



## **DEBT STATISTICS**

**JULY 2012 EDITION**

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Welcome to the July 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
<b>£55,514</b> was the average household debt (including mortgages) in May
<b>£172m</b> was the daily amount of interest paid on personal debt in May
<b>8,551</b> new debt problems were dealt with by the CAB each working day over the year to March
<b>1,694</b> people were made redundant every day between February and April
<b>886,000</b> people had been unemployed for over a year between February and April
<b>£14.03m</b> of loans are written-off daily by UK Banks and Building Societies (based on Q1 2012 trends)
<b>Every 13 min 44 sec</b> a property is repossessed (based on Q1 2012 trends)
<b>Every 4 min 35 sec</b> someone is declared insolvent or bankrupt (based on Q1 2012 trends)
<b>£1.392 billion</b> was the daily value of all purchases made using plastic cards in April

# 1. UK PERSONAL DEBT

## TOTAL UK PERSONAL DEBT

Outstanding personal debt stood at **£1.460 trillion** at the end of May 2012.

- This is up from £1.451 trillion at the end of May 2011.
- Individuals owed nearly as much as the entire country produced during the whole of 2011.

Outstanding secured (mortgage) lending stood at **£1.252 trillion** at the end of May 2012.

- This is up from £1.241 trillion at the end of May 2011.

Outstanding unsecured (consumer credit) lending stood at **£208 billion** at the end of May 2012.

- This is down from £210 billion at the end of May 2011.

## AVERAGE UK PERSONAL DEBT

Average household debt in the UK (excluding mortgages) was **£7,891** in May.

- This is up from a revised **£7,879** in April.

Average household debt in the UK (including mortgages) was **£55,514** in May.

- This is up from a revised **£55,485** in April.

The average amount owed per UK adult (including mortgages) was **£29,722** in May. 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 **£4,225** in May.

The estimated average outstanding mortgage for the 11.3m households that carry mortgage debt stood at **£111,261** in May.

Based on May 2012 trends, the UK's total interest repayments on personal debt over a 12 month period would have been **£63.1 billion**.

- This is equivalent to **£172 million** per day.
- This means that UK households would have paid an average of **£2,399** in annual interest repayments.

# 1. UK PERSONAL DEBT

The Office for Budget Responsibility (OBR) predicts that total household debt will reach **£2.044 trillion** in Q1 2017.

- This would mean that average household debt would reach **£77,719** (assuming that the number of households in the UK remained the same between now and Q1 2017).

