



DEBT STATISTICS

JUNE 2012 EDITION

CONTENTS

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

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

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

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

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| STRIKING NUMBERS |
|---|
| £55,483 was the average household debt (including mortgages) in April |
| £172m was the daily amount of interest paid on personal debt in April |
| 8,518 new debt problems were dealt with by the CAB each working day over the year to December |
| 1,880 people were made redundant every day between January and March |
| 887,000 people had been unemployed for over a year between January and March |
| £14.03m of loans are written-off daily by UK Banks and Building Societies (based on Q1 2012 trends) |
| Every 13 min 44 sec a property is repossessed (based on Q1 2012 trends) |
| Every 4 min 35 sec someone is declared insolvent or bankrupt (based on Q1 2012 trends) |
| £1.325 billion was the daily value of all purchases made using plastic cards in March |

1. UK PERSONAL DEBT

TOTAL UK PERSONAL DEBT

Outstanding personal debt stood at **£1.459 trillion** at the end of April 2012.

- This is up from £1.451 trillion at the end of April 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 April 2012.

- This is up from £1.240 trillion at the end of April 2011.

Outstanding unsecured (consumer credit) lending stood at **£207 billion** at the end of April 2012.

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

AVERAGE UK PERSONAL DEBT

Average household debt in the UK (excluding mortgages) was **£7,880** in April.

- This is down from a revised **£7,905** in March.

Average household debt in the UK (including mortgages) was **£55,483** in April.

- This is up from a revised **£55,441** in March.

The average amount owed per UK adult (including mortgages) was **£29,706** in April. 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 **£4,219** in April.

The estimated average outstanding mortgage for the 11.3m households that carry mortgage debt stood at **£111,218** in April.

Based on April 2012 trends, the UK's total interest repayments on personal debt over a 12 month period would have been **£63.0 billion**.

- This is equivalent to **£172 million** per day.
- This means that UK households would have paid an average of **£2,396** 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

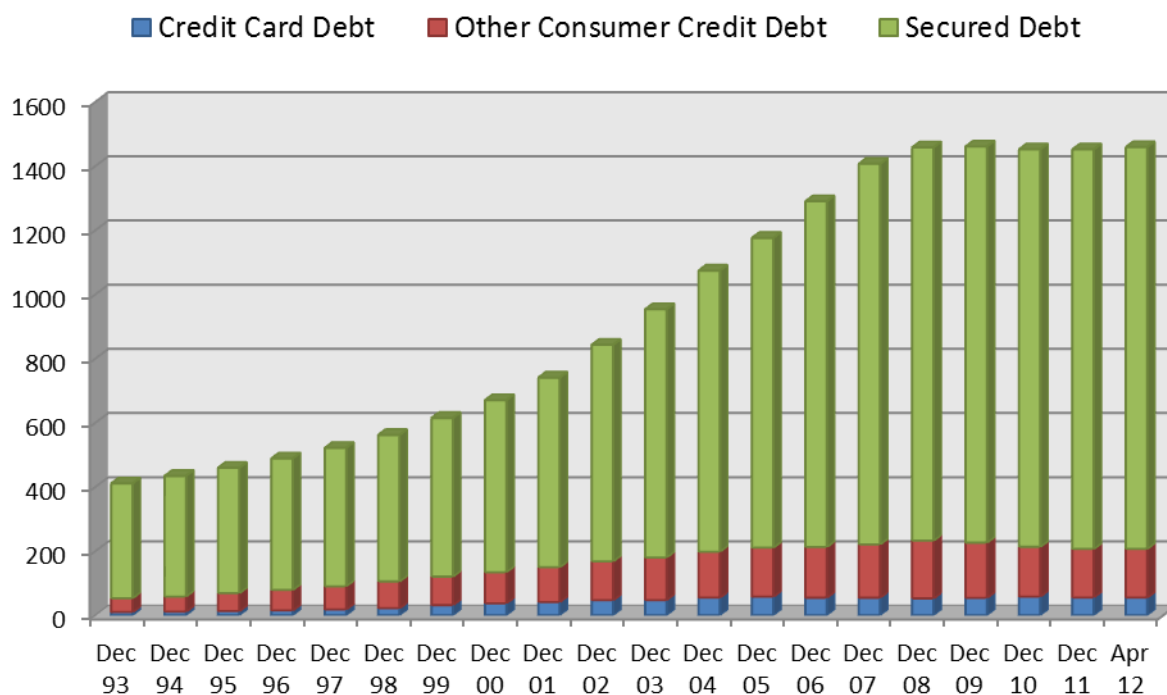
Total net lending by UK Banks and Building Societies **rose by £1.4 billion** in April 2012.

