



DEBT STATISTICS

MARCH 2012 EDITION

CONTENTS

Welcome to the March 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
£55,988 was the average household debt (including mortgages) in January
£173m was the daily amount of interest paid on personal debt in January
8,652 new debt problems were dealt with by the CAB each working day over the year to September
1,797 people were made redundant every day between October and December
860,000 people had been unemployed for over a year between October and December
£16.23m of loans are written-off daily by UK Banks and Building Societies (based on Q4 2011 trends)
Every 15 min 28 sec a property is repossessed (based on Q4 2011 trends)
Every 4 min 32 sec someone is declared insolvent or bankrupt (based on Q4 2011 trends)
£1.222 billion was the daily value of all purchases made using plastic cards in December

1. UK PERSONAL DEBT

TOTAL UK PERSONAL DEBT

Outstanding personal debt stood at **£1.456 trillion** at the end of January 2012.

- This is up from £1.452 trillion at the end of January 2011.
- Individuals owed nearly as much as the entire country produced during the whole of 2011.

Outstanding secured (mortgage) lending stood at **£1.248 trillion** at the end of January 2012.

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

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

- This is down from £212 billion at the end of January 2011.

AVERAGE UK PERSONAL DEBT

Average household debt in the UK (excluding mortgages) was **£7,975** in January.

- This is up from a revised **£7,951** in December.

Average household debt in the UK (including mortgages) was **£55,988** in January.

- This is up from a revised **£55,843** in December.

The average amount owed per UK adult (including mortgages) was **£29,634** in January. 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 **£4,221** in January.

The estimated average outstanding mortgage for the 11.2m households that carry mortgage debt stood at **£111,260** in January.

Based on January 2012 trends, the UK's total interest repayments on personal debt over a 12 month period would have been **£63.2 billion**.

- This is equivalent to **£173 million** per day.
- This means that UK households would have paid an average of **£2,432** in annual interest repayments.

1. UK PERSONAL DEBT

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

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

NET LENDING AND WRITE-OFFS

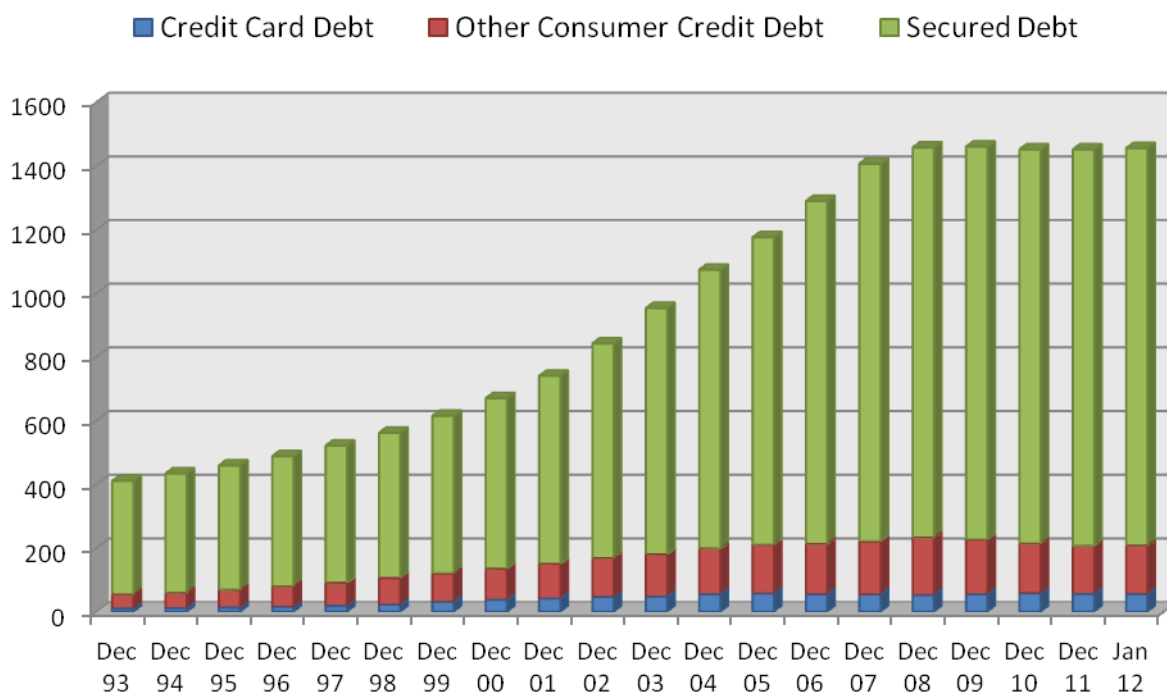
Total net lending by UK Banks and Building Societies **rose by £1.8 billion** in January 2012.

