



## **DEBT STATISTICS**

**MARCH 2013 EDITION**

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Welcome to the March 2013 edition of Credit Action’s monthly Debt Statistics. The Debt Statistics provide a detailed overview of the level of debt in the UK as well as a range of other figures related to money, finance and the economy. We hope that you find them useful.

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

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

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

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STRIKING NUMBERS
<b>£53,972</b> was the average household debt (including mortgages) in January
<b>£165m</b> was the daily amount of interest paid on personal debt in January
<b>8,308</b> new debt problems were dealt with by the CAB each working day over the year to September
<b>1,585</b> people were made redundant every day between October and December
<b>879,000</b> people had been unemployed for over a year between October and December
<b>£10.92m</b> of loans are written-off daily by UK Banks and Building Societies (based on Q4 2012 trends)
<b>Every 17 min 7 sec</b> a property is repossessed (based on Q4 2012 trends)
<b>Every 5 min 12 sec</b> someone is declared insolvent or bankrupt (based on Q4 2012 trends)
<b>£1.387 billion</b> was the daily value of all purchases made using plastic cards in December

# 1. UK PERSONAL DEBT

## TOTAL UK PERSONAL DEBT

Outstanding personal debt was **£1.422 trillion** at the end of January 2013.

- This is up from £1.408 trillion at the end of January 2012.
- At the end of January 2013, individuals owed nearly as much as the entire country produced during the whole of 2012.

Outstanding secured (mortgage) lending was **£1.265 trillion** at the end of January 2013.

- This is up from £1.248 trillion at the end of January 2012.

Outstanding unsecured (consumer credit) lending was **£158 billion** at the end of January 2013.

- This is down from £160 billion at the end of January 2012.

## AVERAGE UK PERSONAL DEBT

Average household debt in the UK (excluding mortgages) was **£5,988** in January.

- This is up from a revised **£5,955** in December.

Average household debt in the UK (including mortgages) was **£53,972** in January.

- This is up from a revised **£53,948** in December.

The average amount owed per UK adult (including mortgages) was **£28,957** in January. This is up from **£28,944** in December, and was around **117%** of average earnings.

Average consumer borrowing (including credit cards, motor and retail finance deals, overdrafts and unsecured loans) per UK adult was **£3,213** in January. This is up from a revised **£3,195** in December.

The estimated average outstanding mortgage for the 11.3m households that carry mortgage debt stood at **£112,071** in January.

Based on January 2013 trends, the UK's total interest repayments on personal debt over a 12 month period would have been **£60.1 billion**.

- This is equivalent to **£165 million** per day.
- This means that UK households would have paid an average of **£2,282** in annual interest repayments.