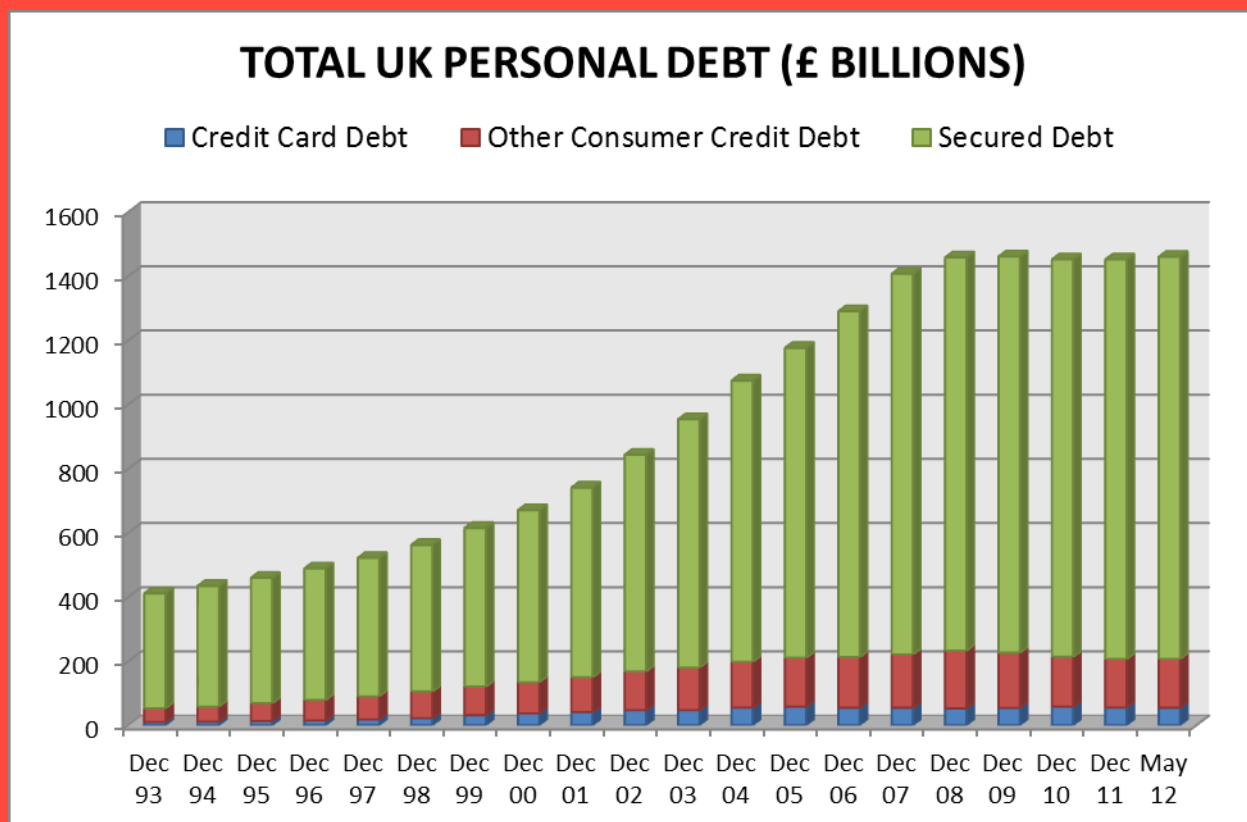
## NET LENDING AND WRITE-OFFS

Total net lending by UK Banks and Building Societies **rose by £1.3 billion** in May 2012.

- Net secured lending rose by £0.6 billion in the month; net consumer credit lending rose by £0.7 billion.

UK Banks and Building Societies **wrote-off £6.3 billion** of loans to individuals over the four quarters to Q1 2012.

- In Q1 2012 itself they wrote-off £1.28 billion (of which £568 million was credit card debt) amounting to a daily write-off of **£14.03m**.



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:

- **314** people are declared insolvent or bankrupt every day (based on Q1 2012 trends). This is equivalent to **1 person every 63 seconds** during each *working day*.
- **1,443** Consumer County Court Judgements (CCJs) are issued every day (based on Q1 2012 trends). The average value of a Consumer CCJ in Q1 2012 was **£2,866**.
- Citizens Advice Bureaux in England and Wales dealt with **8,551** new debt problems every *working day* during the year ending March 2012.
- It costs an average of **£28.44** per day to raise a child from birth to the age of 21.
- **105** properties are repossessed every day (based on Q1 2012 trends).
- **156** new people a day became unemployed for over 12 months during the year ending April 2012.
- **1,694** people a day reported they had become redundant between February and April 2012.
- The Government's Public Sector Net Debt (including financial interventions) will fall by an average of **£2,700,000** today, equivalent to **£32** per second (based on May 2012 data).
- The Government pays an estimated **£159,450,000** of interest each day on the UK's Public Sector Net Debt of £2246.3bn (including financial interventions).
- **182** mortgage possession claims are issued and **141** mortgage possession orders are made every day
- **400** landlord possession claims are issued and **277** landlord possession orders are made every day.
- The UK population is growing by an estimated **1,342 people a day**.
- **28.4m** plastic card purchase transactions were made every day in April 2012 with a total value of **£1.392 billion**.
- **8.3m** cash machine transactions were made every day in April 2012 with a total value of **£325m**.
- The average car costs **£18.33 per day** to run.
- It cost **£66.90** to fill a 50 litre tank with unleaded petrol in June.

## 3. NATIONAL STATISTICS

### ECONOMY

The UK economy **contracted by 0.3%** in the first quarter of 2012, according to the latest estimates from the Office of National Statistics. This follows a contraction of 0.4% in the fourth quarter of 2011, meaning the UK economy has fallen back into recession.

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 40 months.

There were **5.8 million** working age benefit claimants at November 2011. This is an increase of 93,000 in the year.

### UNEMPLOYMENT

The number of unemployed people in the three months between February and April 2012 was **2.61 million** (8.2%). This is down by 51,000 from the previous three months, but up by 185,000 from a year earlier.

- **155,000** people (**1,694 a day**) reported they had become redundant over the three months. This is down by 18,000 from the previous three months, but up by 39,000 from a year earlier.
- **886,000** people had been unemployed for over 12 months between February and April, a rise of 30,000 over the previous three months, and a rise of 57,000 (**156 a day**) from a year earlier.
- The number of economically inactive people aged between 16 and 64 fell by 69,000 over the three months, and fell by 139,000 over the year, to reach **9.23 million** in the three months to April 2012.

Public sector employment fell by **39,000** in the first quarter of 2012 to reach **5.899 million** overall.

The Office for Budget Responsibility's March 2012 forecast for General Government Employment estimates a total reduction of around **730,000** staff between the start of 2011 and the start of 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 May 2012, public sector net debt (PSND) *excluding* financial interventions was **£1013.4bn**, equivalent to 65.0% of GDP. This compares to £921.3bn (61.3% of GDP) at the end of May 2011.

Meanwhile, public sector net debt *including* financial interventions was **£2246.3bn**, equivalent to 144.2% of GDP. This compares to £2247.3bn (149.4% of GDP) at the end of May 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 March 2012 Budget, public sector net debt will peak at **76.3% of GDP** in 2014-15. It will then fall to 74.3% of GDP in 2016-17.

### CORPORATE INSOLVENCIES

Figures from the Insolvency Service show that there were **4,303** compulsory liquidations and creditors' voluntary liquidations in England and Wales in the first quarter of 2012 (on a seasonally adjusted basis).

