



## Debt Facts and Figures - Compiled July 2010

### Total UK personal debt

**UK banks and building societies wrote off £9.6bn of loans to individuals in the last 12 months** to end Q1 2010. In Q1 2010 they wrote off £2.13bn (£1.25bn of that was credit card debt). **This amounts to a write-off of £23.35m a day.**

Total UK personal debt at the end of May 2010 stood at **£1,460bn**. The twelve-month growth increased to 0.9%. **Individuals owe more than what the whole country produces in a year.**

Total lending in May 2010 rose by £1.5bn; **secured lending increased by £1.2bn** in the month; consumer credit lending increased by £0.3bn (*total lending in Jan 2008 grew by £8.4bn*).

Total secured lending on dwellings at the end of May 2010 stood at **£1,241bn**. The twelve-month growth rate rose to 1.1%.

Total consumer credit lending to individuals at the end of May 2010 was **£220bn**. **The annual growth rate of consumer credit rose by 0.1% to 0.0%.**

Average household debt in the UK is ~ **£8,716** (excluding mortgages). This figure increases to **£18,159** 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 ~ **£57,944** (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 £110,166 per household.**

**Average owed by every UK adult is ~ £30,000 (including mortgages). This is 126% of average earnings.**

Average outstanding mortgage for the 11.4m households who currently have mortgages now stands at ~ £108,972.

Britain's interest **repayments on personal debt were £67.5bn** in the last 12 months. The average interest paid by each household on their total debt is approximately **£2,679** each year. According to PwC the average household will need to spend approximately 15% of net income purely to service the interest payments arising from this debt.

Average consumer borrowing via credit cards, motor and retail finance deals, overdrafts and unsecured personal loans has risen to **£4,513** per average UK adult at the end of May 2010.

### Striking numbers

**£23.35m**

daily write-offs of loans by banks & building societies

**1,900 people**

made redundant daily

**772,000**

unemployed for > 12 months

**9,562**

number of new debt problems dealt with by CAB each day

**£57,944**

average household debt (including mortgages)

**£185m**

personal interest paid in UK daily

**every 13.4 minutes**

a property is repossessed

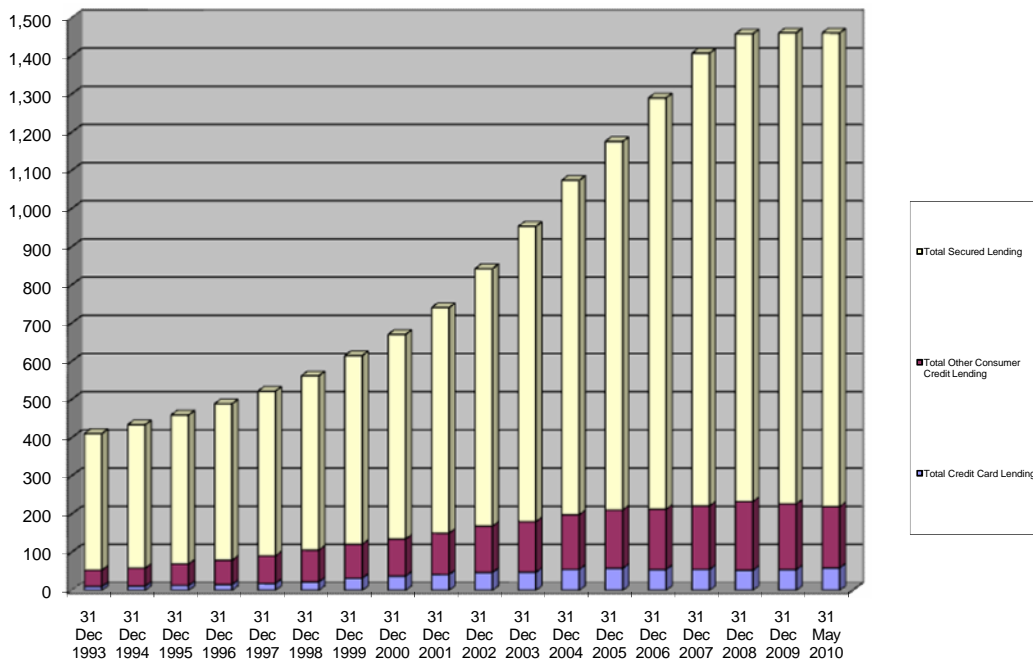
**every 51 seconds**

someone will be declared insolvent or bankrupt

**£353,400,000**

daily increase in Government national debt (PSDN)

