



DEBT STATISTICS

MAY 2012 EDITION

CONTENTS

Welcome to the May 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.

SECTION	PAGE NUMBER
1. UK PERSONAL DEBT	3
2. EVERY DAY IN THE UK	5
3. NATIONAL STATISTICS	6
4. SERVICING DEBT	9
5. PLASTIC CARDS AND PERSONAL LOANS	11
6. YOUNG PEOPLE	12
7. OLDER GENERATIONS AND PENSIONS	14
8. HOUSING MARKET	16
9. FINANCIAL EDUCATION	20
10. SPENDING	21
11. SAVING	23

STRIKING NUMBERS
£55,436 was the average household debt (including mortgages) in March
£172m was the daily amount of interest paid on personal debt in March
8,518 new debt problems were dealt with by the CAB each working day over the year to December
1,907 people were made redundant every day between December and February
883,000 people had been unemployed for over a year between December and February
£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 35 sec someone is declared insolvent or bankrupt (based on Q1 2012 trends)
£1.501 billion was the daily value of all purchases made using plastic cards in February

1. UK PERSONAL DEBT

TOTAL UK PERSONAL DEBT

Outstanding personal debt stood at **£1.458 trillion** at the end of March 2012.

- This is up from £1.451 trillion at the end of March 2011.
- Individuals owed nearly as much as the entire country produced during the whole of 2011.

Outstanding secured (mortgage) lending stood at **£1.250 trillion** at the end of March 2012.

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

Outstanding unsecured (consumer credit) lending stood at **£208 billion** at the end of March 2012.

- This is down from £211 billion at the end of March 2011.

AVERAGE UK PERSONAL DEBT

Average household debt in the UK (excluding mortgages) was **£7,903** in March.

- This is up from a revised **£7,884** in February.

Average household debt in the UK (including mortgages) was **£55,436** in March.

- This is up from a revised **£55,384** in February.

The average amount owed per UK adult (including mortgages) was **£29,681** in March. This was around **123%** of average earnings.

Average consumer borrowing (including credit cards, motor and retail finance deals, overdrafts and unsecured loans) per UK adult was **£4,231** in March.

The estimated average outstanding mortgage for the 11.2m households that carry mortgage debt stood at **£111,419** in March.

Based on March 2012 trends, the UK's total interest repayments on personal debt over a 12 month period would have been **£62.8 billion**.

- This is equivalent to **£172 million** per day.
- This means that UK households would have paid an average of **£2,387** in annual interest repayments.

1. UK PERSONAL DEBT

The Office for Budget Responsibility (OBR) predicts that total household debt will reach **£2.044 trillion** in Q1 2017.

- This would mean that average household debt would reach **£77,719** (assuming that the number of households in the UK remained the same between now and Q1 2017).

