of this group saying they were concerned.
- Across 2011 as a whole, Citizens Advice say that they helped clients with over 96,000 fuel debt problems.
- The research also found that one in three people don't know that energy companies are offering help to insulate their home, rising to 46% in London.

Figures released by the Consumer Credit Counselling Service (CCCS) have shown that the West Country is England's bankruptcy hub.

- Based on data obtained from the Insolvency Service, CCCS have found that Cornwall and the Isles of Scilly have the highest number of people going bankrupt of any English county (24 people per 10,000 in 2009).
- Furthermore, Devon had the third highest bankruptcy rate (23 people per 10,000), Dorset the sixth (21.9 people per 10,000) and Somerset the seventh (21.8 people per 10,000).

5. PLASTIC CARDS AND PERSONAL LOANS

KEY STATISTICS

During November 2011 an average of **304** purchases were made in the UK every second using debit and credit cards, based on figures from the UK Cards Association.

- An average of **£14,493** was spent every second using debit and credit cards.
- On a daily basis, purchases using plastic cards were worth **£1.252 billion** during November.

Meanwhile, data from the UK Payments Council shows that, on average, **92** cash withdrawals were made every second from UK's 64,110 cash machines in Q3 2011.

- By value, an average of **£6,150** was withdrawn every second.

Total credit card debt in December 2011 was **£55.8bn**.

- The average interest rate on credit card lending was **17.82%** in December. This is **17.32%** above the Bank of England Base Rate (0.5%).
- According to the British Bankers Association, the proportion of credit card balances bearing interest was about two-thirds in November.

RECENT HEADLINES

A survey commissioned by Skipton Building Society has revealed that the average Brit used their credit card 267 times during 2011, and spent nearly £17,500 in the process.

- The largest areas of spending were food and petrol, with the average person building up nearly £5,000 of credit card debt and using their card 48 times to purchase such items during 2011.
- The figures also show that people spent a grand total of £491.76 on their credit card while either stocking up on beer or visiting coffee shops, as well as a total of £761.08 on nights out with friends and family.

Research by moneysupermarket.com has found that just 60% of Brits are paying their credit card bill off in full each month.

- Nearly 7% say they only pay off the minimum amount, while 13.5% say that the amount they pay off varies depending on what they can afford.
- Meanwhile, moneysupermarket.com have also found that 41% of Brits choose their credit cards based on the cash back, rewards and Air Miles offered by providers.
- Interestingly, only 11% of respondents said that APR was the most important factor when choosing a card.

6. YOUNG PEOPLE

KEY STATISTICS

829,000 economically active 18-24 year olds were unemployed between September and November 2011. This was up by 43,000 (5.5%) compared to the previous three months.

- This meant that **20.1%** of all economically active 18-24 year olds were unemployed between September and November 2011.
- **372,000** (44.9%) had been unemployed for over 6 months.
- **211,000** had been unemployed for over 12 months. This is a decrease of 17,000 (7.3%) over the previous 3 months, but an increase of 8,000 (3.9%) from a year earlier.

The number of 18-24 year olds not in education, employment or training (NEET) at the end Q3 2011 was **1,013,000** (21.1%).

- The number of 16-18 year olds classed as NEET stood at **267,000** (14.0%) at the end of Q3 2011.
- The overall number of 16-24 year olds NEETS was **1,163,000**.

RECENT HEADLINES

A report from the Campaign to End Child Poverty has determined child poverty levels across the UK.

- Breaking these down by parliamentary constituency, the report shows that Bethnal Green and Bow has the highest level of child poverty (51%) followed by Manchester Central (49%) and Poplar and Canning Town (48%).
- However, there are 89 constituencies that have already met the Government's headline target for 2020 of having child poverty rates below 10%. These include Prime Minister David Cameron's Whitney constituency (7%) and Deputy Prime Minister Nick Clegg's constituency of Sheffield Hallam (5%).

A survey by American Express has found that 34% of 16-24 year olds plan to go on a gap year during this academic year, with 50% (equivalent to 1.3 million young adults) planning to head out between now and August.

- Of those planning to take a gap year, 43% will focus on paid-for employment, or a combination of work and travel, in order to save money or fund their trip. Only 19% plan a gap year experience of rest and relaxation.
- Fear of running out of funds is one of the biggest concerns for those planning a gap year, but while 56% have budgeted for major expenses, 25% of travellers have not budgeted at all and instead just plan to "see how it goes".