Total UK Personal Debt £bn



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

### Today in the UK:

- The average household debt will **increase by £0.06 today** (it grew by £11.11 a day in January 2008)
- **391 people everyday of the year** will be declared insolvent or bankrupt. This is equivalent to **1 person every 51 seconds during the working day.**
- Citizen Advice Bureaus dealt with **9,562 new debt problems** every 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.**
- **230,137 unsolicited telephone calls** made to UK consumers daily by debt management and personal loan companies
- In the last 12 months consumers saved an average of £2.76 every day
- 2,000 Consumer County Court Judgements (CCJs) were issued every day in the first 3 months of 2009
- **107 properties were repossessed every day during Q1 2010**
- **Unemployment increased by 526 people every day** during 12 months to end April 2010.
- **1,896 people reported they had become redundant every day** during 3 months to end April 2010.
- **164 young people (18 – 24s) have become a NEET** (not in education, employment or training) every day during the last 3 months.
- £353,400,000 is the amount that the Government Public Sector net debt (PSDN) will grow today (**equivalent to £4,091 per second**).
- **£131,510,000** is the interest the Government has to pay each day on the UK's net debt of £903bn. This is estimated to rise to £182m a day in 2015-16.
- 203 mortgage possession claims will be issued and 158 mortgage possession orders will be made today
- 363 landlord possession claims will be issued and 238 landlord possession orders will be made today.
- The UK population is projected to grow by 1,178 people a day over the next decade
- 21.9m plastic card purchase transactions will be made today with a total value of £1.115bn.
- 8.2m cash withdrawals will be made today with a total value of £555m
- The average car will cost £15.13 to run today

### Other key national statistics:

The UK economy has grown by 0.3% in the first three months of 2010.

There were 5.9 million working age benefit claimants at November 2009. This is an increase of 453,000 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 13 months in a row.**

There were 4,082 compulsory liquidations and creditors' voluntary liquidations in total in England and Wales in the first quarter of 2010 (on a seasonally adjusted basis). This was a decrease of 17.8% on the same period a year ago. In the twelve months ending Q1 2010, **approximately 1 in 120 active companies (or 0.8%) went into liquidation**. Additionally, there were 1,343 other corporate insolvencies in Q1 2010 (not seasonally adjusted) comprising 356 receiverships, 783 administrations and 204 company voluntary arrangements. In total these represented a decrease of 24.7% on the same period a year ago.

In May 2010 the **public sector net debt (PSND) was £903bn**, equivalent to **62.2%** of gross domestic product and **equivalent to ~ £35,833 per household**. **PSND has increased £129bn in 12 months (equivalent to a growth of £4,091 per second or £5,119 per household)**. **Net borrowing for the month was £16bn**. The interest paid on this debt by the Government in the year April 2010 to May 2010 was £8.0bn which is equivalent to **~ £1,905 per household / annum**.

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 April 2010 was 2.47 million (7.9%)**. This is up **23,000** from the previous three months and up **192,000 (526 a day)** over the year. **173,000 people (1,896 a day) reported they had become redundant** in the three months up 6,000 from the previous three months and down 137,000 from a year earlier.

**The number of people unemployed for more than 12 months increased by 85,000 over the quarter to reach 772,000**. **The number of inactive people of working age increased by 29,000 over the quarter to reach a record high of 8.19 million**.

The claimant count in May 2010 was 1.48 million, down 30,900 on the previous month and down 58,200 on a year earlier. There is a gap of 990,000 between the number of people who are currently unemployed and the number of people claiming Jobseeker's Allowance benefit.

The Chartered Institute of Personnel and Development (CIPD) said that economic growth will slow by far more than the budget suggests and, rather than peaking at 8% this year, **unemployment will continue to rise toward 3m (10%)** by the time Mr Osborne's measures take full effect. This will add to public borrowing and debt, not reduce it. **The 2010 Emergency Budget is not the beginning of the end of the UK's post-recession economic difficulty but the start of a period of painfully slow growth, falling living standards, and prolonged high unemployment**.

In the year to May, the consumer prices index (CPI) rose by 3.4%, down from 3.7% in April. **The Retail Prices Index reduced from 5.3% in April to 5.1% in May 2010**.

New car registrations climbed 13.5% in May to 153,095, marking the eleventh successive monthly rise.