- Net secured lending rose by £1.6 billion in the month; net consumer credit lending rose by £0.1 billion.

UK Banks and Building Societies **wrote-off £6.9 billion** of loans to individuals over the four quarters to Q4 2011.

- In Q4 2011 itself they wrote-off £1.48 billion (of which £907 million was credit card debt) amounting to a daily write-off of **£16.23m**.

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:

- **318** people are declared insolvent or bankrupt every day (based on Q4 2011 trends). This is equivalent to **1 person every 62 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 **8,652** new debt problems every *working day* during the year ending September 2011.
- It costs an average of **£28.44** per day to raise a child from birth to the age of 21.
- **93** properties are repossessed every day (based on Q4 2011 trends).
- **82** new people a day became unemployed for over 12 months during the year ending December 2011.
- **1,797** people a day reported they had become redundant between October and December 2011.
- The Government's Public Sector Net Debt (including financial interventions) will grow by an average of **£212,100,000** today, equivalent to **£2,454** per second (based on January 2012 data).
- The Government pays an estimated **£137,750,000** of interest each day on the UK's Public Sector Net Debt of £2311.6bn (including financial interventions).
- **196** mortgage possession claims are issued and **149** mortgage possession orders are made every day
- **388** landlord possession claims are issued and **275** landlord possession orders are made every day.
- The UK population is projected to grow by **1,205 people a day** over the next decade.
- **25.9m** plastic card purchase transactions were made every day in December 2011 with a total value of **£1.222 billion**.
- **8.0m** cash withdrawals will be made daily with a total value of **£531m** (based on Q3 2011 trends).
- The average car costs **£18.33 per day** to run.
- It cost **£67.50** to fill a 50 litre tank with unleaded petrol in February.

3. NATIONAL STATISTICS

ECONOMY

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

The Bank of England Base Rate is currently set at **0.5%** (since being established in 1694, the Rate has never been lower). It was reduced to this level on 5th March 2009, and has been held there for 36 months.

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

UNEMPLOYMENT

The number of unemployed people in the three months between October and December 2011 was **2.67 million** (8.4%). This is up by 48,000 from the previous three months, and up by 179,000 from a year earlier.

- **164,000** people (**1,797 a day**) reported they had become redundant over the three months. This is up by 17,000 from the previous three months, and also up by 17,000 from a year earlier.
- **860,000** people had been unemployed for over 12 months between October and December, a fall of 8,000 over the previous three months, but a rise of 30,000 (**82 a day**) from a year earlier.
- The number of economically inactive people aged between 16 and 64 fell by 78,000 over the three months, and fell by 73,000 over the year, to reach **9.29 million** in the three months to December 2011.

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

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

3. NATIONAL STATISTICS

PUBLIC SECTOR NET DEBT

In January 2012, public sector net debt (PSND) *excluding* financial interventions was **£988.7bn**, equivalent to 63.0% of GDP. This compares to £869.1bn (58.3% of GDP) at the end of January 2011.

Meanwhile, public sector net debt *including* financial interventions was **£2311.6bn**, equivalent to 147.3% of GDP. This compares to £2234.2bn (150.0% of GDP) as at the end of January 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 Chancellor's November 2011 Autumn Statement, public sector net debt will peak at **78.0% of GDP** in 2014-15. It will then fall back to 77.7% of GDP in 2015-16 and 75.8% of GDP in 2016-17.

CORPORATE INSOLVENCIES

Figures from the Insolvency Service show that there were **4,260** compulsory liquidations and creditors' voluntary liquidations in England and Wales in the fourth quarter of 2011 (on a seasonally adjusted basis).

- This was up 0.4% on the previous quarter, and up 7.2% on the same period a year ago.

