



## **DEBT STATISTICS**

**FEBRUARY 2013 EDITION**

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Welcome to the February 2013 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
<b>£53,947</b> was the average household debt (including mortgages) in December
<b>£165m</b> was the daily amount of interest paid on personal debt in December
<b>8,308</b> new debt problems were dealt with by the CAB each working day over the year to September
<b>1,727</b> people were made redundant every day between September and November
<b>892,000</b> people had been unemployed for over a year between September and November
<b>£11.38m</b> of loans are written-off daily by UK Banks and Building Societies (based on Q3 2012 trends)
<b>Every 16 min 4 sec</b> a property is repossessed (based on Q3 2012 trends)
<b>Every 5 min 12 sec</b> someone is declared insolvent or bankrupt (based on Q4 2012 trends)
<b>£1.389 billion</b> was the daily value of all purchases made using plastic cards in November

# 1. UK PERSONAL DEBT

## TOTAL UK PERSONAL DEBT

Outstanding personal debt was **£1.422 trillion** at the end of December 2012.

- This is up from £1.406 trillion at the end of December 2011.
- At the end of December 2012, individuals owed nearly as much as the entire country produced during the whole of 2011.

Outstanding secured (mortgage) lending was **£1.265 trillion** at the end of December 2012.

- This is up from £1.245 trillion at the end of December 2011.

Outstanding unsecured (consumer credit) lending was **£157 billion** at the end of December 2012.

- This is down from £160 billion at the end of December 2011.

## AVERAGE UK PERSONAL DEBT

Average household debt in the UK (excluding mortgages) was **£5,946** in December.

- This is up from a revised **£5,914** in November.

Average household debt in the UK (including mortgages) was **£53,947** in December.

- This is up from a revised **£53,885** in November.

The average amount owed per UK adult (including mortgages) was **£28,944** in December. This is up from a revised **£28,910** in November, and was around **117%** of average earnings.

Average consumer borrowing (including credit cards, motor and retail finance deals, overdrafts and unsecured loans) per UK adult was **£3,190** in December. This is up from **£3,173** in November.

The estimated average outstanding mortgage for the 11.3m households that carry mortgage debt stood at **£111,645** in December.

Based on December 2012 trends, the UK's total interest repayments on personal debt over a 12 month period would have been **£60.4 billion**.

- This is equivalent to **£165 million** per day.
- This means that UK households would have paid an average of **£2,294** in annual interest repayments.

# 1. UK PERSONAL DEBT

The Office for Budget Responsibility (OBR) predicted in December 2012 that total household debt will reach **£1.997 trillion** in Q1 2018.

- This would mean that average household debt would reach **£75,769** (assuming that the number of households in the UK remained the same between now and Q1 2018).