- Net secured lending rose by £1.1 billion in the month; net consumer credit lending rose by £0.3 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**.

TOTAL UK PERSONAL DEBT (£ BILLIONS)



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*.
- **1,473** Consumer County Court Judgements (CCJs) are issued every day (based on Q4 2011 trends). The average value of a Consumer CCJ in Q4 2011 was **£2,949**.
- Citizens Advice Bureaux in England and Wales dealt with **8,518** new debt problems every *working day* during the year ending December 2011.
- 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).
- **104** new people a day became unemployed for over 12 months during the year ending March 2012.
- **1,880** people a day reported they had become redundant between January and March 2012.
- The Government's Public Sector Net Debt (including financial interventions) will grow by an average of **£132,800,000** today, equivalent to **£1,537** per second (based on April 2012 data).
- The Government pays an estimated **£170,960,000** of interest each day on the UK's Public Sector Net Debt of £2293.9bn (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**.
- **26.9m** plastic card purchase transactions were made every day in March 2012 with a total value of **£1.325 billion**.
- **8.1m** cash withdrawals will be made daily with a total value of **£547m** (based on Q4 2011 trends).
- The average car costs **£18.33 per day** to run.
- It cost **£69.20** to fill a 50 litre tank with unleaded petrol in May.

3. NATIONAL STATISTICS

ECONOMY

The UK economy **contracted by 0.3%** in the first quarter of 2012, according to revised estimates from the Office of National Statistics. This follows a contraction of 0.3% 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 5th March 2009, and has been held there for 39 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 January and March 2012 was **2.63 million** (8.2%). This is down by 45,000 from the previous three months, but up by 170,000 from a year earlier.

- **172,000** people (**1,880 a day**) reported they had become redundant over the three months. This is up by 7,000 from the previous three months, and up by 49,000 from a year earlier.
- **887,000** people had been unemployed for over 12 months between January and March, a rise of 27,000 over the previous three months, and a rise of 38,000 (**104 a day**) from a year earlier.
- The number of economically inactive people aged between 16 and 64 fell by 35,000 over the three months, and fell by 73,000 over the year, to reach **9.25 million** in the three months to March 2012.

Public sector employment fell by **37,000** in the fourth quarter of 2011 to reach **5.942 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 April 2012, public sector net debt (PSND) *excluding* financial interventions was **£1006.3bn**, equivalent to 64.8% of GDP. This compares to £909.6bn (60.6% of GDP) at the end of April 2011.

Meanwhile, public sector net debt *including* financial interventions was **£2293.9bn**, equivalent to 147.7% of GDP. This compares to £2245.3bn (149.7% of GDP) at the end of April 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 **3.0%** in April. This is down from 3.5% in March.

RPI (Retail Prices Index) annual inflation stood at **3.5%** in April. This is down from 3.6% in March.

The British Retail Consortium/KPMG Retail Sales Monitor for April 2012 showed that UK retail sales values decreased by 3.3% on a like-for-like basis from April 2011, when sales had risen 5.2%.

- On a total basis, sales were down 1.0% in April 2012, against a 6.9% increase in April 2011.

There were 142,322 new car registrations in April, according to the Society for Motor Manufacturers and Traders. This is an increase of 3.3% compared to April 2011.

4. SERVICING DEBT

KEY STATISTICS

Citizens Advice Bureaux across England and Wales advised **0.47 million** clients with new problems in the three months between October and December 2011.