UK retail sales values increased 0.8% on a like-for-like basis and increased 3% on a total basis, from May 2009.

**Servicing Debt:** The Budget has left 67% of consumers – potentially 33 million – feeling worse off, according to research from uSwitch.com. But while 51% of people now feel less confident about their own finances, 42% are now more confident about the country's finances, suggesting that the Government's message about unavoidable pain is starting to get through. **uSwitch also estimate that 1 in 5 (18%) are using debt to fund their living costs and 14% are struggling to meet repayments**.

Despite the nation officially being out of recession, a study by Clydesdale and Yorkshire Banks has revealed that the ongoing financial effects of the recession are having a disruptive impact on family relationships. The Banks' research found that as well as over one million families arguing more, almost two million families say that they feel under severe strain on a daily basis due to money worries and financial pressures.

Citizens Advice Bureaux across England and Wales advised people on 7.1m new issues in the 2009/10 period, up 18% on the previous year (May 2008-March 2009). Debt is still the biggest area of advice, making up 34% of all enquiries, closely followed by Benefits at 29%. Both issues saw an increase in enquiries compared to last year: Debt was up 23% (2.4m enquiries) and Benefits up 21% (2m enquiries). Citizens Advice Bureaux in England and Wales are currently dealing with **9,562 new debt problems every working day**.

The Insolvency Service said there were 35,682 individual insolvencies in England and Wales (**391 people a day or 1 every 3.68 minutes**) in the first quarter of 2010 on a seasonally adjusted basis. This was an **increase of 0.3%** on the previous quarter and an **increase of 17.9%** on the same period a year ago. **These are currently at the highest levels on record**.

However, there remains something of a 'debt iceberg' with many more people in unrecorded Debt Management Plans which are not included in today's 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 are 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.

Mortgage lenders took 9,800 properties into possession in Q1 2010 – 7.5% lower than Q4 2009 according to the Council of Mortgage Lenders. This equates to **107 properties being repossessed every day or 1 property being repossessed every 13.4 minutes.**

In terms of payment difficulties, 186,300 mortgages ended Q1 2010 with arrears equivalent to at least 2.5% of the outstanding mortgage balance. This was 2.5% lower than at the end of Q4 2009.

The FSA estimate that at the end of Q1 2010 there were **361,800 loan accounts in reportable arrears (> 1.5% of current loan balance)**, a decrease of 4% from Q4 2009. At the end of Q1 2010, loans in arrears represented 3.23% of the value of the residential loan book.

*CCCS Debt Remedy*, the charity's online debt counselling tool, had 86,444 unique users in the first three months of 2010, which is over half the total number of users for the whole of 2009. Last year, 152,872 people used it for help with their debts, almost two-thirds more than in 2008.

Total household wealth in the UK has increased by over five times in "real" terms (i.e. after allowing for retail price inflation) over the past 50 years, Halifax research shows. There has been an increase from £1,251bn in 1959 to an estimated £6,316bn in 2009 in today's prices. Net housing equity is £2,519bn and net financial assets (such as savings, pensions and shares) is £3,797bn.

The Department for Business, Innovation and Skills estimate that in the UK, one person in ten is struggling to manage his or her debts.

Research from Scottish Widows reveals that although the UK may officially be out of recession, Brits are still feeling financially insecure due to a lack of time and money to focus on their financial futures. Of those surveyed 22% said they were in too much debt to feel secure. A further fifth (22%) have decided to adopt an "ostrich" mentality by burying their heads in the sand - saying they simply try not to think about their finances on a day to day basis.

Consumer Credit Counselling Service (CCCS) said over 93,000 people called it for help with their debts in quarter one 2010. This compares to 69,432 for the same period in 2009. Receiving a record 335,323 calls to its helpline in 2009, CCCS says that it expects the number for 2010 to be even higher.

In 2008 the amount of outstanding household debt in the UK was almost six times greater than it was in 1987 whereas household disposable income increased by threefold during the same period.

The number of people declared bankrupt in England and Wales aged between 35 and 44 increased from 6,358 in 2000 to 20,366 in 2008.

More than a fifth (21%) of UK residents currently in debt are lying to their partner about the amount of cash they owe according to a report from the Post Office.

uSwitch estimate that every month, **5.4m adults (11%) spend more than they earn, 13m (26%) just break even** and 26m (53%) have less than £100 left in their bank account when all else has been paid.