- This was up 0.2% on the previous quarter, and up 4.3% on the same period a year ago.

In the twelve months ending Q1 2012, approximately **1 in 138** active companies (0.7% of all active registered companies) went into liquidation.

- This is unchanged from the previous quarter.

Additionally, there were **1,290** other corporate insolvencies in Q1 2012 (not seasonally adjusted), comprising 336 receiverships, 779 administrations and 175 company voluntary arrangements.

- In total these have increased 1.8% on the same period a year ago.

## 3. NATIONAL STATISTICS

### INFLATION AND RETAIL ACTIVITY

CPI (Consumer Prices Index) annual inflation stood at **2.8%** in May. This is down from 3.0% in April.

RPI (Retail Prices Index) annual inflation stood at **3.1%** in May. This is down from 3.5% in April.

The British Retail Consortium/KPMG Retail Sales Monitor for May 2012 showed that UK retail sales values increased by 1.3% on a like-for-like basis from May 2011, when sales had fallen 2.1%.

- On a total basis, sales were up 3.4% in May 2012, against a 0.3% decrease in May 2011.

There were 162,288 new car registrations in May, according to the Society for Motor Manufacturers and Traders. This is an increase of 7.9% compared to May 2011.



## 4. SERVICING DEBT

### KEY STATISTICS

Citizens Advice Bureaux across England and Wales advised **0.58 million** clients with new problems in the three months between January and March 2012.

- Debt was the second largest advice category (behind Benefits) with 581,000 enquiries. This is a 2% decrease on the same period last year. Debt enquiries represented 31% of all problems dealt with between January and March 2012.
- Based on *annual* figures to the end of March 2012, Citizens Advice Bureaux in England and Wales are dealing with **8,551** new debt problems every *working day*.

According to the Council of Mortgage Lenders (CML), **9,600** properties were taken into possession in Q1 2012 (this is up from 8,700 in Q4 2011, but the same as in Q1 2011).

- This equates to **105** properties being repossessed every day, or one property being repossessed **every 13 minutes 44 seconds**.
- In terms of payment difficulties, **157,800** mortgages ended Q1 2012 with arrears equivalent to at least 2.5% of the outstanding mortgage balance.
- This is down from 160,300 at the end of Q4 2011, and down from 170,500 at the end of Q1 2011.

The Financial Services Authority estimates that at the end of Q1 2012 there were **303,200** mortgage loan accounts in reportable arrears (i.e. arrears of over 1.5% of current loan balance), a fall of 10% from Q1 2011.

- At the end of Q1 2012, loans in arrears represented **2.52%** of the value of the residential loan book.

The Insolvency Service said there were **28,723** individual insolvencies in England and Wales in Q1 2012. This is equivalent to **314** people a day or, one person **every 4 minutes 35 seconds**.

- This was a fall of **1.2%** on the previous quarter and a fall of **4.7%** 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 Consumer Credit Counselling Service (CCCS) have indicated that there has been a sharp rise in the number of people falling behind with their council tax, despite the fact it has been frozen across England.

- CCCS say that the number of people contacting them for help with council tax arrears increased by 27% last year, from 13,353 in 2010 to 16,958 in 2011.
- The average amount owed in council tax arrears has also risen, from £675 in 2010 to £717 in 2011.
- CCCS suggest that this problem has been fuelled by the worsening position of renters, with more renters contacting CCCS with council tax arrears than homeowners for the first time – 8,841 renters sought advice on council tax debts in 2011, up from 6,084 in 2010.

Furthermore, CCCS have also suggested that an increasing number of older people are beginning to encounter problems with mortgage arrears.

- CCCS say that the number of over-60s contacting them for help with mortgage arrears grew by 44% between 2009 and 2011, compared to an average increase of just 3% across all age groups.
- A total of 5,719 homeowners aged over-60 contacted CCCS for debt advice in 2011 – one in five (1,111) had a problem with mortgage arrears, up from 769 in 2009.
- The average size of arrears also increased from £3,556 in 2009 to £4,375 in 2011.

Money Advice Trust have released figures which suggest that an increasing number of people are experiencing problems with debts to catalogue companies.

- They say that their National Debtline helpline service received a record 25,000 calls from people with catalogue debts in 2011.
- This made catalogue debts the fifth most common problem dealt with by National Debtline advisers, ahead of issues with the likes of mortgages and rent.
- Money Advice Trust go on to suggest that problems with catalogue debts are continuing to increase in 2012 – National Debtline received 7,000 calls about them in the first quarter, and dealt with nearly 100 such calls every day during February.

## 5. PLASTIC CARDS AND PERSONAL LOANS

### KEY STATISTICS

During April 2012 an average of **329** purchases were made in the UK every second using debit and credit cards, based on figures from the UK Cards Association.

- An average of **£16,110** was spent every second using debit and credit cards.
- On a daily basis, purchases using plastic cards were worth **£1.392 billion** during April.

Meanwhile, data from LINK shows that, on average, **96** cash machine transactions (including balance enquiries and rejected transactions) were made every second in April 2012.

