



Debt Facts and Figures - Compiled 4th May 2007

Total UK personal debt

Total UK personal debt at the end of March 2007 stood at **£1,318bn**. The growth rate increased to 10.5% for the previous 12 months which equates to an increase of ~ £116bn.

Total secured lending on homes at the end of March 2007 stood at **£1,104bn**. This has increased 11.5% in the last 12 months.

Total consumer credit lending to individuals in March 2007 was **£214bn**. This has increased 5.9% in the last 12 months.

Total lending in March 2007 grew by £10.8bn. Secured lending grew by £9.9bn in the month. Consumer credit lending grew by £0.9bn.

Average household debt in the UK is ~ **£8,833** (excluding mortgages) and ~ **£54,452** including mortgages.

Average owed by every UK adult is ~ £28,024 (including mortgages). This grew by ~ **£168** last month.

Average outstanding mortgage for the 11.6m households who currently have mortgages is ~ **£95,170**

Average interest paid by each household on their total debt is approximately **£3,525** each year.

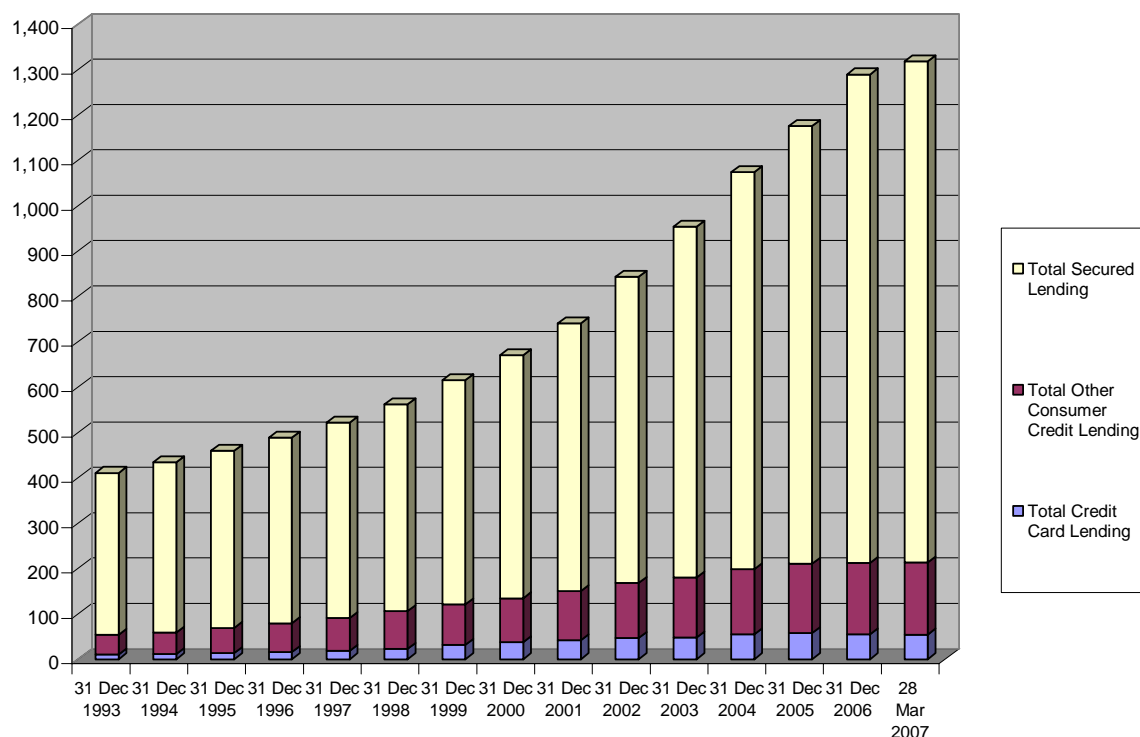
Average consumer borrowing via credit cards, motor and retail finance deals, overdrafts and unsecured personal loans has risen to **£4,550** per average UK adult at the end of March 2007.

Britain's personal debt is increasing by ~ **£1 million every 4 minutes**.