In the twelve months ending Q4 2011, 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 **1,173** other corporate insolvencies in Q4 2011 (not seasonally adjusted), comprising 324 receiverships, 658 administrations and 191 company voluntary arrangements.

- In total these have increased 5.3% on the same period a year ago.

3. NATIONAL STATISTICS

INFLATION AND RETAIL ACTIVITY

CPI (Consumer Prices Index) annual inflation stood at **3.6%** in January. This is down from 4.2% in December.

RPI (Retail Prices Index) annual inflation stood at **3.9%** in January. This is down from 4.8% in December.

The British Retail Consortium/KPMG Retail Sales Monitor for January 2012 showed that UK retail sales values decreased by 0.3% on a like-for-like basis from January 2011, when sales had risen 2.3% (after picking up following December 2010's snow disruption).

- On a total basis, sales were up 2.1% in January 2012, against a 4.2% increase in January 2011.
- On both measures, this was the second-worst January since the survey began in 1995 (only January 2010 experienced a poorer sales performance).

There were 128,853 new car registrations in January, according to the Society for Motor Manufacturers and Traders. This is an increase of 0.03% compared to January 2011.

4. SERVICING DEBT

KEY STATISTICS

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

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

According to the Council of Mortgage Lenders (CML), **8,500** properties were taken into possession in Q4 2011 (this is down nearly 9% from 9,300 in Q3 2011, but up 5% from 8,100 in Q4 2010).

- This equates to **93** properties being repossessed every day, or one property being repossessed **every 15 minutes 28 seconds**.
- In terms of payment difficulties, **159,400** mortgages ended 2011 with arrears equivalent to at least 2.5% of the outstanding mortgage balance. On an annual basis, this was down 7.5% from 172,400 at the end of 2010.
- The total number of properties taken into possession by first-charge mortgage lenders in 2011 was 36,200, which is the lowest annual total since 2007.

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

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

The Insolvency Service said there were **28,973** individual insolvencies in England and Wales in Q4 2011. This is equivalent to **318** people a day or, one person **every 4 minutes 32 seconds**.

- This was a fall of **4.1%** on the previous quarter and a fall of **5.6%** 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

A survey by Moneysupermarket.com has revealed that 17% of Brits (equivalent to 8 million people nationwide) have missed a payment for at least one bill in the last 12 months.

- 7% of respondents (3 million people) have missed a credit card payment in the last year, while 4% (1.9 million people) have missed a council tax payment.
- Mobile phones, personal loans, broadband, Sky, gas and electricity bills were also high on the list – in each case, 3% of respondents said that they had missed at least one of these repayments in the past year.
- Moneysupermarket.com suggest that those living in Scotland and Wales are most at risk of missing payments, with 22% having failed to make at least one repayment in the last 12 months.

Meanwhile, research by Halifax has asked people how far into the month they get before money starts to get tight.

- On average, people said they began to feel money was tight 17 days after being paid.
- 1 in 10 admitted that things got tight for them within a week of receiving their salary for the month. By the second week of the month the number of people who were concerned rose to 1 in 5, and by the third week of the month a third of people were getting worried.
- In the last week of the month, half of the population is concerned that they won't have enough money to reach payday.

National Debtline has revealed that there was a big jump in the number of calls they received about water debt in 2011.

- Water debt calls increased by 32% in 2011, and National Debtline say that nearly 10% of those getting in touch with them had water debt problems.
- By comparison, only 3% of callers had this problem in 2006. The number of calls National Debtline take from people with water debt has in fact risen 432% since 2006.

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

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

5. PLASTIC CARDS AND PERSONAL LOANS

KEY STATISTICS

During December 2011 an average of **300** purchases were made in the UK every second using debit and credit cards, based on figures from the UK Cards Association.

- An average of **£14,142** was spent every second using debit and credit cards.
- On a daily basis, purchases using plastic cards were worth **£1.222 billion** during December.

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

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

Total credit card debt in January 2012 was **£55.5bn**.

- The average interest rate on credit card lending was **18.14%** in January. This is **17.64%** 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 December.

RECENT HEADLINES

Figures released by Sainsbury's Finance forecast that **£1.5 billion** worth of personal loans could be taken out purely for the purposes of debt consolidation between the start of January and the end of March.