- Debt was the second largest advice category (behind Benefits) with 475,000 enquiries. This is a 6% decrease on the same period last year. Debt enquiries represented 31% of all problems dealt with between October and December 2011.
- Based on *annual* figures to the end of December 2011, Citizens Advice Bureaux in England and Wales are dealing with **8,518** 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 Q4 2011 there were **313,200** mortgage loan accounts in reportable arrears (i.e. arrears of over 1.5% of current loan balance), a fall of 9% from Q4 2010.

- At the end of Q4 2011, loans in arrears represented **2.61%** 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

Research by Legal & General has found that, at the end of April, around 3.3 million households in the UK said that they are “struggling” to pay bills or are sinking further into debt. This is an increase of 1.2 million households since September 2011.

- Legal & General also say that only 4 in 10 homes now say they have money left over at the end of the month after paying bills and expenses, which is the lowest figure since the Coalition Government came to power in May 2010.
- The research found that the average monthly shortfall is around £74, although this is a slight improvement from three months ago when it stood at £96.
- However, the overall monthly shortfall across the nation is currently £244 million per month, which is in fact a rise of £30.8 million – Legal & General say this increase is driven by the higher number of households who are unable to make ends meet.

A survey by uSwitch has revealed that household energy bills have increased by 140% since 2004, while average household incomes have risen just 20% over the same period.

- uSwitch say that households were paying an average of £522 a year for their energy in 2004, while today they are having to spend £1,252 a year (this is equivalent to 11% of the basic state pension for a couple).
- In 2004, energy accounted for 1.6% of average household income, while today this figure has doubled to 3.2%.
- 32% of consumers now say that energy is unaffordable, while 83% say that the rising cost of energy has had an impact on their household’s disposable income.

Figures from the Consumer Credit Counselling Service (CCCS) reveal that thousands are being forced into debt by high rents, with the number of people contacting CCCS for help with debt arrears in 2011 increasing by 27% compared to 2010.

- In total, 10,246 people contacted CCCS for help with debt arrears in 2011, up from 8,074 in 2010.
- On average, those clients with debt arrears were £760 behind on their rent, and were £82 short of the amount needed to cover their living expenses each month.
- Renters in arrears to private landlords were in the worst position, owing an average of £924. Those in arrears to housing associations were £705 behind, while the average arrears of local authority tenants were £622.

5. PLASTIC CARDS AND PERSONAL LOANS

KEY STATISTICS

During March 2012 an average of **311** purchases were made in the UK every second using debit and credit cards, based on figures from the UK Cards Association.

- An average of **£15,331** was spent every second using debit and credit cards.
- On a daily basis, purchases using plastic cards were worth **£1.325 billion** during March.

Meanwhile, data from the UK Payments Council shows that, on average, **93** cash withdrawals were made every second from UK's 64,369 cash machines in Q4 2011.

- By value, an average of **£6,335** was withdrawn every second.

Total credit card debt in April 2012 was **£55.0bn**.

- The average interest rate on credit card lending was **18.07%** in April. This is **17.57%** 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 March.

RECENT HEADLINES

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

- 60% have bought clothing using credit cards, while 40% say they have used their card to buy grooming products, and 28% have used them to buy jewellery.
- 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.

Research by Sainsbury's Finance has revealed that 42.3% of credit cards now come with some form of reward incentive, which is an increase from 27.4% two years ago.

- According to the findings, 22% of cards offer cashback, 68% provide a points or voucher system, and the remaining 10% offer Air Miles.
- The research also shows that the generosity of such incentives is becoming increasingly significant to whether or not people apply for a new card.
- 24.5% of people planning to take out a new credit card in the next year will do so because they want to be better rewarded, while a further 4.5% are doing so because their existing card has removed or reduced its existing rewards scheme.

6. YOUNG PEOPLE

KEY STATISTICS

814,000 economically active 18-24 year olds were unemployed between January and March 2012. This was down by 12,000 (1.5%) compared to the previous three months.

- This meant that **19.8%** of all economically active 18-24 year olds were unemployed between January and March.
- **399,000** (49.0%) had been unemployed for over 6 months.
- **232,000** had been unemployed for over 12 months. This is a rise of 19,000 (8.7%) over the previous 3 months, and a rise of 34,000 (16.9%) 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

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).