Today in the UK:

- Consumers will borrow an additional £318m today
- The average household debt will increase by over £13 today
- 300 people today will be declared insolvent or bankrupt
- Bank and building societies will hand out £1bn in mortgages today
- Citizen Advice Bureaus will deal with 5,300 debt problems today
- The average car will cost £15 to run today
- The average home will cost £30 today to run
- Raising a child to the age of 21 will now set you back £23.50 daily
- The price of a typical house will increase by £46 today
- 24.3m transactions worth £1.3bn will be spent on plastic cards today
- £82m will be spent online today
- 1/3rd of all groceries we buy today will end up in the dustbin.

Total UK Personal Debt £bn



Servicing Debt: Research from Experian estimates that if interest rates stay at 5.25%, the unsecured debt write-off rate is predicted to grow from 3.1% in 2006 to 4.1% by 2009, which would be the highest rate since 1992, and repossessions are predicted to grow from 17,000 in 2006 to 38,900 by 2009, which would be more than a doubling of the 2006 figure and the highest level since 1996. If base rates increase by 0.25% then debt write-off rate would increase to 4.3% and repossessions to 42,700.

The number of **County Court Judgments (CCJs)** increased for the second year running. Consumer judgments (excluding DVLA) **increased by 33 percent** to 843,853 in 2006.

The Consumer Credit Counselling Service (CCCS) received **33% more calls** in the first quarter of 2007 compared with the same period in 2006. A total of 86,990 calls were made to its helpline in the first three months of the year.

According to a recent report by the Legal Services Research Centre (LSRC) 89% of debt clients interviewed reported worrying about their money problems 'most' or 'all' of the time. Perhaps as a consequence, the great majority of clients believed their **health had been adversely affected by their debt problems**. 48% of clients described the impact of problems on their health as 'great', and 43% felt that their health had suffered 'to some extent'. Around three in five clients reported having received treatment, medication or counselling as a result. 45% of clients stated that debt problems had a negative effect on relationships with partners

During the fourth quarter of 2006, **30,349 mortgage possession** actions were initiated by banks and other lenders. This is a 2% decrease over the fourth quarter of 2005.

Almost **300 people are becoming insolvent each day**. The number of UK personal insolvencies continues to increase with 29,804 individuals entering into bankruptcy or an IVA (Individual Voluntary Arrangement) during the final quarter of 2006. The figures represent an increase of 7.1% on the previous quarter, reaching a total of 107,288 for 2006, up almost 60% from the previous year's figure of 67,584.

Over six million UK consumers have taken out debt consolidation loans over the last three years in order to ease their debt problems.

Almost half of people in the UK are getting stressed at least once a week (47%) according to the Samaritans, with three quarters of people getting stressed at least once a month (74%). The biggest cause of stress for most people is money (51%), followed by job (38%), then family (27%).

Citizens Advice says they were approached for help with **15% more debt problems** in January 2007 than in January 2006. They dealt with **1.4million** debt problems in the past year – 11 % up on the previous 12 months and double the figure just eight years ago. This equates to ~ **5,300 new debt problems a day**.

The ratio of household debt to income has risen from around 100% in the late 1990s to over 150%, increasing the vulnerability of some households to an abrupt change in macroeconomic conditions.

Over one million adults are currently falling behind with payments and a further two million are constantly struggling. People living in rented accommodation, particularly those in local authority housing, were more likely to show signs of financial distress than those who owned their home outright, and almost 10% of respondents have experienced financial difficulties within the last five years.

Research by BBC Breakfast suggests that more than a quarter (27%) of us, are anxious about how to pay the bills.

The number of households struggling to repay their mortgage debt has risen to 7.7% according to the Bank of England.

A recent report from Datamonitor reveals that the UK is responsible for a third of all unsecured debt in Western Europe and that the average UK consumer owes over twice as much as the average western European owes.

Citizens Advice Bureau (CAB) clients have an average of £13,000 of debt which is nearly 17.5 times their monthly income. On average it would take CAB clients **77 years** to pay back their debts in full.

Three quarters (74%) of British couples find money the hardest subject to talk about with their partners according to the Financial Services Authority (FSA). They also found that over a quarter (27%) of couples regularly argue when they try to discuss their finances; about a third (32%) of couples lie to their partners about how much they spend on their credit cards; over a third (35%) of British couples are kept awake at night worrying about their money situation

Plastic card / Personal Loans: The combined value of transactions made on charge, credit, debit and store cards was £470 billion in 2005. It is estimated that this will reach £639 billion in 2010.

Total credit card debt in March 2007 was **£54.3bn**.