**Plastic card / Personal Loans:** Almost 5m UK adults admit regularly using their credit card to pay household bills, research from moneysupermarket.com has found, while a further 2.5m withdraw money using their cards.

There were 146.3m debit, credit or charge cards in circulation in the UK at the end of 2008 according to APACS. **An average 254 plastic card purchases were made in the UK every second** during Q4 2009 using debit and credit cards (equal to £12,900 /second). 95 cash withdrawals were made every second (equal to £6,418 / second) from UK's 63,400 cash machines during Q4 2009.

There are **more credit cards in the UK than people** according to APACS. At the end of 2008 there were 71.3m credit and charge cards in the UK compared with around 60 million people in the country.

Shelter estimate that more than one million householders have used credit cards to pay their mortgage or rent in the last 12 months.

According to the BBA the proportion of balances bearing interest is 67%.

Total credit card debt in May 2010 was **£58.9bn**. The UK collective credit limit on credit cards is **£158bn, which is an average credit card limit of £5,129 per person**.

The average interest rate on credit card lending is currently **18.17%, which is 17.67% above base rate (0.5%)**.

**Young people - the IPOD generation:** Generational attitudes indicate more young people heading for debt disaster than older peers. Research from R3 shows among those struggling with debt, over a third (36%) of the 18-24 year olds surveyed have not contacted anyone for help as it is 'easier not to think about it' compared to just 9% of 55-64 year olds. 30% of 18-24 year olds cite they 'don't know where to go' as the reason for not contacting anyone for help. Moreover, across all age groups, 44% of those struggling with debts mistakenly believe that debt advice must be paid for.

The unemployment rate for 18 to 24 year olds increased 17,000 (2.5%) in the last 12 months to reach 713,000. **This means that 17.3% of all 18 to 24 year olds are unemployed**. 342,000 (48%) have been unemployed for > 6 months.

The proportion of 18-24 year olds not in education, employment or training (NEET) at the end Q1 2010 was 837,000 (17.6%). The proportion of 16-18 year NEETs stood at 195,000 (10.1%) at the end of Q1 2010. **The total of 16 – 24 classed as NEETS now stands at 927,000**.

Engage Mutual research shows that 68% give their children pocket money and that most British parents haven't reduced the amount they give, despite the credit crunch. Only 7% stated they are giving less than last year. On average mums and dads give £4.08 a week pocket money.

Children spend £383 a year on technology to maintain their lifestyle in the entertainment age, according to new research from Halifax. This includes computer games and equipment, mobile phones and music downloads.

Children are becoming increasingly interested in their own finances and money management arrangements, according to research from Halifax. This increased awareness in financial matters has led children to believe that they should be responsible for their own money and financial arrangements at 13 years of age. 69% of children would like to receive financial education and advice from their parents at home, followed by 18% from teachers at school.

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

**Pensioners / Pensions:** The annual Scottish Widows UK Pensions Report reveals that pensions savings have seen a dramatic drop since last year and are at the lowest level since 2006. Those saving adequately have decreased by 6% since last year down to 48% and a fifth (21%) of people who could and should be saving nothing at all.

More than 33 million (68% of UK adults) intend to work beyond their current standard retirement age, according to Aviva's latest Real Retirement Report.

The number of people aged 50+ out of work is 378,000, which is a decrease of 5.1% over the last quarter and an increase of 5.1% (18,000) over last year. The number of people over state pension age in work continues to rise – with an increase of 18,000 in the three months to the end of April to 1.437 million, a rise of 92,000 (6.8%) over the previous year.

**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). Pensioner units on average received £406 a week in gross income in 2008-09 compared with a gross income of £644 for the working age benefit units.