- Sainsbury's Finance estimate that a total of **157,000** loans will be taken out over the first three months of the year for this purpose.
- This means that **30%** of all personal loans taken out over the period will be used at least in part to consolidate debts.
- The average size of a loan taken out for debt consolidation is around **£9,800**.

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

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

6. YOUNG PEOPLE

KEY STATISTICS

826,000 economically active 18-24 year olds were unemployed between October and December 2011. This was up by 27,000 (3.4%) compared to the previous three months.

- This meant that **20.1%** of all economically active 18-24 year olds were unemployed between October and December 2011.
- **380,000** (46.0%) had been unemployed for over 6 months.
- **213,000** had been unemployed for over 12 months. This is a decrease of 10,000 (4.6%) over the previous 3 months, but an increase of 5,000 (2.2%) from a year earlier.

The number of 18-24 year olds not in education, employment or training (NEET) at the end Q4 2011 was **873,000** (18.2%).

- The number of 16-18 year olds classed as NEET stood at **178,000** (9.6%) at the end of Q4 2011.
- The overall number of 16-24 year olds NEETs was **958,000**.

RECENT HEADLINES

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 Nationwide has suggested that 95% of workers aged between 18 and 34 are not saving for their retirement, but are instead putting money aside for more immediate concerns.

- 34% of people in this age bracket are saving for a deposit to allow them to move home or take their first steps onto the property ladder.
- Meanwhile, 31% say that they save in case of a change of circumstances, and 16% save with the aim of paying off their debts.

6. YOUNG PEOPLE

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

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

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

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

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

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

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

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

7. OLDER GENERATIONS AND PENSIONS

KEY STATISTICS

426,000 people aged over 50 were unemployed between October and December 2011, up 16,000 (3.8%) from the previous three months and up 40,000 (10.3%) 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. 111,000 have been unemployed for more than two years.
- **875,000** people aged over 65 were *in work* between October and December 2011, which is up 26,000 (3.1%) from the previous three months, but down 3,000 (0.3%) from the previous year.

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

RECENT HEADLINES

Figures released by the Alliance Trust Economic Research Centre show that households across all age ranges experienced a sharp decline in inflation in January, but that elderly households continue to encounter the highest rates.

- Over-75s faced an inflation rate of 4.3% in January, although this is down from 5.1% in December and represents the lowest level of inflation since December 2010.
- Meanwhile, 65-74 year olds experienced the sharpest drop in inflation, as the rate they encountered dropped from 5% in December to 3.9% in January.
- Gas price inflation slowed to 19% in January (from 20% in December) and electricity price inflation slowed to 13% (from 14%) – both affect elderly age groups disproportionately.

Research by Prudential has found that 10% of people who had planned to retire in 2012 are now making alternative arrangements and are putting off drawing their pension for the time being.

- Of those deferring retirement, 32% say this is because they do not want to retire yet, while 68% say they are putting it off because they cannot afford to retire as originally planned.
- However, Prudential also suggest that giving up work before growing too old is still an aspiration for many. The average age of those intending to retire this year is 60, which is similar to last year's result and actually seven months younger than in 2010.

7. OLDER GENERATIONS AND PENSIONS

A survey by Friends Life has uncovered a growing demand for people to be able to use the latest technology in order to manage and track their pensions.

- For example, 32% of those in work say that they would be interested in the opportunity to deposit cash into their pension at an ATM.
- Meanwhile, 59% of those in employment said they would be interested in a service “which allowed you to easily check the value of your pension and expected retirement income at any time”.
- Furthermore, 46% of 18-24 year olds, as well as 37% of 25-34 year olds, would be interested in “an application that would show me how my spending habits are affecting my savings”.