According to the BBA the proportion of credit card balances bearing interest was 75.4% in February 2007.

The average interest rate on credit card lending is currently **16.45%**, around 11.25% above base rate.

Almost five million UK credit card holders paid a penalty fee on their plastic in 2005, according to research by MoneyExpert.com and Defaqto. More than 10 per cent of the population racked up charges for items such as late payments and exceeding credit limits

3.4 million credit cardholders in the UK regularly make only the minimum repayment on their credit card. 11% of those with a credit card only ever make the minimum repayment – increasing to 18% for the 25-34 age group.

It has been estimated that in 2005 banks & finance companies sent 1.26bn items of junk mail such as credit card offers and invitations for loans. This equates to approximately 27 enticements to take on new credit per adult.

Plastic cards in issue were 183m in 2005. This works out at 4 plastic cards for every adult in the UK.

282 plastic transactions took place every second in the UK in 2005. There were 86 withdrawals made every second (equal to £5,455 / second) from UK's 58,000 cash machines in 2005.

There are **more credit cards in the UK than people** according to APACS. At the end of 2005 there were 74.6m credit and charge cards in the UK compared with around 60 million people in the country.

Young people (under 30): Less than 40% of young adults know of any advice or support service that would be able to help them if they got into money trouble.

Research by pfeg (Personal Finance Education Group) has revealed that over **half of England's teenagers have been or are in debt by the time they are 17**. In addition, 90% worry about their money and spending but tend to think of overdrafts and credit cards as easy ways to spend more than they earn, or to buy things they couldn't normally afford.

Nearly half (44%) of young Britons aged 16 to 24 say their friends put pressure on them to keep spending even when they have run out of money.

Graduates leaving university in 2006 had **average debts of £13,252**, a 5% increase on 2005, according to a survey by NatWest bank. 62% of graduates leave university with debts of over £10,000.

Recent research shows that budgeting is the last thing on many students' minds as the vast majority (80%) of 16-24 year olds admit they don't keep track of their finances. Also, despite the likelihood of being on a tight budget, 1 in 5 doesn't know within £100 what their financial state might be.

Pensioners / Pensions: Inflation for the over 75s has hit 4.7% - that's 52% higher than headline inflation in March 2007 of 3.1%. The 65-74 year olds have the second highest rate of inflation, at 3.6%.

The Consumer Credit Counselling Service (CCCS) said that the number of over-60s with money worries grew faster than any other age group last year. Pensioners are being forced into debt because of the rising cost of living.

One in four over-60s still have outstanding mortgage debts - an average of £31,000 per head

The Pensions Commission says that 11.7 million workers do not make any contribution to a private pension.

Half of Britain's pensioners are said to be cutting back on other things to pay annual fuel bills averaging £1,100. A survey by energy comparison website uSwitch indicated that two million over-60s spent more than a tenth of their income on fuel.

26% people over 65 said that they were finding paying Council Tax difficult and they had to cut-back on basics, borrowed, or gone into debt; or found they had no money left at the end of the month once they had paid their bill.

