

Debt Facts and Figures - Compiled 1st May 2008

Total UK personal debt

Total UK personal debt at the end of March 2008 stood at **£1,430bn**. The growth rate increased to 8.7% for the previous 12 months which equates to an increase of ~ £113bn.

Total secured lending on homes at the end of March 2008 stood at **£1,200bn**. This has increased 9.1% in the last 12 months.

Total consumer credit lending to individuals in March 2008 was **£230bn**. This has increased 6.7% in the last 12 months.

Total lending in March 2008 grew by £8.2bn. Secured lending grew by £6.9bn in the month. Consumer credit lending grew by £1.2bn.

Average household debt in the UK is ~ **£9,216** (excluding mortgages). This figure increases to **£21,433** if the average is based on the number of households who actually have some form of unsecured loan.

Average household debt in the UK is ~ **£57,420** (including mortgages).

Average owed by every UK adult is ~ £30,120 (including mortgages).

Average outstanding mortgage for the 11.8m households who currently have mortgages now stands at ~ **£101,530**.

Two fifths of mortgagors have secured debts of over £90,000, up from one fifth in 2004.

Britain's interest **repayments have soared to £93.8bn** in the last 12 months. The average interest paid by each household on their total debt is approximately **£3,765** each year which has increased £340 in the last 12 months.

Average consumer borrowing via credit cards, motor and retail finance deals, overdrafts and unsecured personal loans has risen to **£4,835** per average UK adult at the end of March 2008.

Britain's personal debt is increasing by ~ **£1 million every 5 minutes**.

Today in the UK:

- Consumers will borrow an additional £309m today
- Consumers will pay £257m in interest today
- The average household debt will increase by over £12.42 today
- 74 properties will be repossessed today
- 292 people today will be declared insolvent or bankrupt
- Approximately 18,000 credit card applications are being rejected every day.
- 2,750 County Court Judgements (CCJs) issued
- 4,000 fixed rate mortgages will come to an end today.
- 388 mortgage possession claims will be issued and 272 mortgage possession orders will be made today
- 404 landlord possession claims will be issued and 306 landlord possession orders will be made today.
- Citizen Advice Bureaus will deal with **6,600 debt problems** today
- The average car will cost £15.42 to run today
- More than 7,716 loan repayments are going unpaid every day
- 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
- £526m will be withdrawn from cash machines today.
- 24.5m transactions worth £1.4bn will be spent on plastic cards today
- 1/3rd of all groceries we buy today will end up in the dustbin.

Striking numbers

£1m every 5 min

Growth in UK debt

£309m

Daily increase in UK debt

£57,420

Average household debt
(including mortgages)