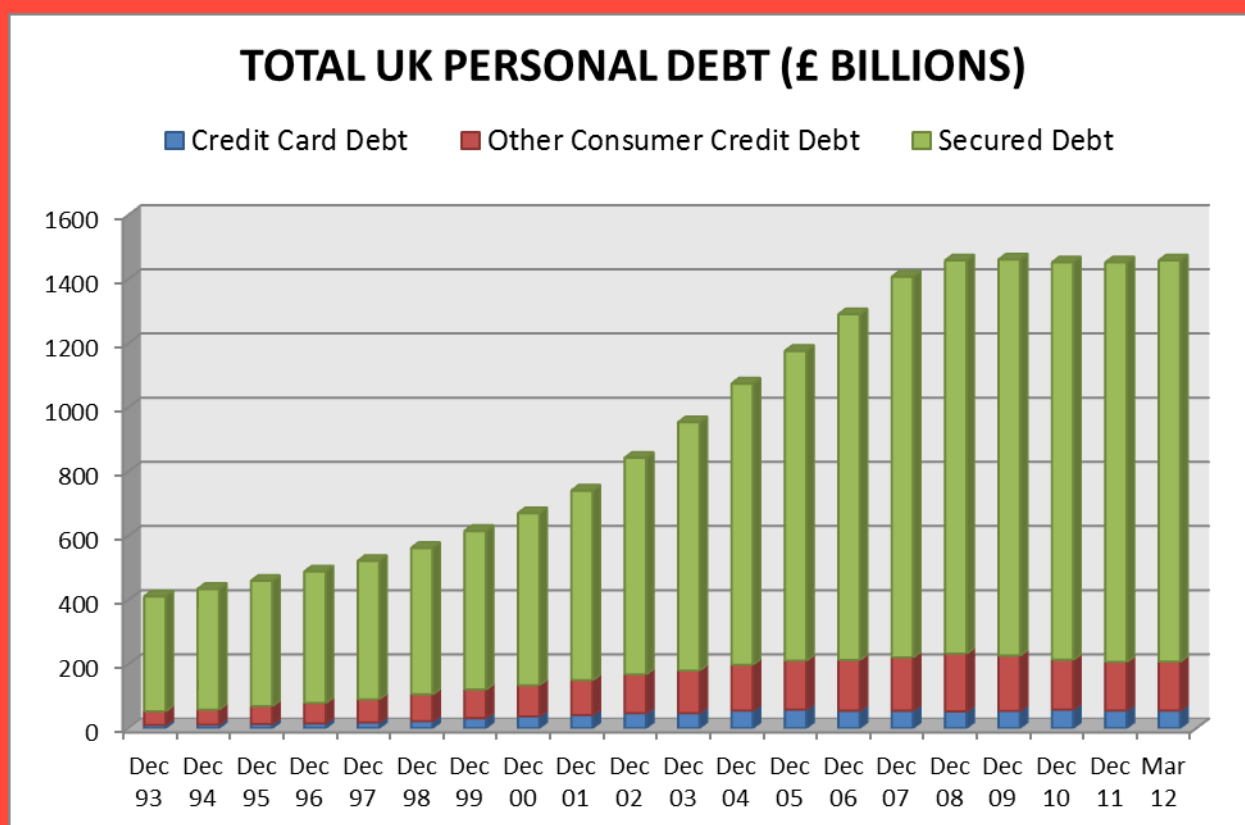
NET LENDING AND WRITE-OFFS

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

- Net secured lending rose by £1.0 billion in the month; net consumer credit lending rose by £0.4 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**.



Based on Bank of England Data

2. EVERY DAY IN THE UK

Based on the latest available data, Credit Action estimates that every day in the UK:

- **314** people are declared insolvent or bankrupt every day (based on Q1 2012 trends). This is equivalent to **1 person every 63 seconds** during each *working day*.
- **1,473** Consumer County Court Judgements (CCJs) are issued every day (based on Q4 2011 trends). The average value of a Consumer CCJ in Q4 2011 was **£2,949**.
- Citizens Advice Bureaux in England and Wales dealt with **8,518** new debt problems every *working day* during the year ending December 2011.
- It costs an average of **£28.44** per day to raise a child from birth to the age of 21.
- **93** properties are repossessed every day (based on Q4 2011 trends).
- **104** new people a day became unemployed for over 12 months during the year ending February 2012.
- **1,907** people a day reported they had become redundant between December 2011 and February 2012.
- The Government's Public Sector Net Debt (including financial interventions) will fall by an average of **£189,100,000** today, equivalent to **£2,188** per second (based on March 2012 data).
- The Government pays an estimated **£128,690,000** of interest each day on the UK's Public Sector Net Debt of £2181.0bn (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 growing by an estimated **1,342 people a day**.
- **30.4m** plastic card purchase transactions were made every day in February 2012 with a total value of **£1.501 billion**.
- **8.1m** cash withdrawals will be made daily with a total value of **£547m** (based on Q4 2011 trends).
- The average car costs **£18.33 per day** to run.
- It cost **£71.25** to fill a 50 litre tank with unleaded petrol in April.

3. NATIONAL STATISTICS

ECONOMY

The UK economy **contracted by 0.2%** in the first quarter of 2012, according to preliminary estimates from the Office of National Statistics. This follows a contraction of 0.3% in the fourth quarter of 2011, meaning the UK economy has fallen back into recession.