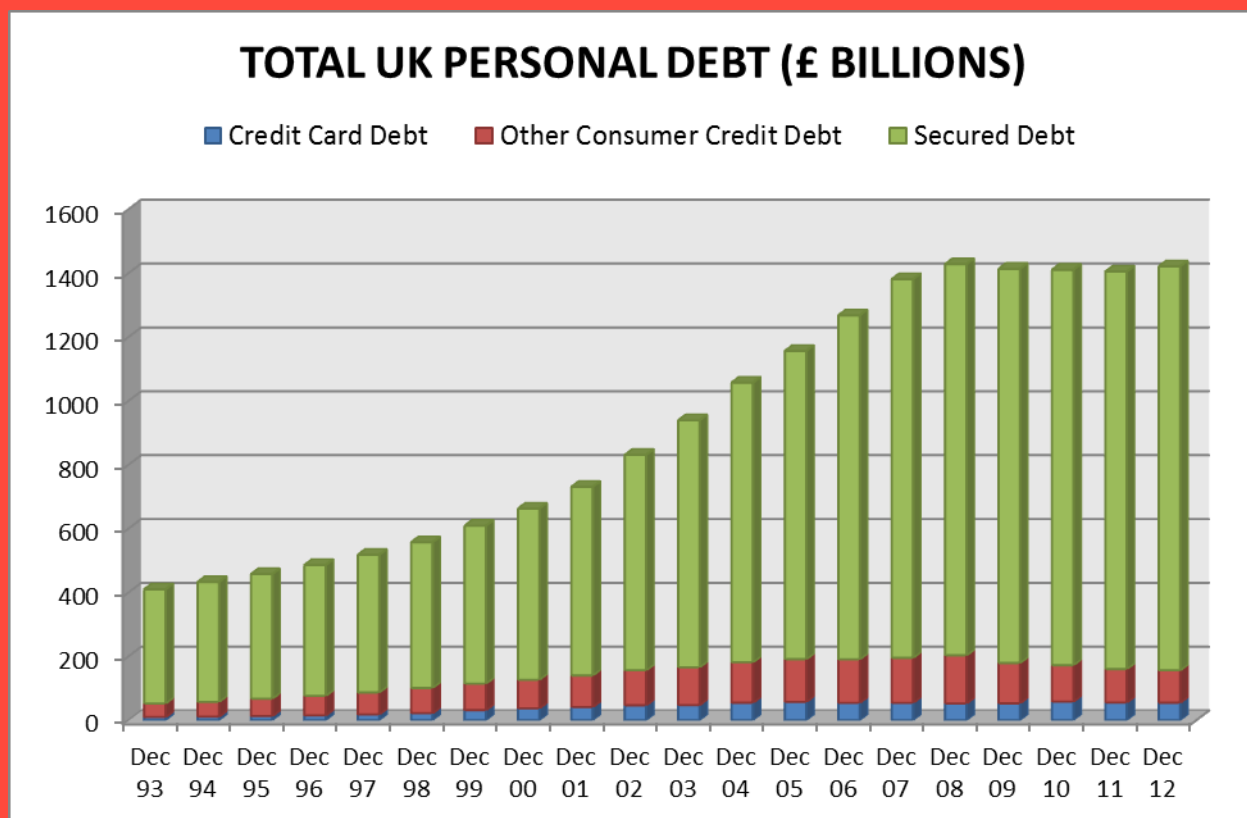
## NET LENDING AND WRITE-OFFS

Total net lending by UK Banks and Building Societies **rose by £1.7 billion** in December 2012.

- Net secured lending rose by £1.0 billion in the month; net consumer credit lending rose by £0.6 billion.

UK Banks and Building Societies **wrote-off £5.0 billion** of loans to individuals over the four quarters to Q3 2012.

- In Q3 2012 itself they wrote-off £1.04 billion (of which £473 million was credit card debt) amounting to a daily write-off of **£11.38m**.



Based on Bank of England Data

## 2. EVERY DAY IN THE UK

Based on the latest available data, Credit Action estimates that:

- **277** people are declared insolvent or bankrupt every day (based on Q4 2012 trends). This is equivalent to one person **every 5 minutes 12 seconds**.
- **1,556** Consumer County Court Judgements (CCJs) are issued every day (based on Q3 2012 trends). The average value of a Consumer CCJ in Q3 2012 was **£2,646**.
- Citizens Advice Bureaux in England and Wales dealt with **8,308** new debt problems every *working day* during the year ending September 2012.
- It costs an average of **£29.02** per day to raise a child from birth to the age of 21.
- **90** properties are repossessed every day (based on Q3 2012 trends).
- **90** new people a day became unemployed for over 12 months during the year ending November 2012.
- **1,727** people a day reported they had become redundant between September and November 2012.
- Public Sector Net Borrowing (excluding financial interventions) was **£15.4bn** in December 2012, meaning that the Government borrowed an average of **£496,774,194** per day during the month (equivalent to **£5,750** per second).
- **155** mortgage possession claims are issued and **111** mortgage possession orders are made every day.
- **426** landlord possession claims are issued and **281** landlord possession orders are made every day.
- The UK population is growing by an estimated **1,342 people a day**.
- **28.6m** plastic card purchase transactions were made every day in November 2012 with a total value of **£1.389 billion**.
- **8.4m** cash machine transactions were made every day in December 2012 with a total value of **£357m**.
- The average new car costs **£18.33 per day** to run.
- It cost **£66.05** to fill a 50 litre tank with unleaded petrol in January.

## 3. NATIONAL STATISTICS

### ECONOMY

The UK economy **contracted by 0.3%** in the fourth quarter of 2012, according to preliminary 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 5<sup>th</sup> March 2009, and has been held there for 47 months.

There were **5.9 million** working age benefit claimants at February 2012. This is an increase of 116,000 in the year.

### UNEMPLOYMENT

The number of unemployed people in the three months between September and November 2012 was **2.49 million** (7.7%). This is down by 37,000 from the previous three months, and down by 185,000 from a year earlier.

- **158,000** people (**1,727 a day**) reported they had become redundant over the three months. This is up by 27,000 from the previous three months, but down by 6,000 from a year earlier.
- **892,000** people had been unemployed for over 12 months between September and November, down 5,000 from the previous three months, but up 33,000 (**90 a day**) from a year earlier.
- The number of economically inactive people aged between 16 and 64 fell by 13,000 over the three months, and fell by 253,000 over the year, to reach **9.03 million** in the three months to November 2012.

Public sector employment fell by **24,000** in the third quarter of 2012 to reach **5.745 million** overall.

The Office for Budget Responsibility's December 2012 forecast for General Government Employment estimates a total reduction of around **1.1 million** staff between the start of 2011 and the start of 2018. Meanwhile, they estimate that total employment will rise by around 1.4 million over the same period, reaching **30.6 million** in Q1 2018.

## 3. NATIONAL STATISTICS

### PUBLIC SECTOR NET DEBT

In December 2012, public sector net debt (PSND) *excluding* financial interventions was **£1111.4bn**, equivalent to 70.7% of GDP. This compares to £1009.6bn (66.0% of GDP) at the end of December 2011.

Meanwhile, public sector net debt *including* financial interventions was **£2204.8bn**, equivalent to 140.3% of GDP. This compares to £2225.1bn (145.4% of GDP) at the end of December 2011.

- 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 December 2012 Autumn Statement, public sector net debt will be **79.9% of GDP** in 2015-16, before falling to 79.2% of GDP in 2016-17 and 77.3% of GDP in 2017-18.

### CORPORATE INSOLVENCIES

Figures from the Insolvency Service show that there were **3,834** compulsory liquidations and creditors' voluntary liquidations in England and Wales in the fourth quarter of 2012 (on a seasonally adjusted basis).

- This was down 3.3% on the previous quarter, and down 10.7% on the same period a year ago.