£257m

Interest paid in UK daily

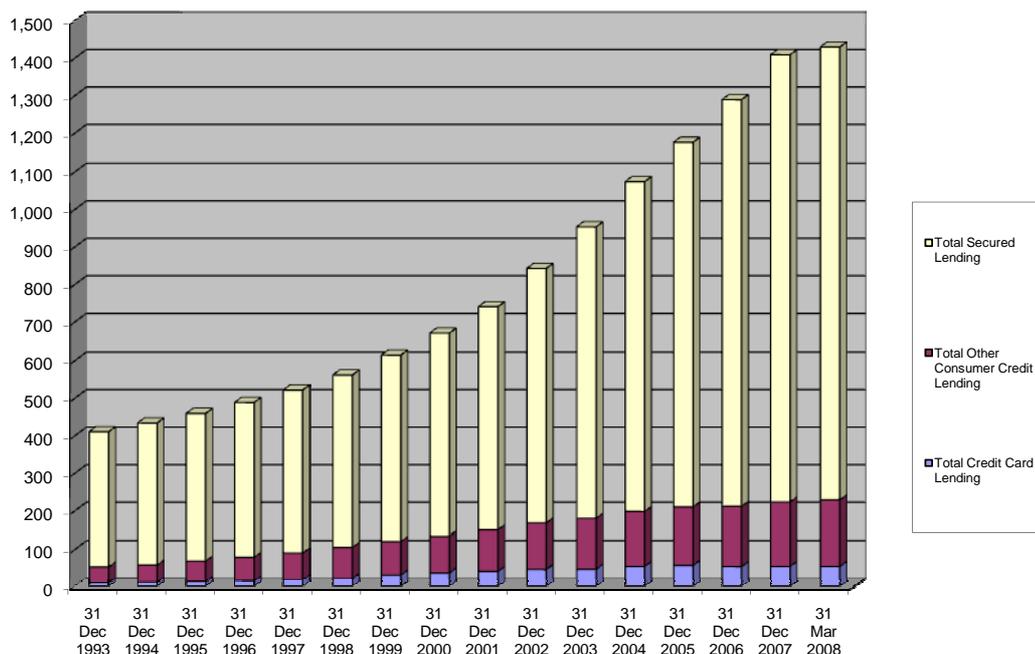
£1,430bn

Total UK debt

292

Number of people who will
be declared bankrupt or
insolvent **today**

Total UK Personal Debt £bn



Servicing Debt: The strain put on families by personal debt is pushing many to crisis point, according to Christians Against Poverty (CAP). Research conducted by the charity amongst its clients found that almost a quarter (23 per cent) of all clients said that debt caused their relationship to break down. 53% said the financial strain of being in debt caused arguments and stress with their partner and 69% had visited their GP due to debt-related stress.

The number of lenders seeking court orders to secure personal debt against property hit 131,644 in 2007, representing a 42% rise year-on-year according to provisional data from The Ministry of Justice.

A survey by price comparison site moneysupermarket.com found 30 per cent of Brits don't think they can cope much longer financially and 84 per cent said that they have financial worries.

According to uSwitch.com **6.8 million households are in debt to their energy supplier**. Over a quarter (26%) of energy customers were 'in the red' on their last energy bill and 2 million consumers are on debt repayment programmes to energy suppliers.

Up to 6.5 million people have been forced to consolidate their debts in the past three years in a bid to keep borrowing under control according to MoneyExpert.com. 1.29 million of them have moved debts of more than £20,000 run up on loans, credit cards, store cards and overdrafts to one lender and people consolidating debts of £20,000 or more are likely to be using loans secured against their house.

According to uSwitch the recent fuel price rises will plunge a further 500,000 into fuel poverty, bringing the total number of people caught in the trap to 4.5 million.

After this year's pay rises, UK workers will be taking home an extra £44 a month on average but millions of families will be worse off as they already facing an increase of £148 a month in essential living costs.

33% of adults with debts are concerned or very concerned about their ability to keep on top of their borrowing according to the latest MoneyExpert.com research. Around 9% (3.04m people) are very concerned about their ability to manage their debts. 27% of people with debts have increased the amount they have borrowed in the last three months. Around 2.03m have increased the amount they owe by 20% or more over the past three months.

During the fourth quarter of 2007:

35,662 mortgage possession claims were issued on a seasonally adjusted basis, 14% higher than in the fourth quarter of 2006 and 2% higher than in the third quarter of 2007. 25,008 mortgage possession orders were made on a seasonally adjusted basis.

37,127 landlord possession claims were issued and 28,116 landlord possession orders were made on a seasonally adjusted basis.

27,100 properties (74 a day) were taken into possession during 2007. This is a 21% increase on 2006.

The Insolvency Service said that 106,645 people went into bankruptcy or entered into an Individual Voluntary Arrangement (IVA) in the 12 months ended 31 December 2007, a decrease of 1% over the previous 12 months. In the most recent quarter there were 23,830 personal insolvencies representing a fall of 17 per cent on the same period in the previous year.

In spring 2007, over 4.3 million people of working-age and 1.79 million children were living in workless households. A workless household is a household that includes at least one person of working age, where no one in the household aged 16 or over is in employment. This equates to 16% of all working age households.