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.

6. YOUNG PEOPLE

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.

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

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

7. OLDER GENERATIONS AND PENSIONS

KEY STATISTICS

423,000 people aged over 50 were unemployed between January and March 2012. This is down 3,000 (0.7%) from the previous three months, but up 26,000 (6.5%) from a year earlier.

- **45.2%** of unemployed workers aged over 50 - a total of **191,000** people - have been out of work for over a year. 118,000 have been unemployed for more than two years.
- **891,000** people aged over 65 were *in work* between January and March, which is up 16,000 (1.8%) from the previous three months, and up 6,000 (0.7%) 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 while households in all age ranges experienced a drop in inflation in April, over-75 households continued to face the highest rate.

- Over-75 households faced an inflation rate of 3.6% in April. Although this is down from 3.9% in March, and is at its lowest level since October 2010, it continues to exceed the level of inflation experienced by all other age groups.
- The Centre says that over-75s continue to feel the effects of higher gas and electricity price inflation as they allocate a significantly larger proportion of their budgets to spending in this area. Gas and electricity price inflation remain high at 15% and 8%.
- In addition, food price inflation eased only slightly in April (from 5% to 4%) – over-75s allocate the largest proportion of their spending (17%) to food, making them more vulnerable to food price inflation.

A study by Prudential has found that 40% of people who plan to retire this year would be happy to work past the age of 65 if they had the chance.

- The main motivation for two-thirds (68%) of those who want to work past 65 is a desire to stay physically healthy and mentally active. 54% say that they enjoy working, and 39% say they do not like the idea of retiring and staying at home.
- However, despite wanting to stay in work, only 13% of those who would like to work on say that they would do so in a full-time capacity with their current employer – 49% would prefer to work part-time (either with their current employer or in a new role) to strike a better work-life balance.

7. OLDER GENERATIONS AND PENSIONS

Prudential have also found that despite the ongoing debate about how to fund long-term care for the elderly, only one in five people planning to retire this year have made financial provision for ill-health in retirement.

- Prudential say that just 20% of those who will stop working this year have set money aside for care needs, and that this drops to just 16% of people who will retire this year and are aged 65 or older.
- Prudential's research also found that just 45% of this year's retirees have planned for the fact that they may need more income in retirement as they get older.
- On a regional basis, those in Wales are most likely to have prepared for the risk of ill-health in retirement (32%), while those in the East of England are least prepared (7%).

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.

MGM Advantage suggest that the average retired person has personal debts of £8,180 – on a total basis, this means that all the retired people in the UK owe a collective £96.41 billion of personal debt.

- Breaking the figures down, MGM Advantage say that 57% of the retired population have no personal debt at all.
- However, around 178,000 retired people each owe £100,000 or more, while just over 729,000 people owe between £25,000 and £100,000.
- There also seems to be a gender gap in the amounts owed. MGM Advantage say that the average personal debt for a retired man is £9,007, while for a retired woman the average falls to £7,350.