In the twelve months ending Q4 2012, approximately **1 in 144** active companies (0.7% of all active registered companies) went into liquidation.

- This is down from 1 in 138 in the previous quarter.

Additionally, there were **1,007** other corporate insolvencies in Q4 2012 (not seasonally adjusted), comprising 276 receiverships, 580 administrations and 151 company voluntary arrangements.

- In total these have decreased 14.2% on the same period a year ago.

## 3. NATIONAL STATISTICS

### INFLATION AND RETAIL ACTIVITY

CPI (Consumer Prices Index) annual inflation stood at **2.7%** in December. This is unchanged from November, and is in fact the third month in a row that the headline measure has remained the same.

RPI (Retail Prices Index) annual inflation stood at **3.1%** in December. This is up from 3.0% in November.

The British Retail Consortium/KPMG Retail Sales Monitor for December 2012 showed that UK retail sales values rose by 0.3% on a like-for-like basis from December 2011, when sales had increased 2.2% on the preceding year.

- On a total basis, sales were up 1.5% in December 2012, against a 4.1% increase in December 2011.

There were 123,557 new car registrations in December, according to the Society for Motor Manufacturers and Traders. This is an increase of 3.7% compared to December 2011.

- During 2012 as a whole there were a total of 2,044,609 new car registrations, up 5.3% from 2011.



## 4. SERVICING DEBT

### KEY STATISTICS

Citizens Advice Bureaux across England and Wales advised **0.59 million** clients with new problems in the three months between July and September 2012.

- Debt was the second largest advice category (behind Benefits) with 495,787 enquiries. This is a 7% decrease on the same period last year. Debt enquiries represented 30% of all problems dealt with between July and September 2012.
- Based on *annual* figures to the end of September 2012, Citizens Advice Bureaux in England and Wales are dealing with **8,308** new debt problems every *working day*.

According to the Council of Mortgage Lenders (CML), **8,200** properties were taken into possession in Q3 2012 (this is down from 8,500 in Q2 2012, and marked the lowest number of properties taken into possession in a single quarter since 2007).

- This equates to **90** properties being repossessed every day, or one property being repossessed **every 16 minutes 4 seconds**.
- In terms of payment difficulties, **159,100** mortgages ended Q3 2012 with arrears equivalent to at least 2.5% of the outstanding mortgage balance.
- This is fractionally up from 158,700 at the end of Q2 2012.

The Financial Services Authority estimates that at the end of Q3 2012 there were **303,200** mortgage loan accounts in reportable arrears (i.e. arrears of over 1.5% of current loan balance), a rise of 2% from the previous quarter, but a fall of 7% compared to Q3 2011 (when there were 324,300 accounts in reportable arrears).

- At the end of Q3 2012, loans in arrears represented **2.46%** of the value of the residential loan book.

The Insolvency Service said there were **25,302** individual insolvencies in England and Wales in Q4 2012. This is equivalent to **277** people a day or, one person **every 5 minutes 12 seconds**.

- This was a fall of **9.8%** on the previous quarter and a fall of **12.9%** on the same period a year ago.
- This was made up of 6,919 bankruptcies (down 20.1% compared to Q4 2011), 7,397 Debt Relief Orders (up 0.5% compared to Q4 2012) and 10,986 Individual Voluntary Arrangements (down 15.8% compared to Q4 2012).
- The number of Debt Relief Orders was higher than total bankruptcies for the second quarter, while Bankruptcy Orders have been lower than Individual Voluntary Arrangements for the last seven quarters.

## 4. SERVICING DEBT

### RECENT HEADLINES

A report commissioned by StepChange Debt Charity has revealed that their self-employed clients are struggling with a debt burden that is more than four times greater than those in full or part-time employment.

- StepChange Debt Charity say that the average debt load of a self-employed client is 18.6 times their annual income, while the average debt load of clients in full or part-time employment was 4.1 times their annual income.
- Self-employed clients are struggling with significantly higher mortgage debts, owing £206,500 compared to £54,600 for full or part-time clients.
- Equally, self-employed clients have much larger non-mortgage debts, owing an average of £42,500 compared to £24,200 for those in full or part-time work.
- Self-employed clients also have less capacity to pay off their debts. Their average monthly income (£1,321) is lower than those in full or part-time employment (£1,542), and their monthly expenditure is higher (self-employed clients have a monthly budget deficit of £211, compared to a £74 surplus for full or part-time workers).

uSwitch have found that 69% of households have gone without heating at some point this winter in order to keep their energy costs down, with 17% doing so regularly.

- Furthermore, 74% of households have cut down or rationed their energy use in some way because of the increased costs, and 88% now consider the cost before turning their heating on.
- uSwitch add that 35% of households say that cutting back on energy use has affected their quality of life or health, up from 15% last year.
- Worryingly, 81% of consumers are already saying that household energy is unaffordable in the UK today. 88% are braced for further price hikes, with 71% saying they would be very concerned by this.

According to Legal & General's latest MoneyMood Survey, 22% of households (equivalent to 4.5 million households nationwide) said that they were in fuel poverty at the end of January.