- In total, cash machine transactions were worth **£3,765** per second in April.
- 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 May 2012 was **£54.8bn**.

- The average interest rate on credit card lending was **17.88%** in May. This is **17.38%** 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 April.

### RECENT HEADLINES

Despite the England football team bowing out of last month's European Championships at the quarter-final stage, analysis by Sainsbury's Finance shows that the number and value of cash machine withdrawals increases markedly on the day of an England international.

- Sainsbury's Finance suggest that the amount of money withdrawn from its ATM network typically increases by 14% on the day of an England match.
- Moreover, the average number of withdrawals also rises by around 6%.
- Sainsbury's Finance suggest that as paying with cash can be quicker than making a card transaction, many fans switch to notes on the day of an England game to ensure they do not miss any of the action.

A survey by Confused.com has found that significant numbers of Britons are using credit cards to fund spending on lifestyle products such as clothes and beauty products.

- On average, a striking 35% of people said they had spent more than they could afford so far this year, rising to 44% amongst people in London.
- 28% of those polled said they spent money on their credit card to treat themselves, while a worrying 11% view spending on a credit card as easy money.

## 6. YOUNG PEOPLE

### KEY STATISTICS

**813,000** economically active 18-24 year olds were unemployed between February and April 2012. This was down by 13,000 (1.6%) compared to the previous three months.

- This meant that **19.9%** of all economically active 18-24 year olds were unemployed between February and April.
- **403,000** (49.6%) had been unemployed for over 6 months.
- **224,000** had been unemployed for over 12 months. This is a rise of 7,000 (3.2%) over the previous 3 months, and a rise of 40,000 (21.8%) from a year earlier.

The number of 18-24 year olds not in education, employment or training (NEET) at the end Q1 2012 was **860,000** (18.0%).

- The number of 16-18 year olds classed as NEET stood at **183,000** (9.8%) at the end of Q1 2012.
- The overall number of 16-24 year olds NEETs was **954,000**.

### RECENT HEADLINES

A survey by Magnified Learning has found that 83% of 14-16 year olds turn to their parents as a first port of call for financial advice. However, despite this, many parents do not feel sufficiently competent to advise their children about key financial products.

- 66% of parents conceded that they did not feel competent advising their children about investments, while 62% felt the same way about giving advice on life insurance.
- Moreover, 58% of parents did not feel competent advising their children about pensions, and 39% did not feel competent in giving advice on bank accounts.
- Magnified Learning suggest that this means parents can be left footing the bill for their children's spending when they grow up – 40% of 35-54 year olds admit that they have been given money by their parents in the last year, receiving an average of £1,030.

Figures from Confused.com suggest that 18-21 year olds are paying an average of £2,499 a year for comprehensive car insurance.

- With Confused.com saying that the average income for those in this age bracket is £13,972, this means that young people could be spending as much as 18% of their salary on car insurance.
- Indeed, the problem is particularly pronounced for young men, with 18-21 year old males paying an average of £3,635 for their premiums (compared to £1,869 for women aged 17-20).

## 6. YOUNG PEOPLE

A survey by LV has found that 29% of parents plan to take their children out of school for a holiday this year.

- The cost of a holiday is the biggest factor in parents' decision to take their kids out of school for a break. Of those who plan to do so, 57% said this is because it would be cheaper, and 32% said they felt forced to go away during off-peak periods as they cannot afford a vacation during the school holidays.
- In 2004, fines were introduced to deter parents from allowing their children to miss school. However, despite this, the number of parents taking their kids on term-time getaways has increased year on year, from 7% in 2004 to 21% in 2012.

Sainsbury's Finance have found that mums and dads provide £32 billion worth of free taxi services for their kids every year.

- Sainsbury's Finance say that each week, 9.3 million parents cover an average of 24.7 miles a week driving their children around, which is worth £46.17 at Hackney Carriage rates. They also spend an average of 1 hour 14 minutes sitting in their cars waiting for their children, worth a further £20.49 per week.
- On a total basis, parents collectively clock up 230 million miles every week, which is equivalent to the distance between the Earth and Mars at their furthest points. If charged at Hackney Carriage rates, this would cost in excess of £621 million.

A study by J.P. Morgan has found that 94% of parents are worried about their children's financial future.

- 57% said that they were concerned about whether their children would be able to enjoy life without struggling financially.
- Meanwhile, unemployment (56%) and the rising cost of living (53%) were the second and third biggest areas of concern.
- Furthermore, 22% of parents fear that the level of savings that their children will have accumulated when they reach adulthood will not be enough – this rises to 25% amongst parents with children under the age of 5.

## 7. OLDER GENERATIONS AND PENSIONS

### KEY STATISTICS

**425,000** people aged over 50 were unemployed between February and April 2012. This is down 3,000 (0.7%) from the previous three months, but up 27,000 (6.8%) from a year earlier.