6. YOUNG PEOPLE

Research by Legal and General has suggested that only 21% of parents believe that they will stop financially supporting their children when they turn 18.

- In fact, 27% of parents do not think they will ever stop financially supporting their kids.
- However, at the other end of the extreme 10% of parents, who do not believe they can afford to fund their children past 18, say it is simply not their responsibility to do so.
- Legal and General have also found that the majority of parents are relying on their own parents for financial support for their adult children, with 65% believing that contributions to their child's ISA will come direct from grandparents.

The Consumer Credit Counselling Service (CCCS) have said that 35% of the 6,000 18-24 year olds who contacted them for help in the first half of 2011 cited unemployment as the main cause of their debt problem.

- Over the same period, just 23% of older working age clients attributed their financial difficulties to unemployment, highlighting the significant challenges that youth unemployment is creating.

7. OLDER GENERATIONS AND PENSIONS

KEY STATISTICS

432,000 people aged over 50 were unemployed between September and November 2011, up 48,000 (12.4%) from the previous three months and up 46,000 (12.1%) from a year earlier.

- **42.1%** of unemployed workers aged over 50 - a total of **182,000** people - have been out of work for over a year. 105,000 have been unemployed for more than two years.
- **885,000** people aged over 65 were *in work* between September and November 2011, which is up 63,000 (7.7%) from the previous three months, and up 13,000 (1.5%) from the previous year.

At May 2011, there were 12.8m people of state pension age claiming a DWP benefit, an increase of 63,000 since May 2010. Of these, 67% were claiming State Pension (SP) only.

RECENT HEADLINES

Latest figures from the Alliance Trust Research Centre show that households in all age ranges saw a decline in their inflation rates in December, but elderly households continue to face the highest inflation levels.

- Over-75 households encountered inflation at 5.1% in December, down from 5.6% in November. Meanwhile, households in the 65-74 range faced an inflation rate of 5.0%, down from 5.5% in November.
- In both cases, inflation was still significantly above the headline CPI rate of 4.2% in December.
- December did see gas price inflation slow to 20% from 25%, while electricity price inflation eased to 14% from 16% - both effect elderly households disproportionately.

A survey undertaken for Age UK has suggested that 55% of people aged 60 and over are finding it harder to manage their regular outgoings compared to this time last year.

- 9% go as far as to say that they are “finding it quite difficult” or “really struggling” to manage on their income, and 33% (equivalent to 4.5 million older people nationwide) say they can only afford to buy the basics due to rising prices.
- 23% (3.1 million people) of older people have been forced to buy less food than they wanted when shopping, and 55% have moved to cheaper brands in the last year.
- In order to save money on heating, 14% of those surveyed admit to having gone to bed when they weren't tired to keep warm, while 13% said they were living in just one room to keep down costs.

7. OLDER GENERATIONS AND PENSIONS

Research by Prudential has revealed that people who will retire in 2012 expect to live on an annual income of £15,500 – this is 6% less than those who retired in 2011, and 16% less than those who retired in 2008.

- Furthermore, one in five of those set to retire this year will have to get by on an expected annual income of less than £10,000.
- Across the country there are significant regional disparities in expected retirement incomes – Londoners have the highest expected annual income (£17,900 on average) while those in Yorkshire and Humber have the lowest (£12,800).
- Only 37% of those retiring in 2012 say they have saved enough to secure a comfortable retirement.

Furthermore, Prudential have also found that nearly 18% of those who plan to retire in 2012 will do so with outstanding debts. The average amount owed by those in debt is £38,200.

- Interestingly, while the proportion of prospective retirees in debt has fallen since 2011 (when it stood at 20%), the average amount owed by those who are in debt has actually increased by over £5,000 (from £33,100 in 2011).
- Half of those with debts owe money on a mortgage, while 51% are struggling with outstanding credit card bills.
- On average, monthly repayments for those who are in debt will be £260, equivalent to a fifth of this group's expected monthly income of £1,290.

Research conducted for Friends Life has identified a growing group of “Working, Entrepreneurial and Active Retirees” (Wearies) who could be forced to continue working into their 70s because their retirement savings are not sufficient to get by.

- 51% of those who have already retired said that they would be prepared to do part-time work to boost their pensions – this rises to 75% amongst those who are yet to retire.
- Of those who are currently working, 34% said that they would “run a small, one-person business from home”, while 59% could supplement their income by selling goods online using websites such as eBay.

A major survey by BUPA has suggested that Britons are least likely to think that they will need to save in the future for the costs of care in old age.