- This is a slight increase from 21%, recorded the last time people were surveyed in October 2012. However, on a regional basis the figures show significant variation.
- The number of households in fuel poverty rose significantly between October and January in the East Midlands (up 52%), the South West (up 50%), Scotland (up 35%), the South East (up 21%), the North East (up 20%) and Wales (up 10%).
- Meanwhile, the biggest falls in the number of households experiencing fuel poverty over the period were in East Anglia (down 46%) and London (down 38%).

## 5. PLASTIC CARDS AND PERSONAL LOANS

### KEY STATISTICS

During November 2012 an average of **331** purchases were made in the UK every second using debit and credit cards, based on figures from the UK Cards Association.

- An average of **£16,071** was spent every second using debit and credit cards.
- On a daily basis, purchases using plastic cards were worth **£1.389 billion** in November.

Meanwhile, data from LINK shows that, on average, **97** cash machine transactions (including balance enquiries and rejected transactions) were made every second in December 2012.

- In total, cash machine transactions were worth **£4,129** per second in December.
- LINK's transaction figures do not include transactions or withdrawals made by customers at their own bank's or building societies' ATMs.

Total credit card debt in December 2012 was **£55.1bn**.

- The average interest rate on credit card lending was **17.91%** in December. This is **17.41%** above the Bank of England Base Rate (0.5%).
- The British Bankers Association says that the proportion of credit card balances bearing interest has remained stable over the past three years, at about two-thirds.

### RECENT HEADLINES

Research conducted for StepChange Debt Charity has revealed that the self-employed are more dependent on credit cards, personal loans and overdrafts than average, and therefore vulnerable to slipping into a cycle of problem debt.

- The figures show that in 2012 the average credit card balance for StepChange Debt Charity clients was £10,517 across 2.8 credit cards. However, for self-employed clients this rose to £17,237 across 3.6 credit cards.
- Meanwhile, the average client had a personal loan balance of £10,479, compared to £13,266 for self-employed clients.
- Finally, while the average overdraft balance across all StepChange Debt Charity clients was £2,082, self-employed clients owed an average of £3,615.

Turning to store cards, StepChange Debt Charity suggest that while there has been a general decline in store card debt in recent years, it remains a particular problem for over-60s.

- They say that average store card debt for clients aged over 60 has increased by £36 to £1,984 since 2009. However, over the same period average store card debt has fallen by £75 for under-25s, by £94 for 25-40 year olds, and by £128 for 41-59 year olds.

## 6. YOUNG PEOPLE

### KEY STATISTICS

**761,000** economically active 18-24 year olds were unemployed between September and November 2012. This was down by 2,000 (0.3%) compared to the previous three months.

- This meant that **18.4%** of all economically active 18-24 year olds were unemployed between September and November.
- **364,000** (47.8%) had been unemployed for over 6 months.
- **233,000** had been unemployed for over 12 months. This is a fall of 8,000 (3.4%) over the previous 3 months, but a rise of 22,000 (10.6%) from a year earlier.

The number of 18-24 year olds not in education, employment or training (NEET) at the end Q3 2012 was **912,000** (19.0%).

- The number of 16-18 year olds classed as NEET stood at **206,000** (11.3%) at the end of Q3 2012.
- The overall number of 16-24 year olds NEETs was **1,027,000** (17.0%).

### RECENT HEADLINES

A report from Aviva has revealed that the period between birth and two years is the most financially stressful time for parents.

- Aviva say that the mums and dads of under-twos are most likely to worry about their income and finances (56%), argue about money with their family or partner (22%), borrow money from their family (19%), and see an increase in their household debts (19%).
- Furthermore, 27% of parents of under-twos admit they've stopped saving as a result of having a family, while 32% dipped into savings in order to make ends meet.
- On a more positive note however, Aviva add that parents with very young children are most likely to get to grip with their finances. 29% of those with a child aged one say having a child has motivated them to tackle their debts, but this falls steadily as children grow older, with just one in 10 saying the same when their child is aged 21.
- As their children grow, Aviva say parents are likely to experience another spike in financial stress when their children are aged 11-15, as this is when parents most likely to feel under pressure to spend beyond their means.

## 6. YOUNG PEOPLE

Research by the Co-operative has revealed uncertainty amongst young motorists about the impact that the recent European Gender Directive will have on them.

- The Directive means that insurance companies will no longer be able to offer different rates to people on the basis of gender – this is likely to have a particular impact on young women motorists, who often get preferential rates for car insurance as they are statistically less likely to be involved in an accident than young men.
- However, although the Co-operative say that around 60% of young motorists are aware that there has been a change to insurance rules, 40% are confused about how they will be affected.
- The Co-operative also found that the new Gender Directive could have significant financial consequences for young female motorists, with 65% of young women aged 18-24 saying they would find it difficult to cope with any significant increase to their car insurance costs.
- Furthermore, the Co-operative say that the introduction of the Gender Directive may end up sparking behavioural changes amongst young motorists, with 55% of 18-24 year old females and 36% of males of the same age saying that they will now shop around for their insurance more.

A survey by Halifax has found that although they aren't old enough to get a paying job, nearly two-thirds of 8-15 year olds are already earning money to help pay for the things they want by helping with housework and doing chores.