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

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

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

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

8. HOUSING MARKET

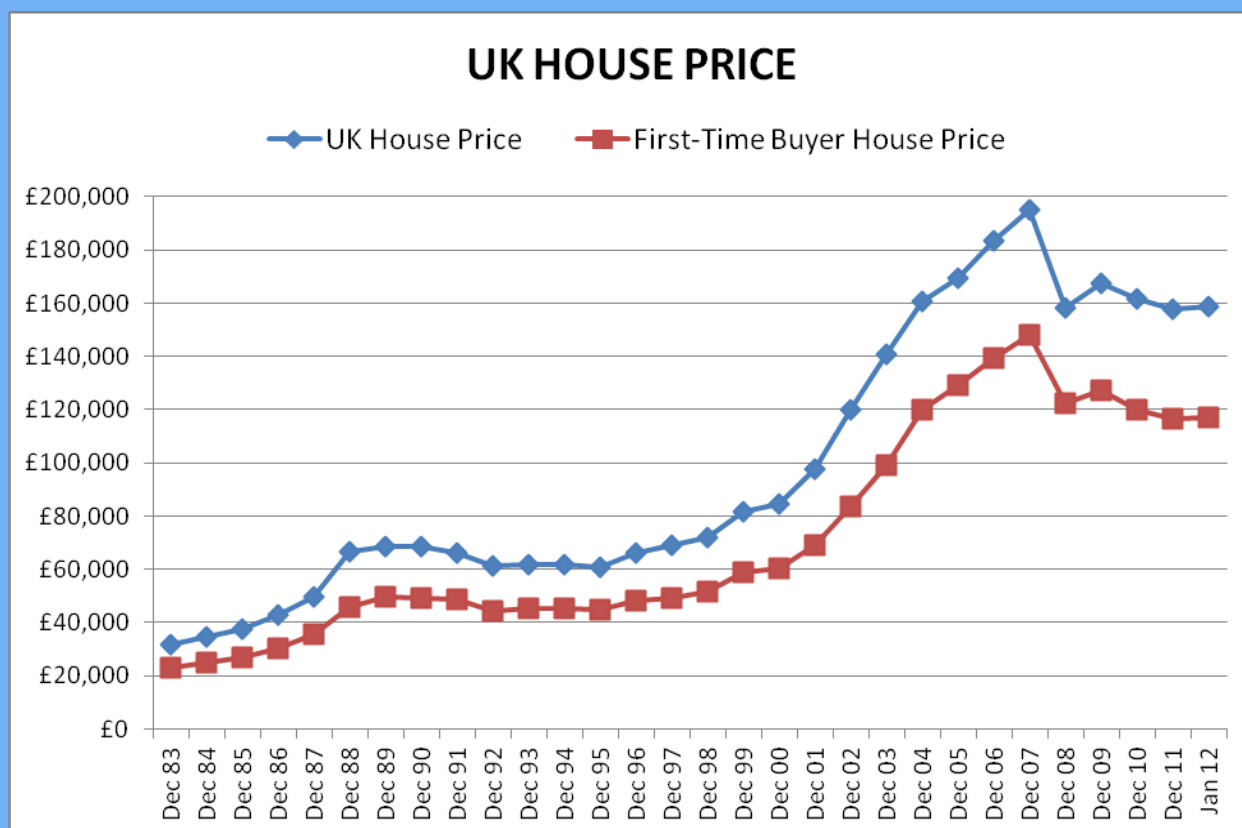
KEY STATISTICS

According to the Department for Communities and Local Government the average house price in the UK in December 2011 stood at **£205,269** (£213,574 in England).

- Over the year to December 2011, UK house prices **increased by 0.1%**.
- Average house prices in London **increased by 4.4%** in the year to December 2011.
- Average UK house prices were 0.4% higher over the quarter to December 2011, compared to an increase of 0.6% over the quarter to September (seasonally adjusted).

Nationwide estimate that house prices fell by 0.2% during January 2012, but rose 0.6% over the year.

Halifax said that house prices rose by £1,019 in January 2012. This is a monthly rise of 0.6%. Prices fell 0.9% over the quarter and fell 1.8% over the year.



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

8. HOUSING MARKET

The average Mortgage Interest rate was 3.34% at the end of January.

According to the Council of Mortgage Lenders, gross mortgage lending in January totalled an estimated £10.5 billion. This is down 14% from December (£12.2 billion) but up 10% from January 2011 (£9.5 billion). January was the sixth month in a row of higher year-on-year lending.

The January RICS Housing Market Survey shows that 16% more surveyors report prices falling rather than rising. This is unchanged from December, and while negative overall it remains the best reading since July 2010.