The Bank of England Base Rate is currently set at **0.5%** (since being established in 1694, the Rate has never been lower). It was reduced to this level on 5th March 2009, and has been held there for 38 months.

There were **5.8 million** working age benefit claimants at August 2011. This is an increase of 58,000 in the year.

UNEMPLOYMENT

The number of unemployed people in the three months between December 2011 and February 2012 was **2.65 million** (8.3%). This is down by 35,000 from the previous three months, but up by 172,000 from a year earlier.

- **174,000** people (**1,907 a day**) reported they had become redundant over the three months. This is up by 11,000 from the previous three months, and up by 47,000 from a year earlier.
- **883,000** people had been unemployed for over 12 months between December and February, a rise of 26,000 over the previous three months, and a rise of 38,000 (**104 a day**) from a year earlier.
- The number of economically inactive people aged between 16 and 64 fell by 25,000 over the three months, and fell by 29,000 over the year, to reach **9.27 million** in the three months to February 2012.

Public sector employment fell by **37,000** in the fourth quarter of 2011 to reach **5.942 million** overall.

The Office for Budget Responsibility's March 2012 forecast for General Government Employment estimates a total reduction of around **730,000** staff between the start of 2011 and the start of 2017. Meanwhile, they estimate that total employment will rise by around 1 million over the same period, reaching **30.2 million** in Q1 2017.

3. NATIONAL STATISTICS

PUBLIC SECTOR NET DEBT

In March 2012, public sector net debt (PSND) *excluding* financial interventions was **£1022.5bn**, equivalent to 66.0% of GDP. This compares to £905.3bn (60.5% of GDP) at the end of March 2011.

Meanwhile, public sector net debt *including* financial interventions was **£2181.0bn**, equivalent to 140.8% of GDP. This compares to £2250.2bn (150.4% of GDP) at the end of March 2011.

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

According to the March 2012 Budget, public sector net debt will peak at **76.3% of GDP** in 2014-15. It will then fall to 74.3% of GDP in 2016-17.

CORPORATE INSOLVENCIES

Figures from the Insolvency Service show that there were **4,303** compulsory liquidations and creditors' voluntary liquidations in England and Wales in the first quarter of 2012 (on a seasonally adjusted basis).

- This was up 0.2% on the previous quarter, and up 4.3% on the same period a year ago.

In the twelve months ending Q1 2012, approximately **1 in 138** active companies (0.7% of all active registered companies) went into liquidation.

- This is unchanged from the previous quarter.

Additionally, there were **1,290** other corporate insolvencies in Q1 2012 (not seasonally adjusted), comprising 336 receiverships, 779 administrations and 175 company voluntary arrangements.

- In total these have increased 1.8% on the same period a year ago.

3. NATIONAL STATISTICS

INFLATION AND RETAIL ACTIVITY

CPI (Consumer Prices Index) annual inflation stood at **3.5%** in March. This is up from 3.4% in February.

RPI (Retail Prices Index) annual inflation stood at **3.6%** in March. This is down from 3.7% in February.

The British Retail Consortium/KPMG Retail Sales Monitor for March 2012 showed that UK retail sales values increased by 1.3% on a like-for-like basis from March 2011, when sales had fallen 3.5%.

- On a total basis, sales were up 3.6% in March 2012, against a 1.9% decrease in March 2011.

There were 372,835 new car registrations in March, according to the Society for Motor Manufacturers and Traders. This is an increase of 1.8% compared to March 2011.

4. SERVICING DEBT

KEY STATISTICS

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

- Debt was the second largest advice category (behind Benefits) with 475,000 enquiries. This is a 6% decrease on the same period last year. Debt enquiries represented 31% of all problems dealt with between October and December 2011.
- Based on *annual* figures to the end of December 2011, Citizens Advice Bureaux in England and Wales are dealing with **8,518** new debt problems every *working day*.