- An international study of over 13,000 people in 12 countries found that only 30% of Brits think they will need to put money away in the future to fund care in later life. This placed Britain at the bottom of a table led by China and Thailand.
- The survey also found that 28% of Britons admit they're just planning to deal with the consequences of old age when it happens.

8. HOUSING MARKET

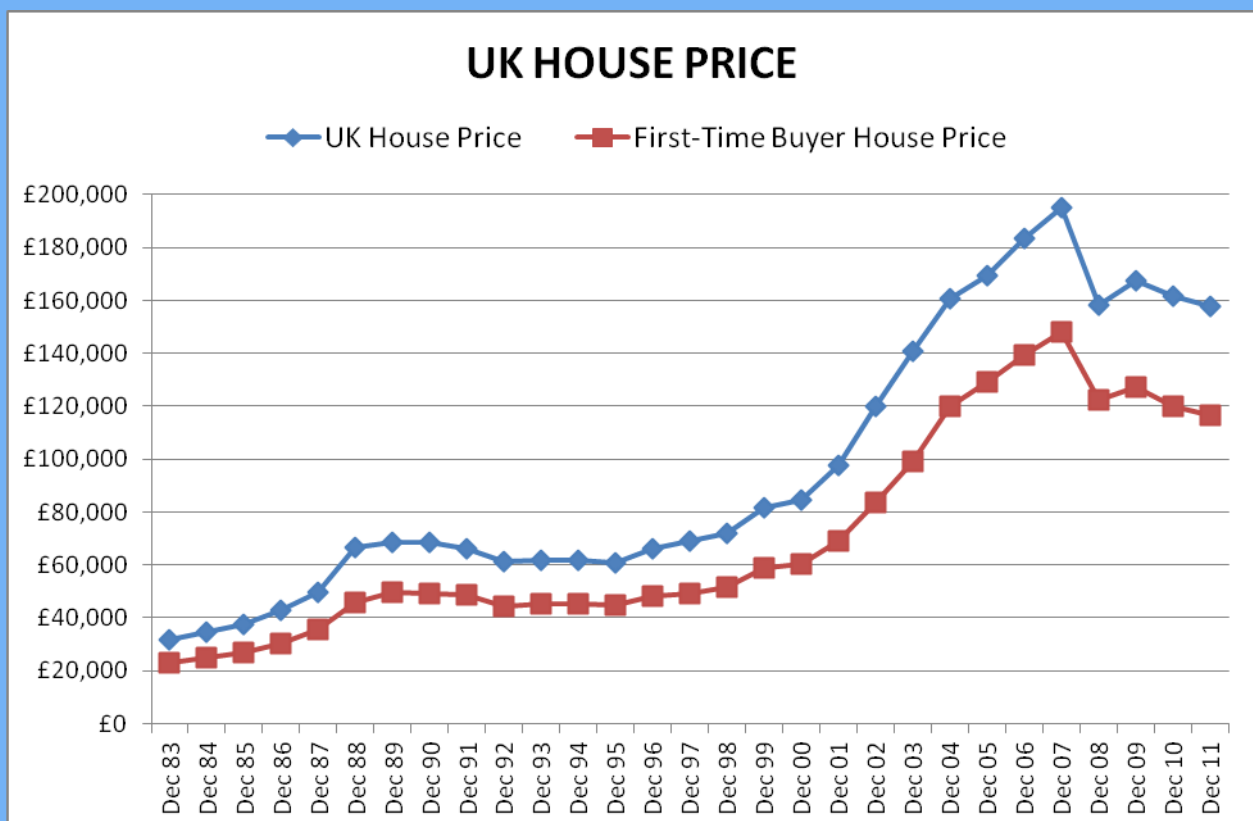
KEY STATISTICS

According to the Department for Communities and Local Government the average house price in the UK in November 2011 stood at **£205,796** (£213,668 in England).

- Over the year to November 2011, UK house prices **decreased by 0.3%**.
- However, average house prices in London **increased by 3.2%** in the year to November 2011.
- Average UK house prices were 0.2% higher over the quarter to November 2011, compared to no change over the quarter to August (seasonally adjusted).

Nationwide estimate that house prices fell by 0.2% during December 2011, but rose 1.0% over the year.

Halifax said that house prices fell by £1,493 in December 2011. This is a monthly fall of 0.9%. Prices fell 0.1% over the quarter and fell 1.3% over the year.



Data from Halifax House Price Index (Standardised, Non-Seasonally Adjusted)

8. HOUSING MARKET

The average Mortgage Interest rate was 3.35% at the end of December.