- Halifax's findings suggest that 63% of children in this age range did jobs around the house to earn money.
- The top domestic jobs that children earn money for include tidying their bedroom (40%), doing the washing up (25%) and cleaning (21%), while 17% even get paid for doing their homework.
- On a regional basis, children in Wales (71%), the West Midlands (69%), Scotland and the East Midlands (both 68%) are the most likely to take on chores to earn money. Those in the North West (57%) are the least likely.
- The survey also asked children about where they thought money came from generally – 61% said that it came as a result of working, 28% thought it came from banks and building societies, and 18% said they thought it came from the Government.

## 7. OLDER GENERATIONS AND PENSIONS

### KEY STATISTICS

**396,000** people aged over 50 were unemployed between September and November. This is down 14,000 (3.3%) from the previous quarter, and down 37,000 (8.5%) from a year earlier.

- **47.5%** of unemployed workers aged over 50 - a total of **188,000** people - have been out of work for over a year. 108,000 have been unemployed for more than two years.
- **967,000** people aged over 65 were *in work* between September and November, up 21,000 (2.2%) from the previous quarter, and up 82,000 (9.3%) from the previous year.

At February 2012, there were 12.7m claimants of State Pension (SP), a rise of 135,000 on the year.

### RECENT HEADLINES

Figures from MGM Advantage have highlighted a significant recent decline in annuity rates.

- MGM Advantage say that annuity rates fell by 2.5% in the last quarter of 2012, which was the seventh successive quarter in which annuities have declined.
- Moreover, annuity rates fell 11.7% over the past year and 21.6% since August 2009.
- As a result of these declines, the incomes that those purchasing an annuity can expect in retirement have fallen substantially. MGM Advantage say that in January 2010, the average annuity for a 65 year-old with a £50,000 pension pot would have paid an annual income of £3,495. However, today that same pot would generate an income of £2,786, a reduction of 20%.
- Over the course of a 20 year retirement, this means people buying an annuity now would receive £14,180 less than those who purchased one three years ago.

Research from Prudential has revealed that expected retirement incomes have fallen for the second consecutive year. According to Prudential, those who intend to retire in 2013 expect to receive an average income of £15,300 per year, a fall of £200 compared to last year.

- Prudential add that retirement incomes have in fact fallen in four of the last five years, and are now £3,400 lower than they were in 2008, when the typical person entering retirement expected to receive an annual income of £18,700.
- Moreover, Prudential point out that due to increases in living costs, the real-term fall in incomes is even higher. Since 2008, inflation has caused prices to rise by 14.7%, and Prudential estimate that this means someone who retired last year would have needed an annual income of £21,400 to have the same buying power as someone who entered retirement in 2008.

## 7. OLDER GENERATIONS AND PENSIONS

Meanwhile, Prudential have also found that 18% of people planning to retire in 2013 will do so with outstanding debts.

- However, Prudential say that the average amount owed by prospective retirees has dropped by nearly a fifth in the past 12 months, from £38,200 in 2012 to £31,200 this year.
- Prudential add that this decline is driven largely by men. The amount owed by men planning to retire this year was £33,800, a significant fall compared to the equivalent figure last year (£45,300). Meanwhile, for women average debts fell from £29,400 to £28,100. Overall, 20% of male retirees will enter retirement in debt, compared to 16% of women.
- Interestingly, Prudential also note that the source of debts has shifted towards unsecured debt. 56% of those retiring this year owe money on credit cards, while 21% have outstanding bank loans and 19% have overdrafts (an increase from 13% last year).
- By contrast, fewer of this year's retirees owe debts on their mortgages, down to 43% from 50% last year.

A report by Aviva has calculated that, on a collective basis, the UK's over-65 population does more than £640 million of unpaid work per week.

- Aviva say that the UK's 10.4 million over-65s give up an average of 10 hours each week to volunteer and support their families – collectively therefore they provide a total of 104 million hours of free support each week, which would be worth £643.8 million per week at national minimum wage.
- Looking specifically at the sort of unpaid volunteering that over-65s do, Aviva found that sitting on a committee or being a trustee was the most popular activity, with 20% of those in both the 65-74 and over-75 age ranges involved in this.
- Meanwhile, teaching children to read was the second most popular volunteering activity for over-65s, with 18% of those in both the 65-74 and over-75 age brackets doing so. Working in a charity shop was the third most popular type of volunteering – 17% of 65-74 year olds and 15% of over-75s were involved in this.