According to uSwitch Britain is suffering from a bad case of affluenza – “we are caught in the grip of a spiral of conspicuous consumption where it’s no longer enough to keep up with the Joneses, but instead we want to live like our favourite celebrities”. 4.8m adults spend more than they earn and 9m adults just break even at the end of every month.

MoneyExpert.com research shows that some 6.9 million household bills went unpaid in the past six months, showing that household budgets everywhere are feeling the strain. Figures show that of all household bills people are most likely to overlook their council tax bill, with a staggering 2.3 million people – around one in twenty adults – claiming to have paid their council tax late or not at all in the past six months.

Money worries concern UK adults more than any other social issue, over and above terrorism, immigration, climate change and gun crime, according to a new report from AXA. However, despite the fact it worries more adults individually than any other social issue, as a nation we class terrorism, immigration and gun crime of greater social concern. 43% of adults said money worries is the social issue that has the greatest impact on them

New figures show that debt enquiries to Citizens Advice Bureaux in England and Wales have hit a record high, increasing by 20% in the last year and bringing the total to 1.7 million in 2006/07. The number of debt problems brought to bureaux has doubled in the last 10 years. Debt is now the number one issue advised on in bureaux, accounting for one in three of all enquiries and equates to **6,600 new debt problems a day**.

According to research by the Conservative Social Justice Policy Group between 7 and 9 million people in Britain claim to have had a serious debt problem and they estimate that British consumers are on average twice as indebted as those in Continental Europe.

The number of county court judgments (CCJs) has risen to a near **10-year high**. A total of 247,187 consumer debt related CCJs were issued in the first three months of the year - the highest quarterly total since the summer of 1997.

According to a 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

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.

Plastic card / Personal Loans: More than 3.2m adults own five or more credit cards despite mounting concern about debt problems as the credit crunch hits home and 28% of people applied for more plastic last year.

According to the BBA the proportion of credit card balances bearing interest rose to 72.9% in February 2008.

Total credit card debt in March 2008 was **£55.1bn**. The UK collective credit limit on credit cards is ~ £177bn.

The average interest rate on credit card lending is currently **17.35%**, around 12.3% above base rate (5.0%). The average interest rate on credit card lending has increased by **2.2% in 2 years** from 15.18%.

More than five million people have missed monthly payments on credit cards in the past six months (11% of credit card customers). Late payment fees average £12 a time for missed payments which totals to £61 million for the six months to December 2007.

The combined value of transactions made on charge, credit, debit and store cards was £511bn in 2006.

Plastic cards in issue were 181m in 2006. This works out at just under 4 plastic cards for every adult in the UK.

284 plastic transactions took place every second in the UK using payment cards (excluding petrol and oyster cards) and there were 92 cash withdrawals / second (equal to £6,305 / second) from UK's 63,420 cash machines in 2007.

There are **more credit cards in the UK than people** according to APACS. At the end of 2006 there were 74.4m credit and charge cards in the UK compared with around 60 million people in the country.

Young people - the IPOD generation (under 30): Adult children are 'sapping' their parents' savings and investments at an increasing rate of knots, as Scottish Widows reveals the position has got even worse over the past year. Over half (55%) of parents have given or loaned their children or grandchildren thousands of pounds compared to a figure of 39% last year – an increase of 16%. The average amount given by parents to their offspring is £12,610. Four in ten (42%) adult children have used their handouts to pay off debts and 29% to buy a house.

Research from the Personal Finance Research Centre shows young adults seemed especially susceptible to strong pressures to consume, and were prepared to borrow to do so. The use of credit to meet everyday expenditure was a way of life. For some the line between needs and wants was virtually indistinguishable.

Nationwide Building Society has found that two-thirds of teenagers do not believe they have a good knowledge of finance. It also revealed that one in five teenagers do not view being in debt as a bad thing.