# 1. UK PERSONAL DEBT

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

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

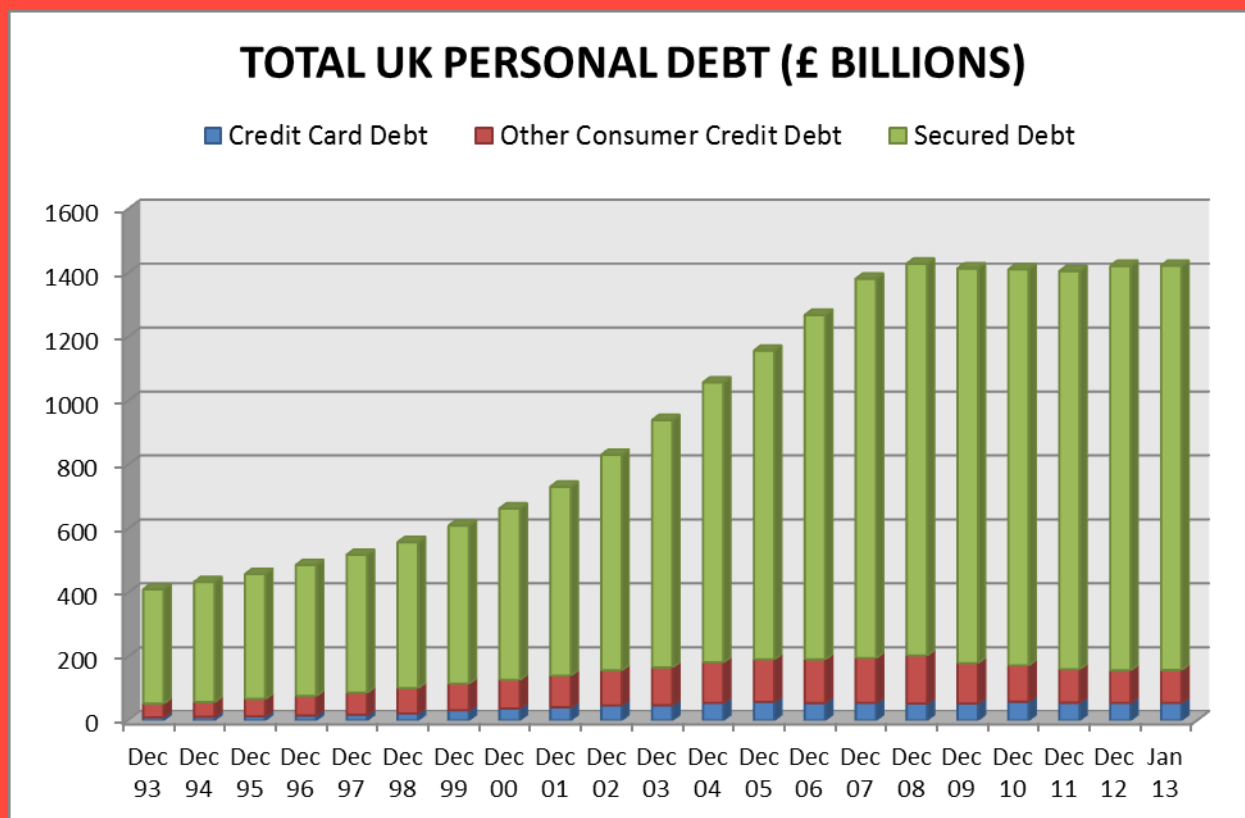
## NET LENDING AND WRITE-OFFS

Total net lending by UK Banks and Building Societies **rose by £0.6 billion** in January 2013.

- Net secured lending rose by £0.1 billion in the month; net consumer credit lending rose by £0.4 billion.

UK Banks and Building Societies **wrote-off £4.5 billion** of loans to individuals over the four quarters to Q4 2012.

- In Q4 2012 itself they wrote-off £999 million (of which £469 million was credit card debt) amounting to a daily write-off of **£10.92m**.



Based on Bank of England Data

## 2. EVERY DAY IN THE UK

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

- **277** people are declared insolvent or bankrupt every day (based on Q4 2012 trends). This is equivalent to one person **every 5 minutes 12 seconds**.
- **1,374** Consumer County Court Judgements (CCJs) are issued every day (based on Q4 2012 trends). The average value of a Consumer CCJ in Q4 2012 was **£2,615**.
- Citizens Advice Bureaux in England and Wales dealt with **8,308** new debt problems every *working day* during the year ending September 2012.
- It costs an average of **£29.02** per day to raise a child from birth to the age of 21.
- **84** properties are repossessed every day (based on Q4 2012 trends).
- **57** new people a day became unemployed for over 12 months during the year ending December 2012.
- **1,585** people a day reported they had become redundant between October and December 2012.
- Public Sector Net Borrowing (excluding financial interventions) was **-£11.4bn** (a repayment) in January 2013, meaning that the Government repaid an average of **£368m** per day during the month (equivalent to **£4,256** per second).
- **154** mortgage possession claims are issued and **111** mortgage possession orders are made every day.
- **426** landlord possession claims are issued and **297** landlord possession orders are made every day.
- The UK population is growing by an estimated **1,342 people a day**.
- **28.2m** plastic card purchase transactions were made every day in December 2012 with a total value of **£1.387 billion**.
- **7.7m** cash machine transactions were made every day in January 2013 with a total value of **£291m**.
- The average new car costs **£18.33 per day** to run.
- It cost **£68.95** to fill a 50 litre tank with unleaded petrol in February.