## 8. HOUSING MARKET

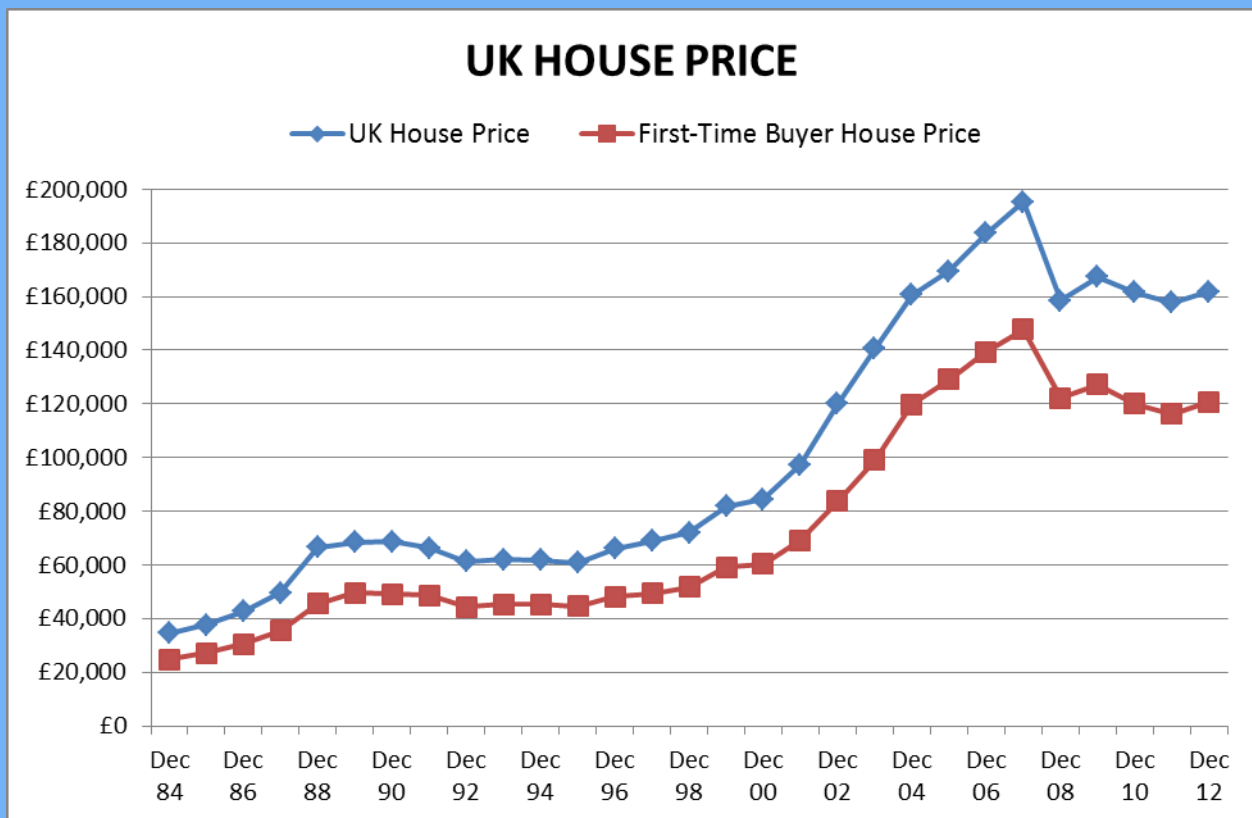
### KEY STATISTICS

According to the Office of National Statistics the average house price in the UK in November 2012 stood at **£232,000** (£241,000 in England).

- Average UK house prices increased by 0.5% over the month to November 2012, compared to a decrease of 0.2% in November 2011 (seasonally adjusted).
- Over the year to November 2012, UK house prices **increased by 2.1%**.
- Average house prices in London **increased by 5.0%** in the year to November 2012.

Nationwide estimate that house prices fell by 0.1% during December 2012, and fell 1.0% over the year.

Halifax said that house prices rose by £2,050 in December 2012. This is a monthly rise of 1.3%. Prices rose 0.6% over the quarter but fell 0.3% over the year.



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



## 8. HOUSING MARKET

The average Mortgage Interest rate was 3.38% 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 a fall of 7.8% compared to November's gross lending total (£12.7 billion) and a fall of 4.5% from December 2011 (£12.2 billion). The CML estimate that gross mortgage lending throughout 2012 totalled £143 billion, up from £141 billion in 2011.

The December 2012 RICS Housing Market Survey suggests that surveyors are becoming more optimistic about the prospects for the housing market, with 24% more surveyors predicting that transactions will rise rather than fall over the next quarter.

- RICS also say that prices held steady in December, the first time since June 2010 that the national price balance has not been negative.
- RICS add that 12% more surveyors reported an increase in new buyer enquiries in December, the fourth consecutive month in which this reading has been positive.

Hometrack's monthly survey of agents and surveyors showed demand for housing fell 4.8% in December, compared to a fall of 0.8% in November, as the seasonal slowdown continued.

- The supply of homes for sale decreased by 3.1% in December, following a 0.6% decrease in November.
- House prices fell 0.1% in December, the sixth consecutive month in which they have fallen. House prices were down 0.3% in the 12 months to December, compared to a fall of 2.3% over 2011. Hometrack forecast that house prices will fall by 1% in 2013.
- Lower prices were reported across 27.4% of post code districts in December, while 2.9% reported price rises. Across 2012 as a whole, 20% of post codes registered a price increase, while 66% reported a fall.
- Hometrack say that the underlying trend of house prices falling in more areas than rising as been established for the past two years, and they expect this trend to continue in 2013.

Rightmove said new seller asking prices rose by 0.2% in January 2013, standing at an average of £229,429. Prices rose 2.4% compared to January 2012.

According to the NAEA the number of house-hunters registered per branch decreased on average from 265 in October to 263 in November.

- The average number of sales agreed per branch decreased from 8 in October to 7 in November.
- The average number of properties available for sale per branch decreased from 62 in October to 60 in November.

## 8. HOUSING MARKET

There were 33,636 house purchase approvals in December, a slight increase from November, according to the British Bankers Association (BBA). During 2012 as a whole, house purchase approvals were 2% lower than in 2011 but ended the year a little stronger, with some reports that more first-time buyers were entering the market. The average loan approved for house purchase fell to £151,100.