According to the Council of Mortgage Lenders, gross mortgage lending in December totalled an estimated £11.7 billion. This is down 12% from November (£13.2 billion) but up 12% from December 2010 (£10.5 billion). December was the fifth month in a row of higher year-on-year lending.

Across 2011 as a whole, estimated gross mortgage lending totalled £140 billion – this is up 3% from £136 billion in 2010.

The December RICS Housing Market Survey shows that 16% more surveyors report prices falling rather than rising. This is a slight improvement from November's reading of 17%, and is in fact the best reading since July 2010.

- RICS also say that the proportion of respondents reporting no change in prices in December climbed to 62% (on a non-seasonally adjusted basis), and is now at its highest level since the middle of 2010.
- Meanwhile, new buyer enquiries (demand) were positive, albeit marginally so, while new instructions (supply) also rose for the third consecutive month.
- However, RICS say that their measure of sales expectation dropped, suggesting that sentiment towards future levels of activity may be turning slightly more cautious.

Hometrack's monthly survey of agents and surveyors showed that demand for housing fell 6.3% in December, compared to a fall of 2.2% in November.

- Hometrack say that following a weak end to 2010, demand over the first half of 2011 bounced back with the number of new buyers rising by 14%. However, over the second half of 2011 demand fell by 11% as uncertainty over the economic outlook grew.
- The supply of homes for sale decreased by 3.4% in December following a 0.8% decrease in November. Overall the supply of homes for sale grew by 11% over 2011, although all of this came in the first half of the year.
- House prices fell 0.2% in December – prices also fell 0.2% in November.
- Lower prices were reported across 33% of the country in December, while 2.0% of the country reported price rises.

Rightmove said new sellers lowered average asking prices by 0.8% (£1,706) to an average of £224,060 in January. Prices rose 0.4% compared to January 2011.

8. HOUSING MARKET

According to the NAEA the number of house-hunters registered per branch increased on average from 262 in November to 294 in December.

- The average number of sales agreed per branch decreased from 6 in November to 5 in December.
- The average number of properties available for sale per branch decreased from 65 in November to 62 in December.

According to the British Bankers Association there were 36,171 mortgages approved for house purchase in December. Across 2011 as a whole, approval activity remained similar to the previous two years – the number of house purchase applications approved in 2011 was very similar to 2010. The average loan approved for house purchase in December was £145,200 which was similar to levels a year earlier.

Statistics from the National Association of Realtors show that existing home sales across the United States (including single-family, townhomes, condominiums and co-ops) increased 5.0% during the month of December, and rose 3.6% year on year from December 2010.

- The average price decreased 2.5% year on year to \$164,500.
- Meanwhile, RealtyTrac® said that a total of 205,024 foreclosure filings — default notices, auction sale notices and bank repossessions — were reported on U.S. properties in December 2011, a 9% decrease in total properties from the previous month and a 20% decrease from December 2010. This is the lowest monthly total since November 2007 (a 49 month low).
- RealtyTrac®'s monthly Foreclosure Report shows that, across 2011 as a whole, one in every 69 U.S. housing units received at least one foreclosure filing.

FIRST-TIME BUYERS AND BUY TO LET

The Department for Communities and Local Government say that the average house price for first time buyers was at **£152,423** in November 2011, which is an annual increase of 0.7%.

The typical first-time buyer deposit in November was **20% (around £30,347)**. The average first-time buyer borrowed 3.23 times their income and the average first-time buyer loan was an estimated **£121,387**.

The Council of Mortgage Lenders say that there were 1,378,700 buy-to-let mortgages outstanding at the end of September, worth a total of £157 bn. By value, buy-to-let mortgages accounted for 12.7% of all mortgages.

8. HOUSING MARKET

According to the October 2011 RICS Residential Lettings Survey, tenant demand remained strongly positive in the three months to October. 19% more surveyors reported a rise in demand than a fall, down from 24% in the three months to July.

RECENT HEADLINES

Data from Halifax suggests that buying a home in the UK is currently 16% cheaper than renting one.

- Halifax say that in December 2011 the average monthly cost of buying a three bedroom house was £600, which is £116 (16%) lower than the average monthly rent of £716 on the same type of property.
- This represents a significant turnaround compared to 2008, when the average cost of buying was 29% more expensive than the average rent paid.
- Halifax say that monthly home buying costs have fallen by over a quarter (£328) since 2008, driven by a decline in average monthly mortgage repayments which have dropped by nearly a third (£242) over the period.