- **44.5%** of unemployed workers aged over 50 - a total of **189,000** people - have been out of work for over a year. 121,000 have been unemployed for more than two years.
- **906,000** people aged over 65 were *in work* between February and April, which is up 36,000 (4.2%) from the previous three months, and up 19,000 (2.2%) from the previous year.

At November 2011, there were 12.7m claimants of State Pension (SP), a rise of 109,000 on the year.

### RECENT HEADLINES

Latest figures from the Alliance Trust Economic Research Centre show that over-75 households continued to face the highest rate of inflation of all age groups in May.

- Over-75s experienced an inflation rate of 3.4% during May – although this is a decline from 3.6% in April (and is in fact at its lowest level in two years), it remains above the headline rate of 2.8%.
- Over-75 households continue to feel the effects of higher gas and electricity price inflation, because they allocate a larger proportion of their budgets to spending on these utilities – gas and electricity price inflation remains elevated at 15% and 8% respectively.
- However, this group did benefit from a fall in food price inflation from 4% to 3% in May – over-75 households allocate 17% of their budgets to food.

Prudential have estimated that over the course of their career, the average UK worker will earn £1 million (before tax) by the time they are 56 years, 9 months and 3 weeks old.

- This is based on the assumption that someone starts working at 18, and earns the average salary for their age bracket through to the age of 65.
- However, the average figure conceals a significant gender gap. While men will reach the £1 million mark at the age of 50 years, 6 months and 2 weeks, women do not get to this milestone until they are 72 years, 4 months and 3 weeks old.
- Moreover, despite these cumulative earnings, only 37% of people who expect to retire this year feel that they have saved enough to secure a comfortable retirement.

## 7. OLDER GENERATIONS AND PENSIONS

Meanwhile, Prudential have also said that women who retire this year expect to receive a retirement income that is, on average, a third lower than that of their male counterparts.

- Prudential estimate that a woman retiring this year expect to receive an annual retirement income of £12,250 on average, compared to £18,000 for men – this equates to a gender gap of £5,750.
- However, while significant, Prudential also point out that the gap has fallen in the past few years – in 2011 it stood at £6,500, and in 2010 it was £7,400. They say that this decline can mainly be attributed to a reduction in men’s expected incomes.
- Prudential found that 49% of women believe that they will not have enough income for a comfortable retirement, compared to 40% of men.

Research by MGM Advantage suggests that retired people are saving families a collective £14 billion a year by caring for other family members unpaid.

- MGM Advantage estimate that the average retired person spends 256 hours a year looking after grandchildren and other members of their family
- If families had to pay for this level of care from third-parties, it would cost them each £1,313 per year, or a collective £14 billion.
- A typical retired person spends two hours a week looking after grandchildren – however, 533,400 retired people spend between 11 and 20 hours a week providing this kind of childcare, and 224,584 retired people spend over 20 hours a week doing so.

A report by Aviva has found that 68% of employees have little or no knowledge about the imminent introduction of auto-enrolment for pensions saving.

- Currently, while 56% of people believe that a pension is the best way to save for their retirement, only 35% of those in the private sector are actually saving into a workplace pension.
- Of those who are currently offered a workplace pension but do not contribute, 55% say this is because they don’t have any spare cash, 28% say it is because they need to repay debts, and 20% say they need to pay for immediate family costs.
- Auto-enrolment will change the landscape of workplace pensions, but Aviva say that opt-out rates could be quite high – 37% of employees said that they may choose to leave, although 43% of those without a pension said they would remain within the scheme once enrolled, and of those 8% said they would contribute more.