## 3. NATIONAL STATISTICS

### ECONOMY

The UK economy **contracted by 0.3%** in the fourth quarter of 2012, according to latest estimates from the Office of National Statistics.

The Bank of England Base Rate is currently set at **0.5%** (since being established in 1694, the Rate has never been lower). It was reduced to this level on 5<sup>th</sup> March 2009, and has been held there for 48 months.

There were **5.8 million** working age benefit claimants at May 2012. This is an increase of 44,000 in the year.

### UNEMPLOYMENT

The number of unemployed people in the three months between October and December 2012 was **2.50 million** (7.8%). This is down by 14,000 from the previous three months, and down by 156,000 from a year earlier.

- **145,000** people (**1,585 a day**) reported they had become redundant over the three months. This is up by 17,000 from the previous three months, but down by 19,000 from a year earlier.
- **879,000** people had been unemployed for over 12 months between October and December, down 15,000 from the previous three months, but up 21,000 (**57 a day**) from a year earlier.
- The number of economically inactive people aged between 16 and 64 fell by 94,000 over the three months, and fell by 294,000 over the year, to reach **8.98 million** in the three months to December 2012.

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

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

## 3. NATIONAL STATISTICS

### PUBLIC SECTOR NET DEBT

In January 2013, public sector net debt (PSND) *excluding* financial interventions was **£1162.8bn**, equivalent to 73.8% of GDP. This compares to £1071.2bn (69.9% of GDP) at the end of January 2012.

Meanwhile, public sector net debt *including* financial interventions was **£2188.1bn**, equivalent to 138.9% of GDP. This compares to £2180.2bn (142.3% of GDP) at the end of January 2012.

- The Office of National Statistics includes complete data from the Royal Bank of Scotland and Lloyds Banking Group, which were part-nationalised in 2008, in its calculations for PSND including financial interventions.

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

### CORPORATE INSOLVENCIES

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

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

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

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

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

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

## 3. NATIONAL STATISTICS

### INFLATION AND RETAIL ACTIVITY

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

RPI (Retail Prices Index) annual inflation stood at **3.3%** in January. This is up from 3.1% in December.

The British Retail Consortium/KPMG Retail Sales Monitor for January 2013 showed that UK retail sales values rose by 1.9% on a like-for-like basis from January 2012, when sales had decreased 0.3% on the preceding year.

- On a total basis, sales were up 3.0% in January 2013, against a 2.1% increase in January 2012.
- This is the highest total sales growth since September 2012 and like-for-like sales growth for 13 months.

There were 143,643 new car registrations in January, according to the Society for Motor Manufacturers and Traders.

- This is an increase of 11.5% compared to January 2012.



## 4. SERVICING DEBT

### KEY STATISTICS

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

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

According to the Council of Mortgage Lenders (CML), **7,700** properties were taken into possession in Q4 2012 (this is down from 8,200 in Q3 2012, and marked the lowest number of properties taken into possession in a single quarter since Q4 2007).

- This equates to **84** properties being repossessed every day, or one property being repossessed **every 17 minutes 7 seconds**.
- In terms of payment difficulties, **157,900** mortgages ended Q4 2012 with arrears equivalent to at least 2.5% of the outstanding mortgage balance.
- This is down from 161,400 at the end of Q4 2011 (and from 216,400 at the peak of the current arrears cycle at the end of the first half of 2009).

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

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

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

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

## 4. SERVICING DEBT

### RECENT HEADLINES

While memories of last Christmas may be starting to fade, figures from The Co-operative Bank suggest that a quarter of Brits will not pay of their Christmas debts until their March payday.

- Furthermore, 22% say that they don't foresee paying off their debts from Christmas 2012 at all this year.
- The Co-operative Bank say that the average person "overspent" by £348.53 in December 2012, with only one in ten having paid off their Christmas borrowing by their January payday.
- By contrast, seven out of ten people found January a real struggle to get through financially, with two-thirds of those polled using their January wage packet to pay off credit cards, overdrafts and other festive bills.
- The Co-operative Bank add that aside from December and January, the months when people tend to struggle most are February, June and August, due to on-going debts and the cost of summer holidays – 13% of people also say that childcare costs are particularly worrying during the school holiday period.