According to the Council of Mortgage Lenders (CML), **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 Q4 2011 there were **313,200** mortgage loan accounts in reportable arrears (i.e. arrears of over 1.5% of current loan balance), a fall of 9% from Q4 2010.

- At the end of Q4 2011, loans in arrears represented **2.61%** of the value of the residential loan book.

The Insolvency Service said there were **28,723** individual insolvencies in England and Wales in Q1 2012. This is equivalent to **314** people a day or, one person **every 4 minutes 35 seconds**.

- This was a fall of **1.2%** on the previous quarter and a fall of **4.7%** on the same period a year ago.
- Previous research by R3 has suggested that there may also be an additional 700,000 people using informal insolvency solutions such as Debt Management Plans.
- R3 also said that there were around 574,000 people who had contacted their creditors informally about their debts, and a worrying 961,000 individuals who are struggling but have not sought help.

4. SERVICING DEBT

RECENT HEADLINES

A survey by uSwitch has found that 14% of households (equivalent to 4 million households nationwide) are currently in debt to their energy supplier.

- They say that indebted consumers now owe an average of £131 to their energy company – this is up 4% from last year (when it stood at £126), and up 15% from 2008 (when average debt was £114).
- On a collective basis, uSwitch estimate that UK consumers now owe a total of £478 million to energy suppliers.
- Following successive price rises throughout 2011, uSwitch’s survey also found that 35% of those in debt owe more money than they did a year ago, while just 13% owe less.

Meanwhile, uSwitch have also revealed that 25% of households have been incorrectly billed by their energy company in the last two years. 14% have had this happen more than once.

- uSwitch say that the equivalent of 9.1 million households have ended up owing money to their energy company because of discrepancies between the estimated bill and the “real” amount.
- The average amount owed following a bill discrepancy is £152 – this is an increase of £5 on last year.
- However, uSwitch add that 10% of households have unexpectedly ended up owing £200-£400, while 8% have ended up owing over £400.

A study by Unbiased.co.uk has found that of the 11.2 million households in the UK with a mortgage, 1 in 7 are simply paying off their mortgage interest each month.

- This is equivalent to 1.6 million households nationwide that are either failing to repay any capital, or to save towards paying off their mortgage debt in the future.
- Of those in this position, a worrying 32% are aged over-55 and are therefore approaching retirement age.
- Meanwhile, more than half (53%) are aged between 35 and 55.
- With lenders offering fewer interest-only deals and Loan-to-Value requirements becoming more stringent, many could encounter problems when they come to remortgage.

5. PLASTIC CARDS AND PERSONAL LOANS

KEY STATISTICS

During February 2012 an average of **352** purchases were made in the UK every second using debit and credit cards, based on figures from the UK Cards Association.

- An average of **£17,370** was spent every second using debit and credit cards.
- On a daily basis, purchases using plastic cards were worth **£1.501 billion** during February.

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

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

Total credit card debt in March 2012 was **£55.3bn**.

- The average interest rate on credit card lending was **17.82%** in March. This is **17.32%** 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 February.

RECENT HEADLINES

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

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

Sainsbury's Finance have also forecast that £1.5 billion worth of personal loans may have been taken out for the purposes of debt consolidation between January and March.

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

6. YOUNG PEOPLE

KEY STATISTICS

820,000 economically active 18-24 year olds were unemployed between December 2011 and February 2012. This was down by 9,000 (1.1%) compared to the previous three months.

- This meant that **20.0%** of all economically active 18-24 year olds were unemployed between December and February.
- **401,000** (49.0%) had been unemployed for over 6 months.
- **231,000** had been unemployed for over 12 months. This is a rise of 20,000 (9.7%) over the previous 3 months, and a rise of 33,000 (16.9%) 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 survey by LV has found that 29% of parents plan to take their children out of school for a holiday this year.

- The cost of a holiday is the biggest factor in parents' decision to take their kids out of school for a break. Of those who plan to do so, 57% said this is because it would be cheaper, and 32% said they felt forced to go away during off-peak periods as they cannot afford a vacation during the school holidays.
- In 2004, fines were introduced to deter parents from allowing their children to miss school. However, despite this, the number of parents taking their kids on term-time getaways has increased year on year, from 7% in 2004 to 21% in 2012.