- Furthermore, RICS say that of those surveyors reporting price falls, 82% said that these were in the 0-2% region.
- Meanwhile, new buyer enquiries (demand) fell in January, while new instructions (supply) continued to rise.
- RICS suggest that the better tone to January's activity data may be driven at least in part by the expiration of the first-time buyer stamp duty exemption on 24 March 2012, which has created a stronger pick-up in demand than in availability as new households seek to beat the deadline.

Hometrack's monthly survey of agents and surveyors showed that demand for housing fell 10.5% in January, compared to a fall of 6.3% in December.

- The supply of homes for sale decreased by 5.4% in January following a 3.4% decrease in December. The supply of homes for sale has contracted 7% over the past 6 months – supply has not contracted to this extent since 2009.
- Hometrack say that January's survey shows a slow start to the year, with an extension of the seasonal slowdown and weak consumer confidence. The underlying trend is one of tightening supply and weakening demand.
- House prices were unchanged in January following a 0.2% fall in December. Nationally, house prices have not posted a monthly increase since June 2010 (18 months)
- Lower prices were reported across 19% of the country in January, while 3.4% of the country reported price rises.

Rightmove said new sellers raised average asking prices by 4.1% (£9,192) to an average of £233,252 in February (this is the highest monthly increase since April 2002). Prices rose 1.4% compared to February 2011.

8. HOUSING MARKET

According to the NAEA the number of house-hunters registered per branch decreased on average from 294 in December to 260 in January.

- The average number of sales agreed per branch increased from 5 in December to 6 in January.
- The average number of properties available for sale per branch decreased from 62 in December to 60 in January.

House purchase approvals in January (38,092) were the highest seen for two years according to the British Bankers Association, and 34% higher than January 2011 – this reflected first time buyers taking advantage of the stamp duty exemption before it ends on 24 March. The average loan approved for house purchase in January was £144,400 which was slightly higher than a year earlier.

Statistics from the National Association of Realtors show that existing home sales across the United States (including single-family, townhomes, condominiums and co-ops) increased 4.3% during the month of January, and rose 0.7% year on year from January 2011.

- The average price decreased 2.0% year on year to \$154,700.
- Meanwhile, RealtyTrac® said that a total of 210,941 foreclosure filings — default notices, auction sale notices and bank repossessions — were reported on U.S. properties in January 2012, a 3% increase in total properties from the previous month but a 19% decrease from January 2011.
- RealtyTrac®'s monthly Foreclosure Report shows that one in every 624 U.S. housing units received at least one foreclosure filing during the month.

FIRST-TIME BUYERS AND BUY TO LET

The Department for Communities and Local Government say that the average house price for first time buyers was at **£153,393** in December 2011, which is an annual increase of 1.6%.

The typical first-time buyer deposit in December was **20% (around £30,749)**. The average first-time buyer borrowed 3.30 times their income and the average first-time buyer loan was an estimated **£122,995**.

The Council of Mortgage Lenders say that there were 1,391,400 buy-to-let mortgages outstanding at the end of December, worth a total of £157.8 bn. By value, buy-to-let mortgages accounted for 12.7% of all mortgages.

8. HOUSING MARKET

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

RECENT HEADLINES

Data released by Halifax has revealed that the total value of the privately-owned housing in the UK increased by 84% in the decade to 2011.

- In 2001, Halifax say that the UK's private housing stock was worth £2.1 trillion. By 2011, this had increased to £3.9 trillion (a rise of £1.8 trillion).
- This increase is equivalent to £68,500 per household in the owner-occupied and private rented sectors. Prices have also increased at more than twice the rate of RPI, which rose 38% over the ten years.
- However, the picture is somewhat different when looking only at how the value of housing stock has changed since 2007. In the five years between 2007 and 2011 this actually decreased by 5%, or £187 million.

Indeed, Halifax have also revealed that across the whole of the UK, there were only two local authority districts where house prices were higher in 2011 than they were in 2007.

- Rochford in Essex (where house prices were 1% above 2007 levels) and South Lakeland (where prices were 0.1% higher) are the only areas to have seen prices increase.
- 16 of the 20 best performing areas since 2007 are in southern England – only South Lakeland, the Derbyshire Dales, Ceredigion and Aberdeenshire are outside.
- Meanwhile the nine worst performers since 2007 were all in Northern Ireland – the biggest decline was in Craigavon where average prices more than halved from £213,844 in 2007 to £103,383 in 2011.