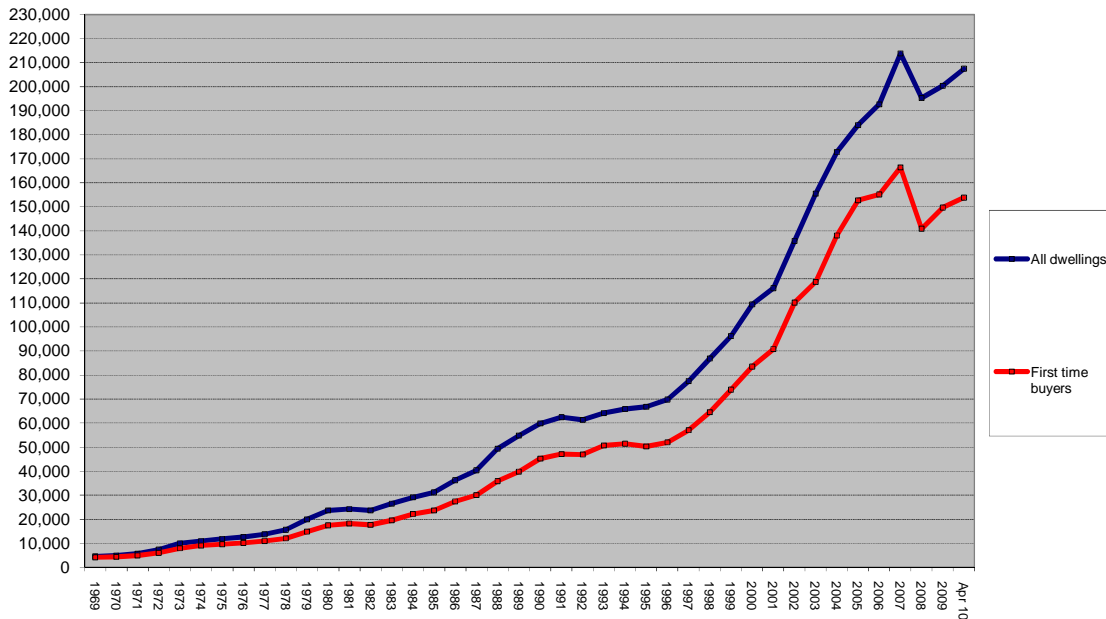
At November 2009, there were 12.6m people of state pension age claiming a DWP benefit, an increase of 250,000 since November 2008. Of these, 66% were claiming State Pension (SP) only.

**There are currently 398,000 elderly people in residential care**. In the UK the average annual fee for a single room in a private residential home is £24,492, and for a nursing home it is £35,100.

**Housing:** According to the Department for Communities and Local Government (DCLG) the average house price in the UK in April 2010 now stands at **£207,516** (£214,863 in England). UK annual house price inflation increased by 10.1%. **Annual house price inflation in London increased by 16.8%**.



## UK Average House Prices £



The average Mortgage Interest rate is 3.66%.

**The cost of owning and running a home in the UK has declined by 6% over the past two years**, according to research by Halifax. Between April 2008 and April 2010, the average annual cost associated with owning and running a home fell by £544 from £9,564 to £9,020. In real terms (i.e. after allowing for retail price inflation), the cost of housing has fallen by 9%. Housing costs in the UK are now equivalent to 27% of gross average full-time earnings, down from 30% in 2008. Regionally, London (£11,762) and the South East (£10,457) have the highest average annual costs of owning and running a home. Housing costs are lowest in Northern Ireland (£7,331).

Gross mortgage lending totalled an estimated £11.3bn in May, a 7% increase from £10.5bn in April and up 10% from £10.2bn in May 2009, according to new data from the Council of Mortgage Lenders.

Halifax said house prices declined by 0.4% in May. House prices in May were 6.9% higher on an annual basis.

The Royal Institution of Chartered Surveyors (RICS) said there were an average of 16.6 completed sales per surveyor during the last 3 months which is a fall of 4.8%.

Rightmove said that while sellers have increased their price aspirations for six months in a row, the pace is now slackening with a rise of just 0.3% this month, compared to 2.6% and 0.7% in April and May.

According to the NAEA the number of house-hunters registered per branch **decreased from 278 in April to 265 in May**. The number of sales agreed per branch **stayed largely the same** as in April with an average of **8** in May. The average number of properties available for sale per branch remained at **62** in May.

House purchase mortgage approval numbers in May were 36,709. The average loan approved for house purchase in May was **£150,500 which is 10.5% higher than a year ago**.

Existing home sales across the United States (including single-family, townhomes, condominiums and co-ops) decreased 2.2% over last month and rose 19.2% year on year in May 2010. The **average price increased 2.7% year on year** to \$179,600. RealtyTrac® said there were a total of 322,920 foreclosure filings — default notices, auction sale notices and bank repossessions — were reported on U.S. properties in May 2010, a 3% decrease in total properties from last month and a 1% increase in total properties from May 2009. The report also shows that one in 400 of all U.S. housing units received at least one foreclosure filing in May 2010.

**Housing First Time Buyers (FTB) & Buy-to-let:** The average house price in the UK in April 2010 for first time buyers now stands at **£153,803** which is an **annual increase of 12.2%**.