## 8. HOUSING MARKET

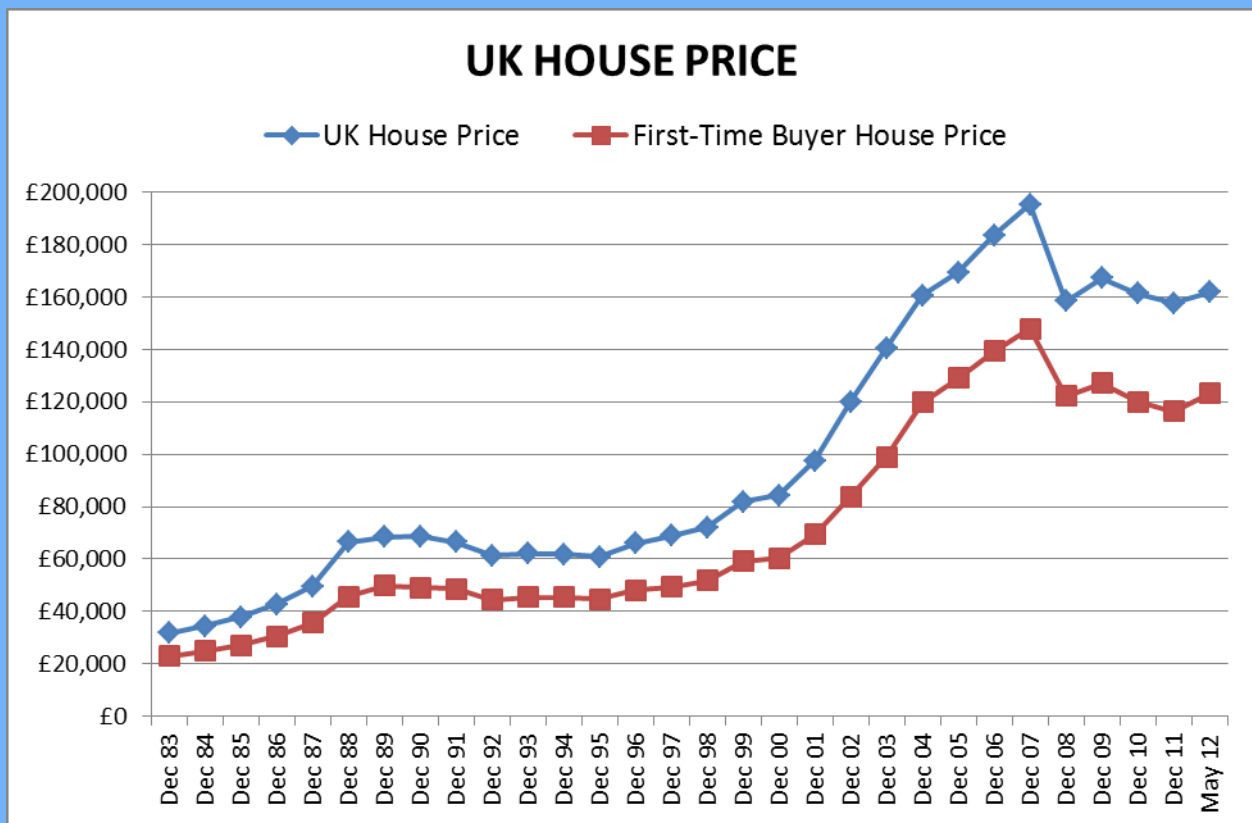
### KEY STATISTICS

According to the Office of National Statistics the average house price in the UK in April 2012 stood at **£229,000** (£237,000 in England).

- Average UK house prices increased by 1.1% over the month to April 2012, compared to a decrease of 0.9% in April 2011 (seasonally adjusted).
- Over the year to April 2012, UK house prices **increased by 1.4%**.
- Average house prices in London **increased by 1.7%** in the year to April 2012.

Nationwide estimate that house prices rose by 0.3% during May 2012, and fell 0.7% over the year.

Halifax said that house prices rose by £868 in May 2012. This is a monthly rise of 0.5%. Prices rose 0.8% over the quarter but fell 0.1% 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 May.

According to the Council of Mortgage Lenders, gross mortgage lending in May totalled an estimated £12.2 billion. This is a rise of 24% compared to April's gross lending total (£9.9 billion) and a rise of 13% from May 2011 (£10.8 billion).

The May RICS Housing Market Survey shows that 16% more surveyors report prices falling rather than rising, and improvement from 19% in April.

- 67% of surveyors reported no changes in price, and of those that did report a price fall, 70% said these were in the 0-2% range.
- New buyer enquiries and new vendor instructions both slipped slightly during May.
- RICS say that while May's Survey suggests activity was more or less stable, there has been a clear loss of momentum following the expiration of the first-time buyer stamp duty exemption at the end of March – this had the effect of bringing purchases forward into Q1 at the expense of Q2. The outlook for prices deteriorated in May relative to April, as did sales expectations.

Hometrack's monthly survey of agents and surveyors showed that demand for housing rose 0.4% in May, compared to a rise of 2.1% in April.

- The supply of homes for sale increased by 2.2% in May, following a 4.8% rise in April.
- House prices rose by 0.2% in May, having increased by 0.1% in April. This was the third consecutive monthly price rise – prior to March, prices had not increased for 20 months.
- However, Hometrack point out that there are significant regional differences beneath these national trends. London has seen demand rise ahead of supply in the last three months, resulting in a total price rise of 1.4% over the quarter.
- By contrast, demand across Northern regions has increased 9% over the past three months while supply has grown 28%. This has led to a decline in prices of between 0.2% and 0.5%.
- Lower prices were reported across 12.1% of the country in May, while 11.6% of the country reported price rises.

Rightmove said new seller asking prices rose by 1.0% in June, standing at an average of £246,235. Prices rose 2.4% compared to June 2011.

## 8. HOUSING MARKET

According to the NAEA the number of house-hunters registered per branch decreased on average from 297 in March to 294 in April.

- The average number of sales agreed per branch was unchanged at 7 in March and in April.
- The average number of properties available for sale per branch increased from 61 in March to 62 in April.

House purchase approvals in May (30,238) were 3.4% lower than a year ago according to the British Bankers Association (BBA). The average loan approved for house purchase in May was £165,300. Note that figures for 2012 are not directly comparable with those from 2011 due to a change in the way the BBA collect the data.

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 1.5% during the month of May, but rose 9.6% year on year from May 2011.