Separately, Halifax have also found that 29% of Britons forecast that house prices will rise over the course of the next year, compared to 22% who believe prices will decline.

- The results are an improvement from the last time the survey was conducted in October, when 28% of people anticipated a rise and 30% expected a fall.
- However, 65% think that any movement in house prices will be relatively small, expecting movement in the 5% to -5% range.
- The main obstacles to buying a property were identified as difficulties with raising a deposit (57%) and concerns about job security (55%). Household finances (33%) and the availability of mortgages (30%) were also seen as barriers.

9. FINANCIAL EDUCATION

RECENT HEADLINES

A survey 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 is “something everyone goes through at some point”, while only 2% considered it “unusual”.

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

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

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

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

10. SPENDING

KEY STATISTICS

The AA calculate that in February 2012 the average price of unleaded petrol rose by 1.5ppl (pence per litre) to 135.0ppl.

- This meant it cost **£67.50** to fill a 50 litre unleaded tank.
- The average price of diesel rose by 0.9ppl to 142.8ppl. The UK had the ninth 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.

The average British couple will spend **£16,569** on their wedding, according to research by Clydesdale and Yorkshire Banks. This is £4,331 less than 2010's average.

RECENT HEADLINES

The latest Lloyds TSB Spending Power Report shows that in January 2012, consumers' discretionary spending power had fallen by 0.9% compared to January 2011.

- This reduced the amount that consumers have to spend on non-essential items by around £100 per year, or just under £10 per month.
- The proportion of people who said that they had no discretionary income at all once bills and essentials are paid for increased from 15% in December to 19% in January.
- Looking ahead, 27% of people believe that they will have less spending power in six months' time, as opposed to 21% who think they will be better off.

MGM Advantage estimate that annual average household expenditure is £35,771.

- They therefore calculate that, despite annual CPI inflation falling to 3.6% in January, UK households still need to find an additional £33 billion to maintain the same standard of living that they enjoyed a year ago.
- This equates to an extra £1,243 per household or £524 per person.

10. SPENDING

A study by Confused.com has revealed that in the past year UK drivers have spent over £203m on repairing damage caused by misleading Sat Nav directions.

- Confused.com say that 31% of British motorists admit to spending between £100 and £500 on Sat Nav related damage.
- 83% of British drivers have been misled by their Sat Nav at some point, and 68% of drivers say that they have ended up doing longer journeys and clocking up unnecessary miles as a result.

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

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

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

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

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

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

11. SAVING

RECENT HEADLINES

A report by HSBC suggests that the continuing tough financial climate drove Brits to try and grow their savings last year, but that many are facing financial pressures which mean they are struggling to boost their reserves.

- 71% of Brits saved something in 2011 according to HSBC despite interest rates remaining low – only 4% said that low rates were a disincentive to save, and only 3% would rather spend than save money.
- However, a substantial number of Brits are struggling to save more than they withdraw. 23% of Brits saved about as much as they withdrew, while another 23% withdrew more than they saved. 29% are not saving at all.
- Despite these difficulties, 60% of people say that in 2012 they intend to save as much or more than they did last year, although 23% are unable to say how much they hope to save.

Separately, a survey conducted by the AA has found that 67% of people say that they try to save whatever they can. This is slightly higher than the number of people giving this response the last time the survey was conducted in 2010 (65%).

- However, the AA also found that despite this, 50% say that they “don’t have much to save” in the first place. This is an increase of 3% from the previous survey.
- Furthermore, the AA found that 33% of those who do have savings have no idea what interest rate they are earning, and a quarter say that they never check how much their savings earn.

Research by Lloyds TSB has revealed that the household savings ratio in the UK (which represents the proportion of a consumer’s disposable income that is saved) lags behind other nations, in some cases significantly so.

- The UK household savings ratio is around 7%. In Germany it is around 10%, and in China it stood at an incredible 47% in 2011 (having increased from 27% in 2001).
- Lloyds say that the high level of household savings in China reflects the lack of a social safety net such as state pensions and benefits, leading to a higher precautionary motive to save.
- Lloyds TSB’s findings also show that saving is very widespread in China – only 3% of Chinese adults have no form of savings, investments or pension wealth. By comparison, this figure stands at 11% in the UK.

NOTES

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

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

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