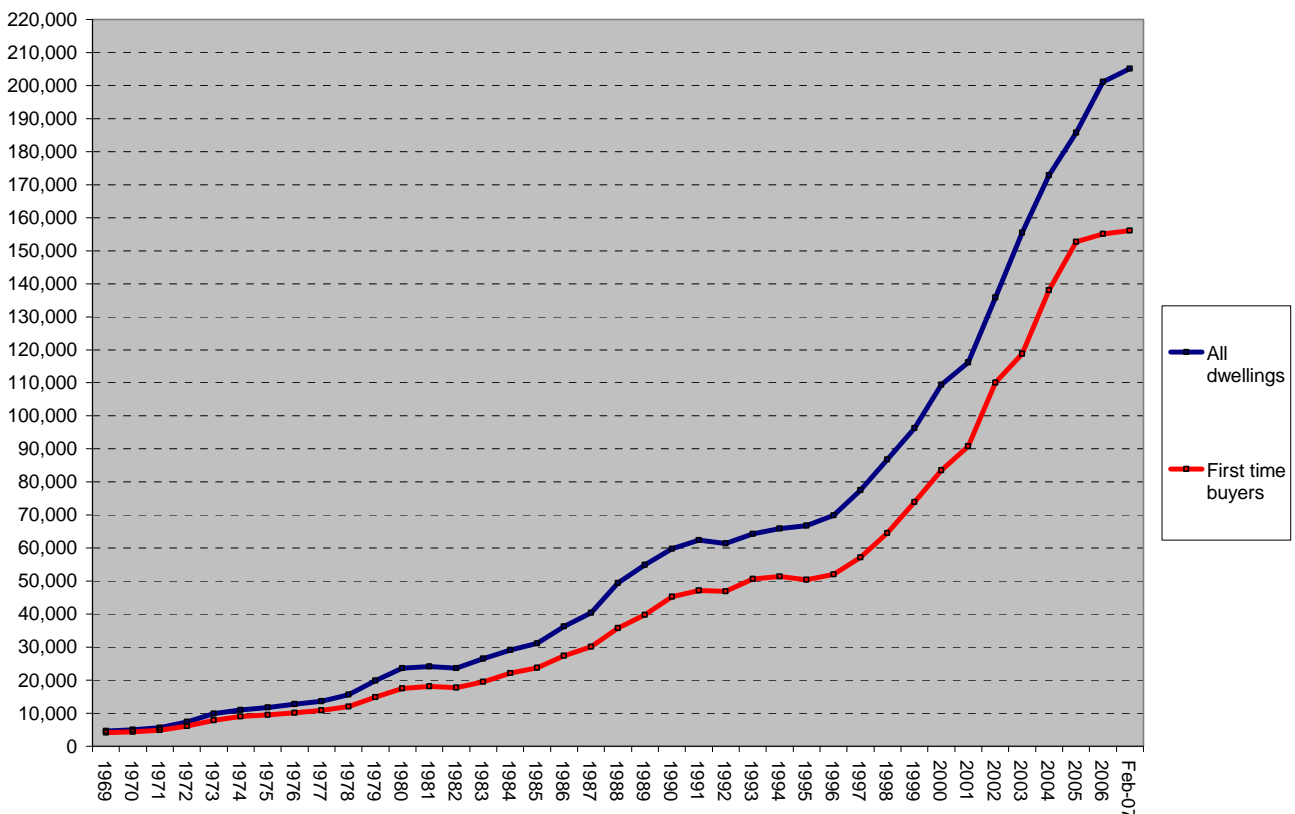
More of us are saving for a holiday (49%) than for our retirement (46%) whilst just 28% of us are satisfied with our current savings for retirement.

In 2004/05, 39 per cent of the 35.4 million working age population were members of a private pension scheme (occupational or personal), down from 40 per cent in 2003/04.

Housing: According to the Department for Communities and Local Government (DCLG) the average house price in the UK in February 2007 now stands at **£205,102** (£212,642 in England). UK annual house price inflation rose by 12.1%. Annual house price inflation in London rose by 16.7%.

The price of a typical house increased by the equivalent of £46 per day during the last 12 months.

UK Average House Prices £



The Bank of England raised the Base Rate from 5.00% to 5.25% on 11th January - the highest level since May 2001.

The average Mortgage Interest rate at the end of March 2007 was 5.67%.

Sainsbury's Bank home insurance estimates that the annual cost of running a home is now around £11,035. This is 12% higher than the equivalent cost in 2004/05.

Average house asking prices in April rose by 3.6% (£8,307), the largest monthly rise for 5 years

The desire for owner-occupation has returned to near record levels, with 84% of adults hoping to be homeowners in ten years' time. In 1939, there were 3.8 million home-owners in England and Wales, 1.5 million of whom had a mortgage. Today, there are 18.4 million owner-occupiers in Great Britain, and 70% of them have a mortgage

According to the Nationwide, the price of a typical house increased by 0.9% during April, bringing the annual rate of house price inflation back into double digits at 10.2%.

The average loan approval for house purchases in March 2007 now stands at **£150,800** - 12% higher than a year earlier. It has taken just under 4 years for the average loan size to rise from £100,000 to £150,000, having taken around 9 years to double from £50,000 to £100,000.

Gross mortgage lending reached a March record of £31.3 billion according to the latest data from the Council of Mortgage Lenders. This was a leap of 22% from February's lending figure of £25.5 billion and is 10% higher than the £28.3 billion of lending reached in March last year.