8. HOUSING MARKET

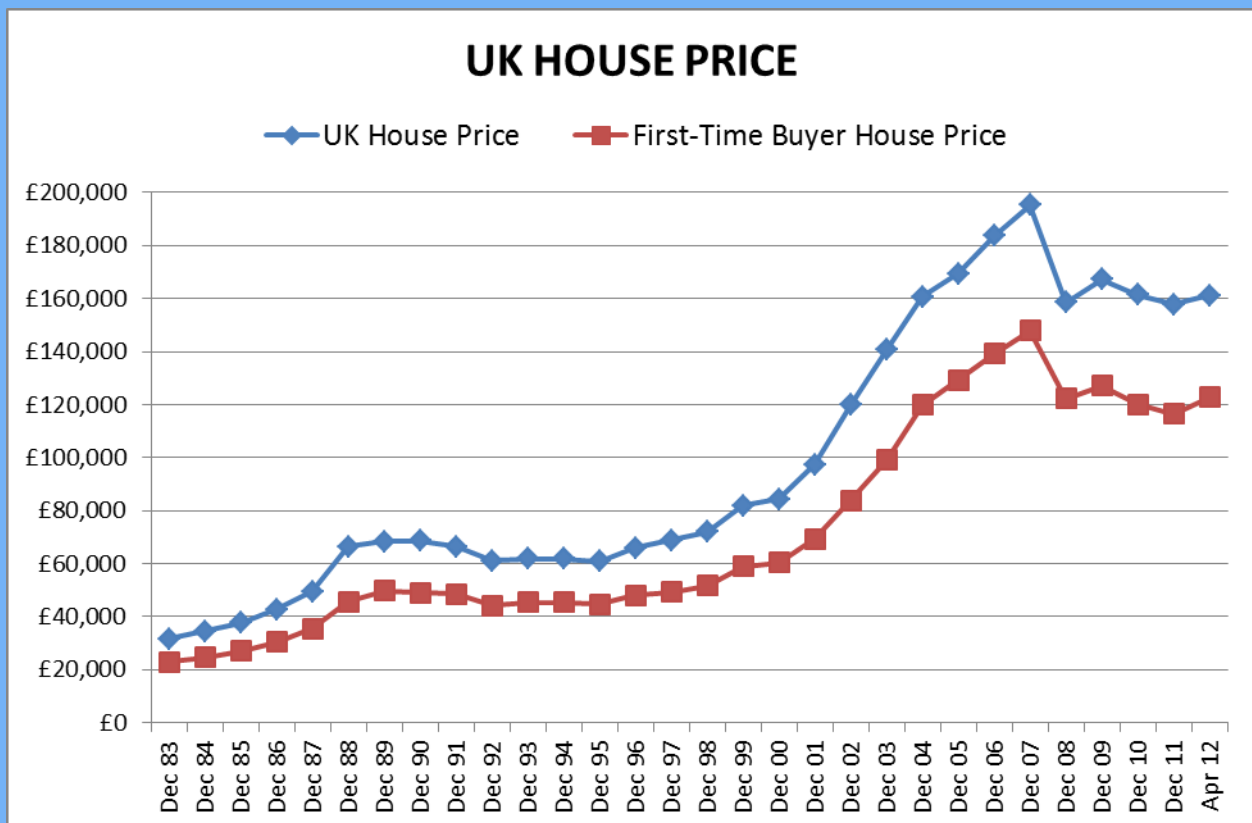
KEY STATISTICS

According to the Office of National Statistics the average house price in the UK in March 2012 stood at **£225,283** (£233,203 in England).

- Average UK house prices decreased by 0.6% over the month to March 2012, compared to an increase of 1.2% in March 2011 (seasonally adjusted).
- Over the year to March 2012, UK house prices **decreased by 0.4%**.
- Average house prices in London **decreased by 0.2%** in the year to March 2012.

Nationwide estimate that house prices fell by 0.2% during April 2012, and fell 0.9% over the year.

Halifax said that house prices fell by £3,913 in April 2012. This is a monthly fall of 2.4%. Prices rose 0.3% over the quarter but fell 0.5% over the year.



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

8. HOUSING MARKET

The average Mortgage Interest rate was 3.33% at the end of April.

According to the Council of Mortgage Lenders, gross mortgage lending in April totalled an estimated £10.2 billion. This is a fall of 19% compared to March's gross lending total (£12.6 billion) but a rise of 2% from April 2011 (£10.0 billion).

The April RICS Housing Market Survey shows that 19% more surveyors report prices falling rather than rising.

- 63% of surveyors reported no changes in price, and of those that did report a price fall, 81% said these were in the 0-2% range.
- New buyer enquiries and new vendor instructions remain at levels that are broadly consistent with an unchanged level of supply and demand.
- RICS suggest that April's Survey highlights a slight reversal in the recent improved tone of the data. The boost received from temporary factors such as the expiration of the stamp duty exemption and the unusually mild weather in March has waned, while recent weak economic data has eroded market confidence.