Figures released by the Association of Residential Lettings Agents (ARLA) indicate that an increasing number of homes are being put onto the rental market because their owners cannot afford to sell them.

- During Q3 2011, ARLA say that 47% of their member agents reported a rise in these “unplanned” lettings. This figure has increased from 40% at the beginning of the year.
- In England, the trend was especially noticeable in the North East and North West, where higher proportions of agents reported an increase in rental properties coming to market because they cannot be sold (67% and 62% respectively).
- By contrast, only 17% of agents in Central London reported an increase.

Research from Lloyds TSB has shown that the cost of moving home has risen more quickly than house prices over the course of the past decade.

- Lloyds TSB’s figures show that the costs associated with moving (including stamp duty, mortgage arrangement fees, estate agency fees, surveyors’ fees, conveyancing and removal costs) increased 69% over the last 10 years, from £5,290 in 2001 to £8,922 in 2011.
- By contrast, house prices themselves rose by 64% over the same period.
- Lloyds TSB say that in 2011 the cost of moving reached its highest level since the peak of the housing market in 2007, and that moving costs were equivalent to 27% of average UK earnings (up from 22% in 2001).

9. FINANCIAL EDUCATION

RECENT HEADLINES

Research by Halifax has found that the average person in the UK has held their main bank account for more than 20 years, with 26% of people having done so for over 26 years.

- 1 in 10 still use the account they opened between the ages of 1 and 15, while a third opened their main account when aged 16-24.
- Consequently, many adults admit that they chose their provider for reasons that are no longer relevant to their circumstances.
- 17% say that their parents' choice of bank was a key factor, 11% choose their account on the strength of its offering when they were a student, and 23% say they choose their provider because it was the closest branch when they first opened the account.

A report by Friends Life has found that 83% of people do not feel that enough is being done to educate people about financial matters. 63% said they wished they had received financial education in school, and 65% thought that "financial education should be provided in the workplace".

- The study also found that 48% of people disagree with the suggestion that the nation's children will be more financially savvy than previous generations, while only one in five people agree.
- Friends Life also suggest that a lack of financial awareness means that increasing numbers of school leavers and graduates had no idea where to go for advice on pensions – over 65% of 18-24 year olds did not know how to get this advice.

A survey by moneysupermarket.com suggests that 38% of customers who use Direct Debit to manage their bills don't know exactly how much money is leaving their account each month.

- Moreover, 7% say that the last time they checked their statement they noticed a Direct Debit that they had forgotten about.
- This is a wide-reaching issue, with moneysupermarket.com saying that 95% of current account holders utilise Direct Debits, and that Brits use them to pay a collective £13.7 billion every month.

Research by Unbiased.co.uk has revealed that 60% of adults (29.5m people nationally) do not have a will.

- 84% of 18-34 year olds are in this position, as are 65% of 35-54 year olds and, worryingly, 35% of over-55s.
- Furthermore, 48% of married adults do not have a will, despite the fact that under current rules a spouse may only inherit £250,000 if there is no will in place and there are children and grandchildren.

10. SPENDING

KEY STATISTICS

The AA calculate that in January 2012 the average price of unleaded petrol rose by 1.0ppl (pence per litre) to 133.5ppl.

- This meant it cost **£66.75** to fill a 50 litre unleaded tank.
- The average price of diesel rose by 0.8ppl to 141.9ppl. The UK had the eighth highest petrol price in Europe and the third highest diesel price.

According to the RAC, the average new car now costs **£6,689** annually to keep on the road, equating to £128.64 per week or 55.74p per mile.

An annual report by LV has calculated that the cost of raising a child to their 21st birthday now stands at **£218,024**. This is up 3.3% from last year, and has increased 55% since 2003.

- Education and childcare represent the biggest areas of expenditure, costing parents £71,780 and £62,009 over the course of their children's childhoods.
- The cost of education (including school uniforms, after-school clubs and university tuition fees) increased 5% over the year.

The average British couple will spend **£16,569** on their wedding, according to research by Clydesdale and Yorkshire Banks. This is £4,331 less than last year's average.

RECENT HEADLINES

A survey by Bright Grey has suggested that 33% of UK adults, equivalent to 16 million people nationwide, are either spending more than their salary each month or are just about managing to break even.

- Bright Grey's findings show that 23% of adults (11 million nationally) just about match their outgoings to their net monthly salary, with nothing left at the end of the month.
- Furthermore, a worrying 10% (equivalent to 4.9 million people across the UK) say they are regularly spending more than they earn.