Figures released by StepChange Debt Charity show that unemployment is a significantly greater cause of debt problems for under-25s than it is for any other age group.

- StepChange Debt Charity say that 34% of under-25s who contacted them for help in 2012 cited unemployment as the main cause of their problem.
- This is substantially higher than the equivalent figure for 25-39 year olds (24%), 40-59 year olds (23%) and over-60s (10%).
- StepChange Debt Charity also noted that a much greater percentage of under-25 clients were out-of-work (regardless of the main reason given for having a debt problem) compared to other age groups, emphasising the scale of the challenge that youth unemployment has become. 42% of under-25s seeking help in 2012 were unemployed, compared to 30% of 25-39 year olds and 31% of 40-59 year olds.

## 5. PLASTIC CARDS AND PERSONAL LOANS

### KEY STATISTICS

During December 2012 an average of **327** purchases were made in the UK every second using debit and credit cards, based on figures from the UK Cards Association.

- An average of **£16,054** was spent every second using debit and credit cards.
- On a daily basis, purchases using plastic cards were worth **£1.387 billion** in December.

Meanwhile, data from LINK shows that, on average, **90** cash machine transactions (including balance enquiries and rejected transactions) were made every second in January 2013.

- In total, cash machine transactions were worth **£3,367** per second in January.
- 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 January 2013 was **£55.1bn**.

- The average interest rate on credit card lending was **17.72%** in January. This is **17.22%** above the Bank of England Base Rate (0.5%).
- The British Bankers Association says that the proportion of credit card balances bearing interest has remained stable over the past three years, at about two-thirds.

### RECENT HEADLINES

Sainsbury's Bank have looked back at data from the first three months of last year and estimated that 164,000 people took out a loan to consolidate their debts in Q1 2012, with a total of £1.6 billion borrowed over the period for this purpose.

- Sainsbury's Bank suggest that the average amount borrowed for debt consolidation in Q1 2012 was £9,800, which was relatively consistent with the previous year.
- They add that 35.2% of the total value of all personal loans taken out during Q1 2012 was used to consolidate debts, a slight increase from 33.6% in 2011.

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

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

## 6. YOUNG PEOPLE

### KEY STATISTICS

**776,000** economically active 18-24 year olds were unemployed between October and December 2012. This was up by 3,000 (0.4%) compared to the previous three months.

- This meant that **18.6%** of all economically active 18-24 year olds were unemployed between October and December.
- **378,000** (48.7%) had been unemployed for over 6 months.
- **247,000** had been unemployed for over 12 months. This is a rise of 15,000 (6.3%) over the previous 3 months, and a rise of 34,000 (16.2%) from a year earlier.

The number of 18-24 year olds not in education, employment or training (NEET) at the end Q4 2012 was **831,000** (17.5%).

- The number of 16-18 year olds classed as NEET stood at **153,000** (8.4%) at the end of Q4 2012.
- The overall number of 16-24 year olds NEETs was **893,000** (15.0%).

### RECENT HEADLINES

The End Child Poverty Campaign has released figures which map the level of child poverty across the UK.

- On a parliamentary constituency basis, Manchester Central has the highest level of child poverty (47%). This is followed by Belfast West and Glasgow North East (both 43%).
- Tower Hamlets has the highest level of child poverty if the figures are broken down by local authority, with 42% of children living in the area in poverty. Manchester (38%) and Middlesbrough (37%) are ranked second and third.
- The study also reveals that there can be significant variation in child poverty rates not only across the UK, but also within the same region.
- For example, in London the constituency of Poplar and Limehouse has a child poverty rate of 41% compared to 7% in Richmond.
- Meanwhile, in the North West, while 38% of children in Manchester live in poverty, the comparative figure in Ribble Valley is 7%.

## 6. YOUNG PEOPLE

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

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

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

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

## 7. OLDER GENERATIONS AND PENSIONS

### KEY STATISTICS

**389,000** people aged over 50 were unemployed between October and December. This is down 8,000 (2.0%) from the previous quarter, and down 36,000 (8.4%) from a year earlier.