Hometrack's monthly survey of agents and surveyors showed that demand for housing rose 2.1% in April, compared to a rise of 4.4% in March.

- The supply of homes for sale increased by 4.8% in April, following a 3.6% rise in March.
- House prices rose by 0.1% in April, having increased by 0.2% in March. March's rise had been the first monthly rise in prices for 20 months.
- Hometrack say that impetus for price rises in the past two months has been higher demand, which has grown 25% over the last 3 months. The usual seasonal uplift combined with the conclusion of the stamp duty holiday have driven this. However, the impact of these short-term drivers is now starting to dissipate.
- Supply has also increased by almost 19% in the last 3 months. Hometrack say that April's trend of slowing demand and rising supply continue it will impact on pricing.
- Lower prices were reported across 12.4% of the country in April, while 13.7% of the country reported price rises.

Rightmove said new seller asking prices were unchanged in May, standing at an average of £243,759. This is the first time since Rightmove's House Price Index began in 2002 that prices have not increased in the month of May. Prices rose 2.0% compared to May 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.

- Average 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 April (32,438) were 7.4% higher than a year ago according to the British Bankers Association (BBA). The average loan approved for house purchase in April was £159,700.

Statistics from the National Association of Realtors show that existing home sales across the United States (including single-family, townhomes, condominiums and co-ops) increased 3.4% during the month of March, and rose 10.0% year on year from April 2011.

- The average price increased 10.1% year on year to \$177,400.
- Meanwhile, RealtyTrac® said that a total of 188,780 foreclosure filings — default notices, auction sale notices and bank repossessions — were reported on U.S. properties in April 2012, a 5% decrease in total properties from the previous month and an 14% decrease from April 2011 (this is the lowest monthly total since July 2007).
- RealtyTrac®'s monthly Foreclosure Report shows that one in every 698 U.S. housing units received at least one foreclosure filing during the month of April.

FIRST-TIME BUYERS AND BUY TO LET

The Office of National Statistics say that the average house price for first-time buyers was **£170,109** in March 2012, which is an annual increase of 2.8%.

The typical first-time buyer deposit in March 2012 was **20% (around £31,250)**. The average first-time buyer borrowed 3.34 times their income and the average first-time buyer loan was an estimated **£125,000**.

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

With the nation celebrating the Queen's Diamond Jubilee at the beginning of June, Nationwide have estimated that house prices are 82 times higher today than they were when the Queen first came to the throne in 1952.

- 60 years ago the average house price was £1,891, whereas today Nationwide say that the average price is £162,722.
- The number of dwellings in the UK has also doubled over the period, from 14.1 million in 1952 to an estimated 27.3 million today.
- However, the number of new homes being built each year has declined by 46%, from 248,320 in 1952 to 133,840 today.
- Meanwhile, turning to the Queen's own home, Nationwide suggest that the value of Buckingham Palace has increased by 9,000% in the past 60 years – they say that the Palace was worth around £11 million in 1952, but is now worth an estimated £1 billion.

Figures from Lloyds TSB reveal that South West London is the most desirable destination for young professionals who are looking to buy a house.

- According to Lloyds, Fulham is the leading property hotspot for career-minded young adults, followed by Wimbledon, Wandsworth and Battersea. Indeed, 10 of the 20 areas that attract the most young urbanite professionals are in London's SW postcodes.
- Hove and central Brighton on the Sussex coast are the only areas in the top 20 that are outside London.
- However, Lloyds point out that properties in the areas most popular with young professionals typically come with a hefty price tag – for example, Fulham has an average house price of £782,588.
- Consequently, Lloyds estimate that young professionals need to pay a 40% premium to live in these desirable locations, compared to London as a whole.

9. FINANCIAL EDUCATION

RECENT HEADLINES

Research by Sainsbury's Finance has revealed that people aged under-34 are three times more likely to have taken out home insurance with their mortgage provider, suggesting a lack of shopping around in the home insurance market by younger buyers.