MGM Advantage estimate that annual average household expenditure is £38,978.

- They therefore calculate that, despite annual CPI inflation falling to 4.2% in December, UK households still need to find an extra £38 million in order to maintain the same standard of living they enjoyed 12 months ago.
- This equates to £1,469 per household, or £611 per person.

10. SPENDING

Research by Sainsbury's Finance suggests that 28.9 million Brits plan to spend a total of £22.1 billion on holiday escapes during 2012 – on average, those planning to travel will spend £765 on the cost of their holiday alone.

- However, the research also reveals that the majority of us are looking to cut the cost of our holiday this year, with 78% of those planning a break in 2012 saying that they intend to spend less than in previous years.
- Sainsbury's say that 45% of those surveyed planned to holiday abroad in 2012, but nearly as many (43%) intended to holiday in the UK in order to keep costs down.

A survey by Hastings Direct has revealed the impact that the rising cost of motoring is having on drivers, with 78% of respondents saying it has affected how often they drive.

- This includes 1% of drivers who have given up their car completely in order to cut down on household bills.
- 74% of respondents say that they have generally cut down on using the car – of these, 49% have cut back by at least 25 miles a week, 32% by at least 50 miles per week and 7% by over 100 miles per week.
- Meanwhile, 1 in 5 drivers say they will give up their car if petrol hits £2 per litre, while 12% will buy a hybrid or electric car at this price point.

According to Charities Aid Foundation's World Giving Index 2011, the UK is the fifth most charitable nation in the world, up from eighth last year.

- According to the study, 79% of people in the UK donate money to charity each month. Meanwhile, 28% of the UK population "volunteers time" each month, and 63% "help a stranger".
- Overall the Index shows that the USA is the most charitable nation, followed by Ireland in second and Australia in third.

Figures released by the Office of National Statistics have shown that between 1986 and 2009/10, the poorest fifth of households consistently paid more VAT as a percentage of their disposable incomes than the richest fifth.

- In 1986, the poorest households paid an average of 8% of their disposable income in VAT, while the richest paid 7%.
- However, by 2001/02 the gap had substantially increased, with the poorest spending 13% of their disposable income on VAT compared to 6% for the richest.
- From 2001/02 to 2009/10 the gap reduced slightly, but remained between 5 and 6 percentage points.

11. SAVING

RECENT HEADLINES

Legal & General's latest Money Mood Survey has revealed that 69% of people say that they are in the mood to save, and note that the mood of the nation has moved increasingly towards saving since the Coalition Government took power in May 2010.

- Furthermore, compared to this time last year, the percentage of women who say they are in the mood to save has increased from 67% in 2011 to 72% in 2012, while the proportion of men fell from 70% to 66%.
- Meanwhile, while the top two things that we said we were saving for last year – a rainy day and a holiday – remain the same, there has been a marked increase in saving for things that help to manage household finances.
- The number of people saving to pay a household bill has increased from 33% to 49%, while the number of people saving to pay off their credit card debt rose from 12% to 21%.

Meanwhile, data from the latest NS&I Savings Survey has revealed that young men aged 25-34 are amongst Britain's most dedicated savers – they put away an average of £104 each month, well above the national average of £88.

- 47% of this group are prioritising saving in order to afford a deposit for a home, while 25% are saving for a holiday and 23% are saving to ensure financial security in case of an emergency.
- The Survey has also revealed that, on a proportional basis, young people aged between 16 and 24 are managing to put aside 7.8% of their monthly income, which is a higher rate than anyone in the 25-65 age range.

However, figures from First Direct suggest that 28% of households (equivalent to 6 million households nationwide) have less than £250 in savings.

- 21% of households say they have no savings at all, while 7% have less than £250 set aside as a financial safety net.
- First Direct estimate that, with average monthly household outgoings currently standing at £1,536, savings of £250 would last for just five days if a household was to unexpectedly lose its main source of income.
- If they were to find themselves in this position, a worrying 11% of households would use a personal loan or credit card to meet their expenses, while a further 11% would rely on an overdraft.

NOTES

Credit Action's Debt Statistics are compiled on a monthly basis by John Davies. Email johndavies@creditation.org.uk for information and enquiries.

If you would like to receive regular monthly updates of the statistics then please register using the **Subscribe to Debt Statistics** link at www.creditation.org.uk

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Note that all statistics in this release are based on the latest available data at time of writing.

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