- **45.6%** of unemployed workers aged over 50 - a total of **177,000** people - have been out of work for over a year. 104,000 have been unemployed for more than two years.
- **973,000** people aged over 65 were *in work* between October and December, up 28,000 (3.0%) from the previous quarter, and up 99,000 (11.4%) from the previous year.

At May 2012, there were 12.8m claimants of State Pension (SP), a rise of 151,000 on the year.

### RECENT HEADLINES

A report by HSBC has suggested that today's workers will run out of savings just seven years into their retirement.

- HSBC say that the average retirement in the UK is expected to last 19 years, meaning that workers are facing a 12 year shortfall after their retirement savings are used up.
- Comparing this shortfall to the situation faced by retirees in 14 other countries, HSBC found that people in the UK are in a worse position than those in any other country surveyed.
- In Brazil, workers face an 11 year shortfall after their retirement savings run out, while in Australia, France and China the equivalent figure is 10 years. However, HSBC say that in India and Malaysia, retirees are only facing a 5 year shortfall.
- HSBC add that 56% of the global working population are not preparing adequately for later life, rising to 66% in the UK. Of these, 19% of people across the globe are not preparing at all, rising to 34% in the UK.

Meanwhile, a study by MGM Advantage has found that 60% of over-55s in the UK admit to being unprepared for retirement.

- Health and wealth are the biggest concerns for those approaching retirement. 67% of over-55s cite a lack of money and as major concern, while 77% say there health will be a significant anxiety.
- 20% say that they do not know how they would fund long-term care if they were to fall ill during retirement. A further 26% are anxious about debt, while boredom (26%) and loneliness (23%) are also big concerns.

## 7. OLDER GENERATIONS AND PENSIONS

A report by Aviva has revealed that Britain's workers remain unsure about pension saving, despite the roll-out of auto-enrolment having started in October 2012 – according to Aviva, 37% of employees are planning to opt-out, while 28% are undecided.

- However, Aviva did find that employee awareness of auto-enrolment has significantly increased, standing at 59% compared to 31% in May 2012.
- Moreover, despite uncertainty around take-up, 65% of employees suggested that auto-enrolment would improve saving, which suggests that many British workers understand the benefits of the reforms.
- Aviva found that affordability was the key issue for many, with 45% of employees who currently do not take up the pension they are offered saying they simply don't have the cash to do so. 19% do not save into a pension because they are repaying debts, and 17% are saving for other things such as a house or holiday.
- Aviva add that in the current financial climate, only 37% of employees are confident about their personal financial situation.

Research by Prudential has found that 24% of people who plan to retire this year don't feel ready to stop working.

- 57% of this year's retirees say they would consider working past State Pension Age – of these, 40% want to work full-time and 60% are considering working part-time.
- However, Prudential add that the motivation for working longer is not only financial. While, 40% of those considering working past State Pension Age are motivated by boosting their retirement income, a larger proportion (55%) are interested in doing so because they believe it would help keep their minds and bodies healthy.
- Meanwhile, 38% say they would be happy to work on simply because they enjoy working.