The average graduate debt has dropped for the first time in six years. Graduates who leave university with debt now owe on **average £12,363**, a decrease of £889 (6%) on 2006. 54% graduates leaving university with debts of over £10,000.

Pensioners / Pensions: Voluntary pension contributions made by UK adults have almost halved in the past 12 months, according to Prudential research, which reveals that those who pay into company and private pension schemes say they have cut contributions by a staggering £134 a month compared with last year.

In 2005/06, **62% of pensioner couples had total pension income of less than £10,000**, and half of single pensioners had less than £6,000. The **average annual private pension income for pensioner couples in 2005/06 was £2,115 for pensioner couples** while for single men it was £1,553 and for single women £1,238.

39 per cent of working age people in Great Britain in 2005/06 were contributing members of private pensions schemes. Almost half of those who had not yet retired have no idea of what their retirement income would be,

23% of households headed by a person over the age of 60 owes money on consumer credit agreements. 1 in 8 over-60s were repaying a mortgage including 4% of people aged 80–84. 1 in 20 people in their 60s, 70s and 80s admit to constantly struggling to keep up with commitments or having fallen into arrears.

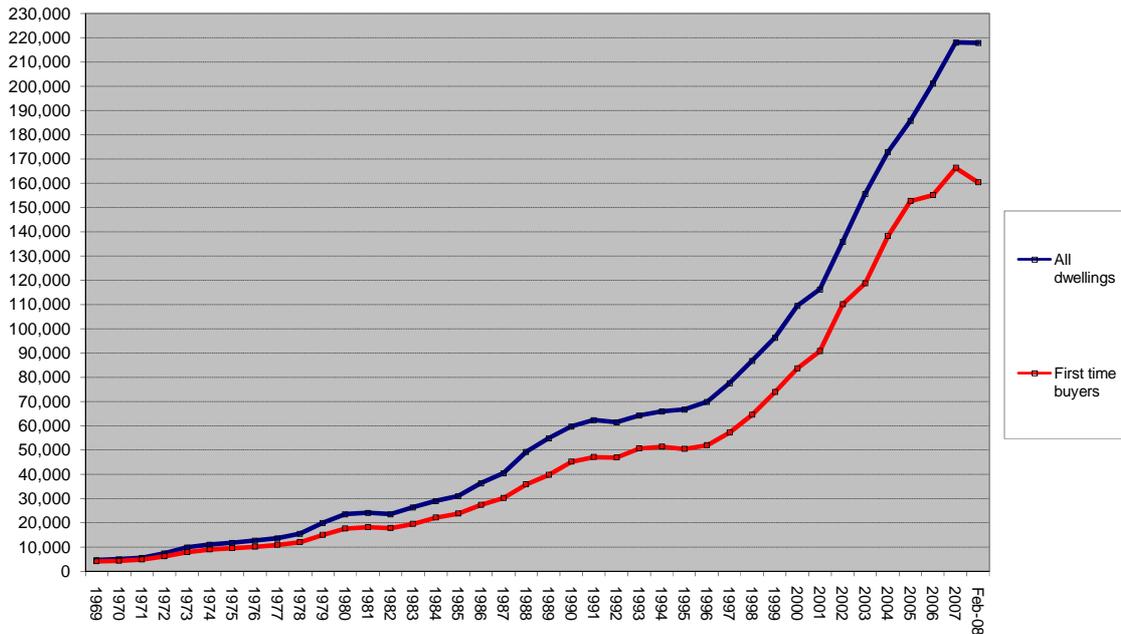
According to the Consumer Credit Counselling Service (CCCS) for the first time, clients over 60 have the highest levels of debt, averaging £29,642.

New estimates from Age Concern put the number of pensioner households living in fuel poverty now at 2.25 million, with an estimated 250,000 pensioner households pushed into fuel poverty by the price rises this year.