- The average price increased 7.9% year on year to \$182,600.
- Meanwhile, RealtyTrac® said that a total of 205,990 foreclosure filings — default notices, auction sale notices and bank repossessions — were reported on U.S. properties in May 2012, a 9% increase in total properties from the previous month but a 4% decrease from May 2011.
- RealtyTrac®'s monthly Foreclosure Report shows that one in every 639 U.S. housing units received at least one foreclosure filing during the month of May.

### FIRST-TIME BUYERS AND BUY TO LET

The Office of National Statistics say that the average house price for first-time buyers was **£169,000** in April 2012, which is an annual increase of 1.5%.

The typical first-time buyer deposit in April 2012 was **20% (around £29,762)**. The average first-time buyer borrowed 3.12 times their income and the average first-time buyer loan was an estimated **£119,048**.

The Council of Mortgage Lenders say that there were just over 1.4 million buy-to-let mortgages outstanding at the end of Q1 2012, worth a total of £159.4 bn. By value, buy-to-let mortgages accounted for 12.8% of all mortgages.

## 8. HOUSING MARKET

According to the April 2012 RICS Residential Lettings Survey, rising demand from tenants and limited levels of supply continued to drive rental growth between February and April. 15% more surveyors reported demand rising rather than falling which, along with a modest increase in landlord instructions, underpinned a rise in rents.

### RECENT HEADLINES

A report commissioned by the Resolution Foundation and Shelter has forecast that if current economic trends continue, just one in four households will own with a mortgage by 2025.

- The research suggests that if factors such as low levels of house building, constrained mortgage finance and low income growth persist, just 27% of households will own with a mortgage in 2025, down from a peak of 43% in the early 1990s.
- Meanwhile, the proportion of households that are renting privately will continue to expand, rising from just 7% in 1994 to 22% by 2025 – in London, 36% of households are projected to rent by 2025.
- The report also points out that in the last five years, the number of families with children renting has increased by 86%.

Figures from Lloyds TSB have revealed that house prices in some of England's most picturesque locations have increased by over £900 a month over the past 10 years.

- Lloyds say that the average house price in postal districts within 32 Areas of Outstanding Beauty (AONBs) has increased by 87% (£109,355) in the last decade, from £125,860 in 2002 to £235,215 in 2012 – this is equivalent to a monthly rise of £911.
- Indeed, while house prices in AONBs rose by 87%, Lloyds say that average earnings increased by just 32% over the same period, meaning that properties in these areas have become increasingly unaffordable.
- Solway Coast in Cumbria recorded the biggest increase over the decade, as house prices rose by 124.5%. Meanwhile, Surrey Hills is currently the most expensive AONB, with an average house price of £407,568.

Confused.com has suggested that the continuing first-time buyer crisis in the UK, combined with a rise in the number of singles in the UK, is creating an alternative family unit which termed the "Multiple Occupant Shared Home", which sees friends buying property together.

- Confused.com say that 57% of singles have a friend that they trust enough to buy a house with.
- This is particularly the case for young people, with 64% of 18-24 year olds saying they have a friend they trust enough to buy a house with, compared to 47% of over-55s.

## 9. FINANCIAL EDUCATION

### RECENT HEADLINES

A survey undertaken by Defaqto has suggested that while consumers generally compare the features of different financial products before buying, they do not necessarily understand what those features actually mean.

- According to Defaqto's findings, 93% of people compare the features of different products, and 89% compare the level of features between different products.
- However, Defaqto also found that 47% of people don't always know what product features mean.
- Similar surveys were also conducted in 2010 and 2011, and Defaqto say that the results have remained largely static over time.

A survey by NS&I has found that people who focus their time on financial planning save significantly more than those who spend their time worrying about money.

- NS&I say that "planners" set aside an average of £104.39 per month. This is nearly double the £53.47 saved each month by "worriers".
- NS&I have found that those people who worry the most about their money are also the ones doing least of all to manage it. 41% of those who say that they worry at least once a year will spend more time worrying than planning overall. Meanwhile, 10% of those who worry everyday only check their finances once a month.
- By comparison, people who say that they don't worry about money at all also tend to have invested time to make their money go further – for example, 53% of people in this group use vouchers and coupons to save cash, while 37% check prices at a number of shops before selecting where to buy an item.

A survey of full-time students aged 16-18 by the Chartered Insurance Institute (CII) has revealed that many teenagers lack a basic level of knowledge about personal finance.

- CII found that 39% of students have not received any financial teaching at school, and that of those who were taught financial education, many simple money management terms were not explored in lessons.
- As a result, 71% of students surveyed were unclear about what "APR" means. Significant numbers were also unsure about the meanings of terms such as "equity" (73%), "credit" (33%) and "debt" (24%). This is despite the fact that 19% of students polled had a store card and 95% had a debit card.
- Moreover, CII's survey also found that 51% of students thought that debt was "something everyone goes through at some point", while only 2% considered it "unusual".

# 10. SPENDING

## KEY STATISTICS

The AA calculate that in June 2012 the average price of unleaded petrol fell by 4.6pppl (pence per litre) to 133.8pppl.