First-time buyers made up the lowest proportion of house purchase loans since September 2007, according to data from the Council of Mortgage Lenders. They accounted for 35% of all house purchase mortgages, down from 39% in March and 38% in April 2009.

The typical first-time buyer deposit in April was **25% (£39,627)**. The average first-time buyer borrowed 3.16 times their income and the average first-time buyer loan was £118,881.

At the end of March, the number of buy-to-let loans with arrears of more than 1.5% of the mortgage balance totalled 19,300 (1.56% of all buy-to-loans), compared with 20,700 (1.69% of loans) at the end of 2009. The number of buy-to-let properties taken into possession in the Q1 2010 totalled 1,400, an increase from 1,200 taken into possession in the preceding three months but unchanged from the total a year ago.

Over the three month period to May, tenant demand for residential property continued to rise and did so at the fastest pace seen since January 2009 according to the Royal Institution of Chartered Surveyors (RICS). The number of landlords seeking to sell their property at the end of a lease has risen over the quarter to 5.2%; indeed it is the first time since Q1 2008 that the figure has risen above the long run average of 5%.

A YouGov survey, commissioned by the National Housing Federation, revealed that **86% of 18-30 year-olds, who do not own their own home, could not currently afford to buy a home if they wanted to**, despite recent falls in house prices. A massive 83% of 18-30 year-olds, also thought buying a home was now more a dream than a reality for young adults.

**Money Education:** Aviva's Feel-Good Insight Study, produced in conjunction with a leading psychologist at City University, London, indicates a **strong link between financial behaviour and self esteem - but proves money doesn't buy happiness**. In short, those with sensible financial plans in place are happier overall and have a stronger sense of "financial wellbeing", regardless of their salary.

Research by NatWest's 2010 MoneySense Research Panel reveals that the recession has had a profound, and encouraging, impact on the attitudes, beliefs and behaviours of British teenagers around money. It shows that, compared to 12 months ago, they are now significantly more considered now in how they plan, budget, spend and save. As many as 67% of young people surveyed thought their money management skills had improved from last year.

In a disturbing reflection of attitudes towards planning and financial literacy in the UK, **more than a quarter of Brits are relying on winning the Lottery to help improve their financial situation**. This is compared to just one in 20 who will seek professional help to improve their finances, according to a YouGov survey commissioned for Financial Planning Week 2009. The survey also found that:

- More than half of Brits said they were struggling to some degree to keep up with bills and credit commitments at the moment. However, on a positive note, only five per cent were actually falling behind.
- 43% of people often or sometimes struggle to make it to the next payday.
- **Only a quarter of people (26%) have a budget they follow regularly**
- Only 31% have made a Will, with 49% of those without one saying it's because they've just not got round to doing it yet

**Spending:** Research by Santander Cards reveals that the bride and groom aren't the only ones splashing out on the big day, with the average guest spending an astonishing £380 in the run up to and during the day, equating to a national spend of £10.45 billion.

Figures from moneysupermarket.com show that Britons use an average of 2.4 million discount vouchers for goods and services every day - an increase of 25% on last year.

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.

Britons believe their average outgoings to be £892 per month. **The reality is they're spending £486 more than this at £1378 per month** according to the Reality Gap Report, commissioned by Bright Grey. If push came to shove, four in 10 people (43%) think they could use their savings to cover the bills if they lost their income source but the report reveals 38% of the UK's working population could not survive beyond one month on their savings alone.

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

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

**Savings:** This winter, **the amount of money the population is saving has decreased to its lowest level for over two years**, according to NS&I's Savings Survey. On average, the British public is now setting aside 6.25% (£81.94) of their monthly take-home income. This figure has fallen consistently since this time last year (6.48%), and is at its lowest level since summer 2007 (6.22%). **Fewer people say they are regularly saving money this quarter. Over the past five years, this figure has fluctuated between 47% and 55%, but this winter it has fallen to 44%, one of the lowest ever recorded levels.**

56% said that they had met or had exceeded the savings goals they had set themselves in the past year according to the Scottish Widows fourth annual Savings and Investments Report. This year those who said they are currently saving nothing doubled from 20% last year (2009) to 37%.

Research from Aviva estimates that without further borrowing, the average British household could get their hands on only £914 of disposable cash, less than two weeks of the average weekly household expenditure of £471. One in four (24%) of British households say they could only access £100 without further borrowing.

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