- 40% of mortgage holders aged under-34 had their home insurance and mortgage with the same provider, compared to just 14% of mortgage holders across all age ranges.
- Sainsbury's Finance add that 15% of mortgage holders aged under-34 felt they had to take out their mortgage provider's insurance to secure the loan, compared to just 10% of mortgage holders across all age groups.
- According to the research, 27% of those with buildings insurance have been with their current home insurance provider for between three and six years, while 12% (4.65 million people) have been with the same provider for seven years or more.

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, only 2% considered that debt was something "unusual".

10. SPENDING

KEY STATISTICS

The AA calculate that in May 2012 the average price of unleaded petrol rose by 4.1ppl (pence per litre) to 138.4ppl.

- This meant it cost **£69.20** to fill a 50 litre unleaded tank.
- The average price of diesel rose by 3.6ppl to 144.3ppl. The UK had the eighth 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 21st birthday now stands at **£218,024**. This is up 3.3% from last year, and has increased 55% since 2003.

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

RECENT HEADLINES

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.

MGM Advantage say that despite CPI inflation falling to 3.0% in April, UK households still need to find an additional £27 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 £1,035 per year, or that each person in the UK would need to find an extra £436 per year.

10. SPENDING

Research by HSBC has suggested that people underestimate the cost of life's big events by over £130,000.

- HSBC estimate that the cumulative cost of big life events (raising a first child, paying off university debt, getting married, sending a child to university, buying a first car and putting down a deposit on a first house) is £310,279.
- However, when asked Britons estimate that the combined cost of these events will be just £178,140, a shortfall of £132,139.
- HSBC also note that the actual cost of these big events has increased by 14% compared to 2011 – they say that this is largely due to the rising cost of attending university and student debt, which are a combined 57% higher than last year.

Lloyds TSB have suggested that the combination of a squeeze on household finances and a subdued housing market caused have spending on DIY to fall to its lowest level in 15 years.

- Lloyds say that households spent a total of £7.8 billion on DIY in 2011 (equivalent to £300 per household) which is the lowest total since records began in 1996, and almost half of the £15.5 billion spent at the peak in 2004.
- DIY spending in 2011 declined by 17% in real terms (i.e. allowing for inflation) compared to 2010, when it totalled £9.4 billion.
- Looking back over the past decade, DIY spending increased by almost a fifth (18%) between 2001 and 2007 as the housing market boomed. However, since 2007 there has been a dramatic fall, with DIY spending declining by 44% in real terms.

Research by Aviva has found that first-time parents in the UK spend over £425 million each year preparing for the arrival of their first baby, equivalent to £1,370 per family.

- However, Aviva say that 60% of parents admit that, in hindsight, they bought things that they either didn't use or could have done without.
- In addition, 27% of expectant or new parents said that they had bought or changed their car with an average spend of £2,658, while 25% moved to a bigger house with an average spend of £20,813.

11. SAVING

RECENT HEADLINES

Figures from Lloyds TSB suggest that people who use its Savings Goal service are looking to build up an average savings pot of £5,384 in 2012.

- Lloyds TSB add that, on average, savers made it 11% of the way towards their savings target during March and April.
- A holiday is the most popular goal that people are saving towards, followed by saving enough to purchase a house. Unsurprisingly, those who say they are saving to buy a property have set themselves the highest target, with people in this group looking to build a pot in excess of £10,000.
- Saving to buy a car has been the third most popular goal in recent months according to Lloyds TSB, followed by saving money to pay down debt and then saving for a rainy day.

A report by Aviva has found that 33% of families are unable to put any more money aside for a rainy day, as they are at the limit of what they can afford to cut from their spending. This figure rises to 65% amongst single parent families.

- Of the 67% of families who can afford to save a little more, Aviva say that the typical “affordable amount” is £53 a month (equivalent to £636 a year).
- However, Aviva say that many families prioritise spending on “must-haves”, with 76% admitting there are things they would refuse to give up, even if doing so meant they could save more. Such “non-negotiables” include summer holidays (17%) and cable or satellite TV (12%).
- Aviva also found that savings behaviour tends to be sporadic, rather than a conscious part of regular financial planning, with only 19% of families saying that they set aside a specific amount each month.

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@creditation.org.uk for information and enquiries.

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

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

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