Statistics from the National Association of Realtors show that existing home sales across the United States (including single-family, townhomes, condominiums and co-ops) decreased 1.0% during the month of December, but rose 12.8% year on year from December 2011. On an annual basis, there were an estimated 4.65 million existing home sales in 2012, up 9.2% from 2011 – this is the highest volume since 2007.

- The average price increased 11.5% year on year to \$180,800. This is the tenth consecutive month in which there has been a year-on-year rise.
- Meanwhile, RealtyTrac® said that during 2012 as a whole, a total of 2,304,941 foreclosure filings — default notices, auction sale notices and bank repossessions — were reported on 1,836,634 U.S. properties. This is a 3% decrease from 2011, and a 36% decrease from the peak of 2.9 million properties with foreclosure filings in 2010.
- RealtyTrac®'s monthly Foreclosure Report also shows that one in every 72 U.S. housing units received at least one foreclosure filing during the year.

### FIRST-TIME BUYERS AND BUY TO LET

The Office of National Statistics say that the average house price for first-time buyers was **£173,000** in November 2012, which is an annual increase of 2.7%.

The typical first-time buyer deposit in November 2012 was **20% (around £31,106)**. The average first-time buyer borrowed 3.22 times their income and the average first-time buyer loan was an estimated **£124,424**.

The Council of Mortgage Lenders say that there were 1,444,000 buy-to-let mortgages outstanding at the end of Q3 2012, worth a total of £164.3 bn. This is up from a year earlier when there were 1,367,000 buy-to-let mortgages worth £156.7 bn.

According to the October 2012 RICS Residential Lettings Survey, demand for rental property rose at its fastest rate since the early part of the year during the three months to October. RICS say that 15% more surveyors reported tenant demand rising rather than falling over the period. RICS also suggest that rents are expected to rise by 4% over the coming year.

## 8. HOUSING MARKET

### RECENT HEADLINES

A survey by Shelter has found that of those British adults who currently pay rent or make mortgage repayments, 4% say they are falling behind – this is equivalent to 1.4 million people across the country.

- Furthermore, Shelter also found that the number of people who feel they are constantly struggling with their rent or mortgage has increased by 44% over the past year, with 7.8 million people now facing a monthly battle to keep a roof over their heads.

Research by Lloyds TSB suggests that second stepper home buyers are continuing to face substantial challenges in the current housing market.

- Lloyds TSB say that a typical second stepper in 2012 would have bought their first home in 2008, and had an equity level of only £11,500 – this is equivalent to just 7% of the price of an average semi-detached house in the UK (£162,170).
- By contrast, second steppers in 2002 had an average equity level of £45,000, equivalent to 38% of the average price for a semi at the time.
- Lloyds TSB add that the “affordability” of a typical second stepper home (calculated as the average price, minus their equity position, as a ratio of average earnings) stood at 4.6 times gross annual full-time average earnings in 2012.
- This is significantly higher than a decade earlier when the ratio was 2.9 times gross annual average earnings, and well above the long-term average of 3.3. However, Lloyds TSB do note that second stepper affordability did improve from 2011 when it reached 5.4.

Figures from Halifax have shown that over the past decade, house prices in cities have outperformed those across the UK as a whole.

- In 2002, the average house price in cities was £125,276 – by 2012 this had increased 38% to £173,322. Over the same period, the average house price across the UK rose by 29%.
- Halifax add that the majority of cities have outperformed their regions in terms of house price growth over the decade, with 67% of cities surveyed recording house price increases above their regional average between 2002 and 2012.
- Halifax also note that cities have performed comparatively well since the peak of the housing market in 2007. House prices in cities have fallen by 17% since this point, compared with the UK average decline of 23%.

## 9. FINANCIAL EDUCATION

### RECENT HEADLINES

With the New Year now underway, research by Legal & General has revealed that 96% of UK adults are making changes to their spending habits or are planning to be more savvy with their money to make it go further as part of their everyday living.

- Legal & General's research also suggests that over-55s are the savviest age group when it comes to spending money, and use more money-saving techniques than younger consumers aged under-35.
- For example, Legal & General found that 71% of over-55s shop around online and compare prices before buying, compared to 55% of under-35s. Equally, 66% of over-55s compared prices and special offers in various shops before making a purchase, compared with 52% of under-35s.
- Moreover, 70% of over-55s said that they only buy things that they really need and will use, compared with 55% of under-35s. Furthermore, 46% of over-55s say they will shop around for the best utilities deals, compared to just 28% of under-35s.

A survey from Triodos Bank has revealed a lack of awareness about the way that companies use the money which people invest in them – Triodos found that 54% of private investors have no idea how their money is used, and therefore whether it supports ethical activities.

- Triodos say that 51% of UK adults are interested or very interested in the ethical records of companies that they buy from or invest in, and 80% of them believe that companies have a duty to behave ethically. Despite this however, just 20% of investors are aware of “unethical” activities undertaken by companies that they invest in.
- Forced or child labour is seen as the most reprehensible form of “unethical” behaviour, with 66% of investors saying that they would refuse to invest in companies that engage in this.

Research published by Citizens Advice has demonstrated that social housing tenants could be more than £10 per week better off if they are provided with one-to-one financial training skills by their landlords.