Research from Scottish Widows reveals that over 1.5 million of those aged 55 and over (34% of those aged over 55) claim they can't afford to retire at state retirement age due to lack of pension savings.

Housing: According to the Department for Communities and Local Government (DCLG) the average house price in the UK in February 2008 now stands at **£217,737** (£225,188) in England). UK annual house price inflation rose by 6.7%. Annual house price inflation in London rose by 9.5%.

UK Average House Prices £



The average Mortgage Interest rate is 5.79%.

Sentiment in the housing market deteriorated again in March. The net balance of surveyors reporting falling rather than rising prices declined to 78.5% compared to 65.7% in the previous month, making March the most negative month since the survey began (January 1978).

Hometrack figures showed that **house prices fell for the seventh month in a row in April**. Average house prices were down across half of the country with the average fall being 0.6% over the month. The annual rate of growth has now slipped to -0.9% which is the lowest level since January 2006. The average time to sell reached 9 weeks, compared to less than 6 weeks a year ago. A year ago sellers were achieving 95.7% of the asking price but this figure has fallen back to 93%, the lowest since January 2005.

The Bank of England said 64,000 new mortgages were approved in March 2008 which is the **lowest monthly figure recorded in the last 15 years**.

Gross mortgage lending drops 17% in a year. Gross mortgage lending was an estimated £26.3 billion in March down by 17% from £31.7 billion in March last year, according to the Council of Mortgage Lenders.

37% of mortgages taken out by home movers in February 2008 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.

Rightmove’s April House Price Index finds that sellers have finally recognised that a decade of rising prices has come to an end. Average national **asking prices** fall by 0.1% to £239,521 as new sellers face reality. The annual rate of increase suffered a **substantial fall from 5% to 1.3%, the lowest level since July 2005**. Average unsold stock per estate agency branch has risen from 67 to 70, giving buyers the highest levels of choice measured at this time of year. Time on the market has risen as well, from 82 days to 85 days over the last month, by far the highest they have measured at this time of year

House purchase mortgage approval numbers in March were 35,417 which was **46.2% lower than March 2007 and the lowest since records began in September 1997**. The average loan approved for house purchase in March 2008 was **£158,000**, some 4.8% higher than a year earlier.

Citizens Advice Bureaux in England and Wales have seen mortgage arrears problems shoot up by 35% in the first two months of 2008 compared with the same period in 2007.

At the end of 2007 there were **129,808 mortgages which were > 3 months in arrears**.

According to the FSA over the next 12 months, approximately 1.4 million fixed-rate mortgages will come to the end of their fixed-rate term. For many consumers, this will mean that the cost of their mortgage will increase significantly (an average of £210 a month if they simply revert to their lender's standard variable rate).

At the end of 2007 there were 463,000 people have missed a monthly repayment on their mortgage in the past six months, representing around four per cent of the 11.8 million outstanding mortgages.

Halifax estimates that the value of the UK's private housing stock rose by 9% (nearly £320bn) in 2007 to a **record £4.0 trillion (£4,000 billion)**. The value of the housing stock has more than tripled over the past decade, rising by 208% from £1.3 trillion in 1997. By comparison, the headline retail price index (RPI) has risen by 31% over the past ten years. Housing equity has increased by nearly £2 trillion over the past decade to £2.8 trillion. The value of the private housing stock was **3.4 times outstanding mortgage debt** at the end of 2007.

Housing First Time Buyers (FTB) & Buy-to-let: The average house price in the UK in February 2008 for first time buyers now stands at **£160,338** which is an annual increase of 5.9%.

HOUSE prices for first time buyers throughout the UK have risen a staggering 200 per cent in a decade, the annual Shelter Roof Affordability Index has revealed. The figure is even higher in London with first time buyers facing a crippling 250 per cent rise to almost £260,000.

Affordability pressures continued to squeeze first-time buyers as income multiples in February stood at **3.33 times the average first-time buyer income** according to the Council of Mortgage Lenders (CML). The average new mortgage for first time buyers has now reached **£114,000**. The av. age of a first-time buyer is 29.