34% of mortgages taken out by home movers in February 2007 were "interest only" mortgages compared with only 12% taken out in June 2003. 27% of these "interest only" mortgages were taken out without a repayment plan specified to repay the capital.

Banks and building societies will hand out **£1 billion every day** this year in the biggest-ever home loan bonanza in Britain. The Council of Mortgage Lenders said 2007 will be a record year with an extraordinary £360 billion borrowed in mortgages.

Housing equity significantly outweighs mortgage debt. The value of housing assets increased by £410bn in 2006 versus a £100bn increase in mortgage balances. In 2006, the value of the private housing stock (£3.8 trillion) was 3.5 times the value of outstanding mortgage debt of £1.1 trillion.

Housing 1st Time Buyers: The average house price in the UK in February 2007 for first time buyers now stands at **£156,031** which is an annual increase of 12.5%.

Affordability pressures continued to squeeze first-time buyers in February as income multiples were **3.31** times the average first-time buyer household income, according to the Council of Mortgage Lenders (CML). The average new mortgage for first time buyers has now reached **£114,000**. The average age of a first-time buyer is 29.

According to the National Association of Estate Agencies (NAEA) the number of first time buyers was **12.6%** of sales in March 2007.

New first-time buyers face double whammy of house price and interest rate rises. Higher house prices alone add £75 to typical first-time buyer monthly costs compared to last year. Interest rate increases bring this up to almost £120.

A first time buyer couple will now have to save up to the equivalent of 81.8 percent of joint take home pay, to build up the £32,784 needed for up front buying costs on a typical home, deposit and stamp duty.

Spending: The number of gamblers who called Gamcare's helpline shot up by more than a third last year. Gamblers aged between 26 and 35 constituted the largest single group of callers to the helpline. The average debt specified by callers was £13,867.

Research by WRAP (Waste & Resources Action Programme) has revealed that households in the UK **throw away around a third of all of the food we buy**.

Norwich Union's "Cost of Divorce" survey reveals that couples now spend an average of £28,000 when a marriage ends - twice the amount spent in 2003.

The **average car** now costs **£5,539** a year to run, equivalent to **£15** a day.

The cost of bringing up a child from birth to their 21st birthday has jumped to £180,137 (**£23.50 per day**). In the last year alone, the cost of raising offspring has risen by 9%, according to research from Liverpool Victoria.

The average wedding costs around £19,595. 45% of couples - some 117,000 nationwide - have no financial planning to pay for the big day, a study by stockbrokers Brewin Dolphin Securities found.

Money Education / Financial Literacy: One in three adults – or around 12.4 million people – refuse to plan their finances at all, and those that do find the time to review them set aside a miserly **five minutes a week**.

Recent research estimates that **50% of people don't have a will**.

A quarter of Brits (25%) have no idea how much they spend in a week, and a similar number (26%) have no idea of their monthly cash flow. This lack of knowledge extends into other financial aspects of life. Only half (51%) the population know the balance on their credit cards and nearly half (46%) have no idea what interest rates they receive on their savings or are paying on their accounts and debts.

Around 15 per cent of 18 to 24- year-olds think an individual savings account (ISA) is an iPod accessory, and one in 10 reckon it's an energy drink. With rising personal debt levels in Britain, and a lack of long-term savings, better money management seems a pressing issue.

Savings: Over 7.5 million people only save money for **short-term goals** and about 3 million describe themselves as 'frivolous spenders' - making purchases based solely on desirability rather than affordability. For every financially aware person there are two frivolous spenders who spend for today with no thought to tomorrow - the buy now, think later culture.

Research from Alliance & Leicester, shows that nearly **one in three of us failed to save a penny during 2006**. A fifth (19%) admitted to not saving as much as planned during the past 12 months. More than 8 out of 10 (82%) say they have earmarked 2007 as the year to sort out their savings

Over half of Brits have less than two months' salary tucked away in savings. 27% of people have no savings at all and a further one in four (25%) have less than £3,000 tucked away for a rainy day.

Half the population (52%) could survive financially for just 17 days, should they suffer an unexpected loss of income, according to research by Combined Insurance.

Compiled monthly by Richard Talbot. richardtalbot@creditation.org.uk. If you would like to receive regular monthly updates of these statistics then please register using the "Register to receive Debt Statistics" link at www.creditation.org.uk/debtstats.htm. Note: new / changed statistics are at the start of each section.

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