- The effects of such training (which took place over a nine month period) were recorded and contrasted with a comparison group. Citizens Advice found that 71% of tenant learners reported higher financial confidence, compared to just 13% of the comparison group.
- Meanwhile, 78% of learners reported that they had changed the way they managed money since the training, compared to just 36% of the comparison group.
- Strikingly, the research also suggested that tenant learners who changed their savings behaviour ended up saving an average of £11 more per week.

# 10. SPENDING

## KEY STATISTICS

The AA calculate that in January 2013 the average price of unleaded petrol fell by 0.2ppl (pence per litre) to 132.1ppl.

- This meant it cost **£66.05** to fill a 50 litre unleaded tank.
- The average price of diesel fell by 0.6ppl to 139.8ppl. The UK had the thirteenth highest petrol price in Europe and the fourth highest diesel price.

According to the RAC, the average new car 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 21<sup>st</sup> birthday now stands at **£222,458**. This is up 2.0% from last year, and has increased 58.4% since the study first began in 2003.

- Education and childcare represent the biggest areas of expenditure, costing parents £72,832 and £63,738 respectively over the course of their children's childhoods.
- The cost of education (including uniforms, after-school clubs and university costs) has increased 123.5% since 2003, while the cost of childcare has risen by 60.9%.
- LV predict that the cost of raising child to 21 will reach £350,000 by 2023.

## RECENT HEADLINES

A report by Aviva has revealed that UK families are now spending £331 per month more on household expenses than they were in November 2011.

- Aviva add that price rises on essential items such as food, utilities and public transport are forcing families to tighten their belts and cut back on luxuries.
- Aviva say that between November 2011 and January 2013, the average monthly spend on food increased by £19.46, equivalent to an annual increase of £233.52.
- Over the same period, monthly spending on utilities increased by £18.43 (equivalent to £221.16 over a year) and the monthly spending on public transport increased by £28.40 (equivalent to £340.80 per year).
- Meanwhile, spending on non-essential items appears to be decreasing. Aviva say that the number of families spending on sport and leisure goods fell from 61% in November 2011 to 55% in January 2013, while the number spending money on personal goods such as make-up and medicine fell from 81% to 76%.

## 10. SPENDING

A survey from the Charities Aid Foundation has revealed that people are less likely to cut back on charitable donations than on many other areas of spending.

- When asked about where they expected to cut back over the next 12 months, 26% of those who gave money to charity said they intended to spend less on donations.
- The only areas in which a smaller proportion of people said they were intending to reduce their spending were groceries (19%) and watching or participating in sport (24%).
- By contrast, 37% said they intended to cut back in going out for drinks, 36% planned to cut back on eating out or buying takeaways, and 32% were expecting to reduce spending on holidays.
- However, despite a comparatively small proportion of people saying they will cut back on giving to charity, only 12% of charitable donors are likely to increase the amount they give in the next year.

Research by Confused.com has revealed that consumers are being forced to spend increasing amounts on parking, which may be contributing to the decline of Britain's high streets.

- Confused.com say that 78% of Britons spend up to £150 per month when paying for parking, and collectively spend nearly £8 billion per year. They add that the most expensive car park in Britain is in the Knightsbridge area of London, where users are charged £36 to park for 3 hours.
- Confused.com say that on average, the cost of parking increased by 12.5% in the last year. This is significant, as 69% of Brits report that they intentionally avoid shopping in areas with high car parking prices.
- Confused.com argue that addressing the high cost of parking would help support the high-street, with 65% of respondents saying that more affordable parking would encourage them to return.

# 11. SAVING

## RECENT HEADLINES

A survey from Lloyds TSB has found that over half of savers (53%) admit that they are regularly forced to dip into their savings account when money runs tight.

- Lloyds TSB say that 11% of savers have to do this on a monthly basis. Meanwhile, 16% do so every couple of months, and 26% have to raid their savings account a couple of times a year.
- 30% of savers are accessing their funds to cover unexpected outgoings such as emergency household repairs or car maintenance. 21% are using their savings to cover day-to-day living expenses, and 20% use their savings to avoid going overdrawn.
- Lloyds TSB add that people are struggling to commit to saving, with 34% saying that they weren't able to save at all in 2012, and just 23% saying they were able to save a regular amount on a monthly basis.
- The main reason behind people not saving is simply that they do not have enough spare income to put aside for a rainy day, with 67% saying this is the reason for their lack of saving activity.

However, the latest NS&I Quarterly Saving Survey suggests that savings levels increased in November – this is the second successive Survey in which a rise has been recorded.

- According to NS&I, Britons are now saving 7.33% of their income each month – equivalent to £90 in real terms – an increase from 7.17% in August.
- NS&I say that while this is positive news, savings levels are rising from a previously low level – in spring 2012, Britons were saving 7.08% of their income each month.
- Moreover, 28% of Britons do not believe that they will be able to sustain their current levels of saving over the next 3 months, rising to 36% amongst those aged 45-54. This is a deterioration from NS&I's Spring 2012 Survey, when 25% of Britons expected to be less likely to save.
- NS&I add that November's survey found that 25% of Britons do not make any savings in the average month, up from 21% in August and 19% the previous year.
- However, one piece of good news is a significant upswing in savings levels amongst 35-44 year olds – November's Survey saw the proportion of monthly income they saved rise to 7.22% (equivalent to £103 in real terms) from 5.62% (£81) in August.

# NOTES

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

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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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