An estimated 5.5 million parents have provided financial support to help their children onto the property ladder, with an average contribution of £20,921 per child. One in three UK parents, equivalent to approximately 10 million people, intends to help their children in this way, with an average contribution of £22,401 per child. They are collectively preparing to donate £223 billion in housing deposits to their children.

Landlords see the value of their properties grow by £69.5bn a year (£5.8bn a month). Sainsbury's Home Insurance estimates that the collective value of rental properties has reached £641bn up from £571bn last year.

Buy-to-let lending totalled £24.1bn in the second half of 2007, up from £21.2 billion in the first half of the year. The number of loans (including remortgages) to buy-to-let landlords in the second half of the year was 179,100, up from 171,800 in the first half of the year. The total number of outstanding buy-to-let mortgages has now passed the million mark, standing at 1,038,000 at the end of 2007 - nearly 23% up on the 846,900 a year earlier.

Halifax research estimates:

- The number of FTBs is at its **lowest since 1980**. An estimated 300,000 first time buyers entered the market in 2007 – 44% less than in 2002 (532,000).
- The average deposit put down by a FTB was **£34,381** in 2007 - an 88% increase over the past five years.
- The average FTB deposit was 20% higher than UK average full-time earnings of £28,590 in 2007.
- FTBs cannot afford to purchase a terraced property – traditionally the least expensive property type - in 71% of towns across the UK (322 out of 454). This stood at 11% in 2002.

The Bank of England financial stability report said that recent first-time buyers are vulnerable as many have stretched themselves more than normal to get on the housing ladder because of the increase in house prices relative to income and the sharp increase in the proportion of new mortgages with high loan to income multiples.

Spending: Cautious customers, increasingly reluctant to spend money they have not got, have prompted a comeback for cash according to the British Retail Consortium. Cash is now used for 60% of all transactions, up from 54% last year. Measured by value, cash is used for 34% of retail spending compared with 32% a year ago.

More than 26.3 million adults (57%) are planning to cut spending this year as worries about the credit crunch hit home in the real economy according to MoneyExpert.com. Many are planning to reduce spending on basics such as the weekly food shopping bill.

The average family car now costs £5,627 a year to keep on the road, an increase of £162.70 year-on-year. Motorists buying the UK's top ten best-selling new cars are left £510 per month (£17/day) out of pocket due to depreciation in the first year.

Research from Alliance & Leicester reveals 4.2 million Britons could be reaching for the brochures without having paid for their previous jaunt. More than one in five (22 per cent) spent as long as a year paying off their last main holiday and nearly 900,000 (2 per cent) still haven't paid the final bill.

The average wedding costs around £20,000. It costs an average of £386 to attend a wedding.

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.**

Money Education / Financial Literacy: A high number of people **regularly fail to budget effectively** each month resulting in 64% of people running out of cash on average 5 days before their next pay cheque.

Research from Nationwide Building Society reveals that 75% of people in the UK don't understand the monetary value a 1% difference in mortgage rates can make.

National Consumer Council research reveals more than 27m people in England and Wales do not have a will.

It seems that money is fast becoming the nation's most uncomfortable topic. Research from Scottish Widows shows that we'd rather talk about sex and health than money.

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.**

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: Recent research reveals there has been a dramatic fall in level of savings. 37% of people claim to be unable to save anything at all and 3.74 million people are saving over 20% less than they were a year ago.

The Wealth and Assets Survey, by the Office for National Statistics, found that **39 per cent** of respondents agree with the statement 'I would rather enjoy a good standard of living today than save for retirement'. It also found that over **14m adults (30%) have no financial savings or investments.**

Over one in four (27%) have no savings at all – and a further one in four (25%) have less than £3,000 – meaning that the savings pot of more than half of all households in the UK will **last less than three months.**

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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