- This meant it cost **£66.90** to fill a 50 litre unleaded tank.
- The average price of diesel fell by 5.0pppl to 139.3pppl. The UK had the tenth highest petrol price in Europe and the second 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 21<sup>st</sup> 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.

## RECENT HEADLINES

MGM Advantage say that despite CPI inflation falling to 2.8% in May, UK households still need to collectively find an additional £25.4 billion in order to maintain the same standard of living that they enjoyed a year ago.

- This means that the typical UK household would need to find an extra £966.78 per year.

A survey by Nationwide has shown that, as household budgets continue to be stretched, four out of five people are looking to make their money go further by collecting coupons and money-off vouchers.

- Indeed, 72% of people surveyed said that they make purchase decisions based on where they could get the biggest discount.
- The tough economic climate has made using vouchers much more mainstream than it was in previous years, with 92% of people saying they would not be embarrassed about using a discount voucher in public.
- The most popular use of a discount voucher is for meals out, and around 75% of people say that they would make a decision on eating out or a day out based on where they could get a discount.

## 10. SPENDING

Lloyds TSB's latest Spending Power Report suggests that, on an annual basis, discretionary spending power fell by 0.3% in May.

- On average, this means that people have £34 less to spend on non-essential items than they did a year ago.
- However, Lloyds suggest that the pressures of essential spending also eased slightly in May – annual growth in essential spending was 3.9% in May, down from 4.6% in April.
- Despite this, future expectations about discretionary income remain negative, with 25% of people feeling they will have less to spend in six months, compared to 20% of people who feel they will have more.
- Currently, 63% of consumers spend at least three quarters of their income on household bills and essentials, although this is a decrease of 3% from April.

Nationwide have examined trends in charitable giving over the decade between 2000/01 and 2010/11, and found that donations nearly doubled over the period.

- Charitable donations in the UK that were subject to Gift Aid stood at £2.0 billion in 2000/01, and rose to £3.8 billion in 2010/11 – this is an increase of 95% in real terms (after allowing from inflation).
- Donations grew particularly strongly in the first half of the decade, increasing by 60% (£1.2 billion) between 2000/01 and 2005/06. Since then, growth slowed to 21% between 2005/06 and 2010/11.
- The average amount given per donor via Gift Aid stood at £223 in 2010/11. This is a slight fall from the peak of £252 in 2008/09, but overall is an increase of 71% from £130 in 2000/01.

A study by Halifax has shown that families who are looking to fill their spare time are now facing the most expensive costs for leisure activities in over a decade.

- Halifax say that the average cost of tickets to a top flight football match have increased 184% since 2002, rising from £17.22 ten years ago to £48.90 today.
- The cost of eating out has risen by 42% over the period (from £14.12 to £20.00), and the cost of a takeaway meal has increased 36% (from £8.16 to £11.22).
- Meanwhile, Halifax add that since 2002 the cost of going to the gym has gone up by 48%, the cost of going to the cinema has risen by 46%, and monthly TV costs have increased 39%.
- All these rises have outstripped CPI inflation – Halifax say this increased by 29% over the 10 years between 2002 and 2012.

# 11. SAVING

## RECENT HEADLINES

Legal & General's latest MoneyMood Survey has revealed that the recession is impacting on people's savings behaviour in a number of ways.

- Firstly, savers are saving less each month – Legal & General suggest that, of those households who say they can afford to save something each month, the average amount they put away is £71, which is a fall of £22 from January (when an average of £93 was saved).
- Secondly, fewer households are adding to their savings. While 41% of households say they could afford to save, only 21% of those surveyed said they intended to add to their savings in the next month – this is down from the same period last year when 25% of households intended to add to their savings.

Figures released by Lloyds TSB to celebrate the Queen's Diamond Jubilee have revealed how the savings market has changed over the last 60 years.

- Lloyds say that there has been a 464% rise in the real value of UK household savings over the period.
- Their figures suggest that average savings (including pensions, investments and deposit savings) currently stand at £150,000 per household, compared with around £50,000 in 1951 – however, Lloyds also point out that this average figure masks the fact that many have little or no savings at all.
- Household savings recorded their biggest rise in value in the 1980s according to Lloyds, whilst savings fell in the 1970s in inflation adjusted terms.
- On average, households have saved 6% of their net income since the 1950s.

A study by the Co-operative Bank has suggested that 20% of Brits have no savings set aside in case of an emergency.

- Young people are most likely to struggle to save, with those aged under 35 being three times more likely than over-55s to have no savings.
- The research reveals the most common types of emergencies that lead consumers to dip into their savings – unexpected bills were the most common cause (53%), followed by a boiler breaking down (46%) and loss of employment (45%).
- However, the Co-operative also found that 1 in 20 people would access the money they set aside for emergencies in order to pay for hair appointments, cosmetic surgery, or even to buy clothes.

# NOTES

Credit Action's Debt Statistics are compiled on a monthly basis by John Davies. Email [johndavies@creditaction.org.uk](mailto: johndavies@creditaction.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.creditaction.org.uk](http://www.creditaction.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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