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

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

# 8. HOUSING MARKET

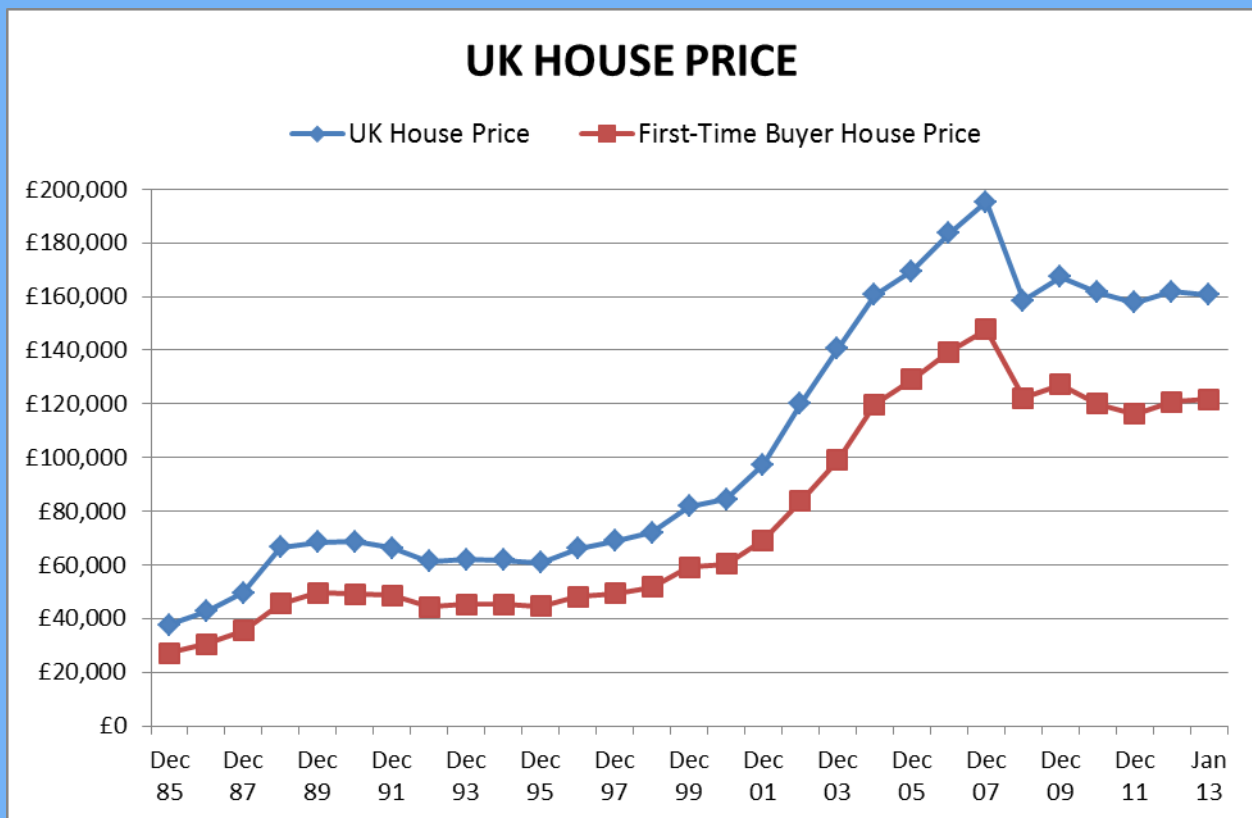
## KEY STATISTICS

According to the Office of National Statistics the average house price in the UK in December 2012 stood at **£233,000** (£242,000 in England).

- Average UK house prices increased by 0.9% over the month to December 2012, compared to a decrease of 0.1% in December 2011 (seasonally adjusted).
- Over the year to December 2012, UK house prices **increased by 3.3%**.
- Average house prices in London **increased by 6.4%** in the year to December 2012.

Nationwide estimate that house prices rose by 0.5% during January 2013, and were unchanged compared to January 2012.

Halifax said that house prices fell by £324 in January 2013. This is a monthly fall of 0.2%. Prices rose 1.9% over the quarter and rose 1.3% over the year.



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



## 8. HOUSING MARKET

The average Mortgage Interest rate was 3.36% at the end of January.

According to the Council of Mortgage Lenders, gross mortgage lending in January totalled an estimated £10.4 billion. This is a fall of 9% compared to December's gross lending total (£11.4 billion) and a fall of 3% from January 2012 (£10.7 billion).

The January 2013 RICS Housing Market Survey shows that 4% more surveyors recorded falling rather than rising prices over the last three months.

- RICS add that new buyer inquiries (demand) and new instructions (supply) both declined slightly in January, although newly agreed sales volumes edged up.
- Looking ahead, RICS say that the near term outlook over the next three months is mixed (with sales expected to improve while prices remain flat), but the medium term outlook over the next year is more positive.

Hometrack's monthly survey of agents and surveyors showed demand for housing fell 9.9% in January, compared to a fall of 4.8% in December.

- The supply of homes for sale decreased by 6.8% in January, following a 3.1% decrease in December.
- House prices were unchanged in January, following six consecutive months of price falls over the second half of 2012.
- Lower prices were reported across 16.2% of post code districts in January, compared to 27.4% in December. Price rises were reported across 5.4% of postal districts in January, compared to 2.9% the previous month.
- Hometrack say that 79% of survey respondents felt more optimistic about the upcoming spring market than they did this time last year. Hometrack add that the performance of the market in the coming months will be dependent on sufficient new supply.

Rightmove said new seller asking prices rose by 2.8% in February 2013, standing at an average of £235,741. Prices rose 1.1% compared to February 2012.

According to the NAEA the number of house-hunters registered per branch increased on average from 263 in November to 282 in December.

- The average number of sales agreed per branch decreased from 7 in November to 5 in December.
- The average number of properties available for sale per branch decreased from 60 in November to 58 in December.

## 8. HOUSING MARKET

There were 32,288 house purchase approvals in January, 14% lower than in January 2012 according to the British Bankers Association (BBA), who suggest this reflects the impact of the weather on housing activity. The average loan approved for house purchase dropped to £145,300.

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 0.4% during the month of January, and rose 9.1% year on year from January 2012.

- The average price increased 12.3% year on year to \$173,600. This is the eleventh consecutive month in which there has been a year on year rise.
- Meanwhile, RealtyTrac® said that a total of 150,864 foreclosure filings — default notices, auction sale notices and bank repossessions — were reported on U.S. properties in January 2013. This is a 7% decrease from the previous month, and a 28% decrease from January 2012.
- RealtyTrac®'s monthly Foreclosure Report also shows that one in every 869 U.S. housing units received at least one foreclosure filing during the month.

### FIRST-TIME BUYERS AND BUY TO LET

The Office of National Statistics say that the average house price for first-time buyers was **£174,000** in December 2012, which is an annual increase of 2.7%.

The typical first-time buyer deposit in December 2012 was **20% (around £31,414)**. The average first-time buyer borrowed 3.28 times their income and the average first-time buyer loan was an estimated **£125,654**.

The Council of Mortgage Lenders say that 36,700 buy-to-let loans were advanced in Q4 2012, worth a total of £4.6 bn. This is up from Q4 2011 when 34,200 buy-to-let loans were advanced worth £3.9 bn.

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

## 8. HOUSING MARKET

### RECENT HEADLINES

Figures from Halifax suggest that those buying a home currently save nearly £1,500 a year compared to the cost of renting.

- Halifax say that in December 2012, the average monthly costs associated with buying a three bedroom house stood at £621 – this is £120 (or 16%) lower than the typical monthly rent of £741 paid on the same type of property.
- Halifax add that, over the course of a year, this is equivalent to saving £1,440.
- Buying is more affordable than renting in all 12 UK regions. The disparity is greatest in London, where the typical homebuyer pays £1,101 per month compared to a typical rent of £1,294, meaning the monthly difference in costs is £193 (or 15%).
- However, in Yorkshire and the Humber, average monthly buying costs are just £1 lower than renting (£482 compared to £483 respectively).
- Halifax suggest that buying has been cheaper than renting since 2009. Before this, in 2008, average home buying costs (£935) were 30% greater than typical monthly rent (£719). Since then, home buying costs have fallen by 34%, while the average monthly cost of renting has increased by 14%.

Meanwhile, separate analysis from Halifax has estimated that the value of the UK's private housing stock is now in excess of £4 trillion.

- Halifax say that in total, private housing in the UK is worth £4.2 trillion, which is up from £1.64 trillion in 2002. This £2.57 trillion increase is equivalent to £71,200 per property in the owner-occupier and private rented sectors.
- The value of private housing has therefore grown by 62% over the past decade, meaning it has increased considerably faster than prices – over the last 10 years, the RPI index was up by 38% according to Halifax.
- On a regional basis, the largest rise in the value of private housing stock is in Scotland, where it more than doubled from £134 billion in 2002 to £288 billion in 2012 (a rise of 115%). The next largest increases were in London (83%) and the North East (76%), while the smallest rises were in the West Midlands (45%) and the South East (50%).

## 9. FINANCIAL EDUCATION

### RECENT HEADLINES

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

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

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

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

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

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

# 10. SPENDING

## KEY STATISTICS

The AA calculate that in February 2013 the average price of unleaded petrol rose by 5.8ppl (pence per litre) to 137.9ppl.

- This meant it cost **£68.95** to fill a 50 litre unleaded tank.
- The average price of diesel rose by 5.0ppl to 144.8ppl. The UK had the thirteenth highest petrol price in Europe and the fourth highest diesel price.

According to the RAC, the average new car costs **£6,689** annually to keep on the road, equating to £128.64 per week or 55.74p per mile.

An annual report by LV has calculated that the cost of raising a child to their 21<sup>st</sup> birthday now stands at **£222,458**. This is up 2.0% from last year, and has increased 58.4% since the study first began in 2003.

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

## RECENT HEADLINES

A survey by uSwitch has found that 48% of UK pay-monthly mobile phone customers (equivalent to 10 million Brits nationwide) pay more on top of their set tariff every month.

- uSwitch say that those who overspend pay an average of £100 extra per year. However, 27% overspend by at least £10 per month, and a striking 9% overspend by £25 every month.
- In total, uSwitch suggest that consumers overspend on their mobile tariffs by over £1 billion per year.
- In looking at where mobile users overspend, uSwitch say that 26% of customers use their mobiles to make premium rate calls to 08 numbers. Meanwhile, 21% are hit by roaming charges abroad, and 12% spend on competition voting lines and texts. Moreover, a concerning 12% have absolutely no idea where their money is going.
- uSwitch add that part of the problem may be that consumers are blindly racking up bills because they don't sort out their finances themselves – 14% of people rely on partners or housemates to take care of their mobile, broadband, home phone or TV bills, and of those 23% have never thought to check what they are paying.

## 10. SPENDING

Research by LV suggests that UK homeowners have spent more than £6 billion over the past five years on home improvements that contravene current building or planning regulations.

- With the current economic climate encouraging many homeowners to extend or improve their properties rather than move, LV say that large numbers are taking on building projects themselves without any understanding of the rules or regulations involved.
- As a result, LV say that 176,000 homeowners in the last five years have been ordered to rectify building work that does not meet the necessary planning or building standards.
- Indeed, LV add that according to research it has conducted amongst builders and surveyors, 10% of homes they have seen in the past five years breach current building regulations, including extensions, loft conversions and the removal of walls.

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

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

# 11. SAVING

## RECENT HEADLINES

Figures released by HSBC have revealed that the gap between the average savings of men and women narrowed by £2,744 over the past year, as women's savings pots rose by £1,775 on average while men's fell £969.

- However, despite this, HSBC add that the gender gap remains significant – the average savings balance for men is £23,724 while for women it stood at £13,746, meaning the gap is £9,978.
- Overall, HSBC say that 28% of Brits were “successful savers” in 2012 (meaning they saved more than they withdrew), up from 25% the previous year. According to HSBC this was driven by a rise in regular saving, with 40% of Brits putting away a regular sum each month compared with 28% in 2011.
- However, the proportion of savers classed as “struggling” (who withdrew more than they saved) also increased from 23% to 24%. HSBC add that 29% saved nothing at all.

With the new financial year set to start on 6 April, uSwitch say that 63% of Brits (equivalent to 31.5 million people nationally) intend to save into a cash ISA before the current tax year ends – this is an increase of 26% compared to last year.

- uSwitch say that despite inflation outstripping wages, savers plan to put away an extra £939 into ISAs this year, boosting the average amount saved from £2,784 to £3,723.
- 44% of people intend to take full advantage of their cash ISA allowance by saving the full £5,640 this tax year. Furthermore, 39% intend to increase their contributions next year to match the new ISA limit of £5,760.
- uSwitch add that 40% of consumers believe that it's important to take advantage of the full ISA allowance, and say that 77% of Brits would be prepared to make sacrifices to max out their ISA allowance – uSwitch claim that 5% would be willing to cut back on household essentials in order to do so, with 10% prepared to sacrifice a holiday and 20% happy to cut out daily luxuries.
- However, uSwitch also warn that there will still be 19 million UK adults failing to take full advantage of the tax-free allowance, prospectively losing out on a collective £165 billion in tax-free savings.

# NOTES

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

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

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