Sainsbury's Finance have found that mums and dads provide £32 billion worth of free taxi services for their kids every year.

- Sainsbury's Finance say that each week, 9.3 million parents cover an average of 24.7 miles a week driving their children around, which is worth £46.17 at Hackney Carriage rates. They also spend an average of 1 hour 14 minutes sitting in their cars waiting for their children, worth a further £20.49 per week.
- On a total basis, parents collectively clock up 230 million miles every week, which is equivalent to the distance between the Earth and Mars at their furthest points. If charged at Hackney Carriage rates, this would cost in excess of £621 million.

6. YOUNG PEOPLE

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.

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%).

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

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

7. OLDER GENERATIONS AND PENSIONS

KEY STATISTICS

431,000 people aged over 50 were unemployed between December 2011 and February 2012. This is down 1,000 (0.3%) from the previous three months but up 42,000 (10.9%) from a year earlier.

- **44.0%** of unemployed workers aged over 50 - a total of **190,000** people - have been out of work for over a year. 118,000 have been unemployed for more than two years.
- **877,000** people aged over 65 were *in work* between December and February, which is down 8,000 (0.9%) from the previous three months, and down 7,000 (0.7%) from the previous year.

At August 2011, there were 12.8m people of state pension age claiming a DWP benefit, an increase of 72,000 since August 2010. Of these, 67% were claiming State Pension (SP) only.

RECENT HEADLINES

Figures from the Alliance Trust Economic Research Centre show that over-75 households continue to face a rate of inflation that is above the headline CPI figure.

- Despite headline CPI inflation rising to 3.5% in March, the inflation rate experienced by over-75s actually fell from 4.1% to 3.9%.
- However, inflation faced by over-75s has still been above the official rate in every month since May 2010.
- Gas and electricity price inflation continued to ease in March, which is an area to which over-75 households allocate a significant proportion of their spending.
- However, food price inflation increased from 3% to nearly 5% (driven by higher bread, cereal, meat and fruit prices). This acted as an upward pressure, as over-75s allocate the largest proportion of their budgets (17%) to food.

Research by Prudential has found that 1 in 6 people who plan to retire this year will depend on the State Pension to fund their retirement as they have no other pension savings.

- Prudential say that women are more than twice as likely to be in this position as men. 20% of women have no pension saved, compared to 8% of men.
- On average, people who retire in 2012 will look to the State Pension to provide 34% of their income.
- The State Pension has risen to £107.45 a week for single people in 2012-13. However, Prudential say that 26% of people retiring this year overestimate the State Pension they expect to receive by £500 per year, or simply do not know what it is worth.

7. OLDER GENERATIONS AND PENSIONS

Perhaps understandably, Prudential have also found that saving money is a leading concern for the majority of people who intend to retire this year, with 57% stating that this is their top priority.

- Prudential found that women were more likely to prioritise saving than men – 62% of women made saving their top priority, compared to 52% of men.
- When asked about how they intend to spend money in their retirement however, most of those who plan to finish work this year remain determined to have a good time. 43% will make spending money on enjoying themselves a priority, and travelling the world will be a priority for 36%.
- Prudential also said that spending money on anti-ageing treatments (4%) and giving money to charity (5%) were low priorities for this year's retirees.

With companies set to begin auto-enrolling their employees into pension schemes later this year, a survey for Friends Life suggests that the majority of consumers see value in auto-enrolment.

- 61% of respondents said that they were not confident in their own ability to save enough for their retirement without intervention from either the Government or their employer. Only 39% felt they could save enough on their own.
- When asked how they would feel if pension saving were made compulsory, nearly half of respondents (46%) said they would view it as a helpful way to ensure they got a decent level of savings, while just under a quarter (24%) would see it as another form of tax that they wouldn't want to pay.
- The research also found that 19% of respondents didn't have a pension at all, and 5% were in fact unsure as to whether they had one or not.

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

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

8. HOUSING MARKET

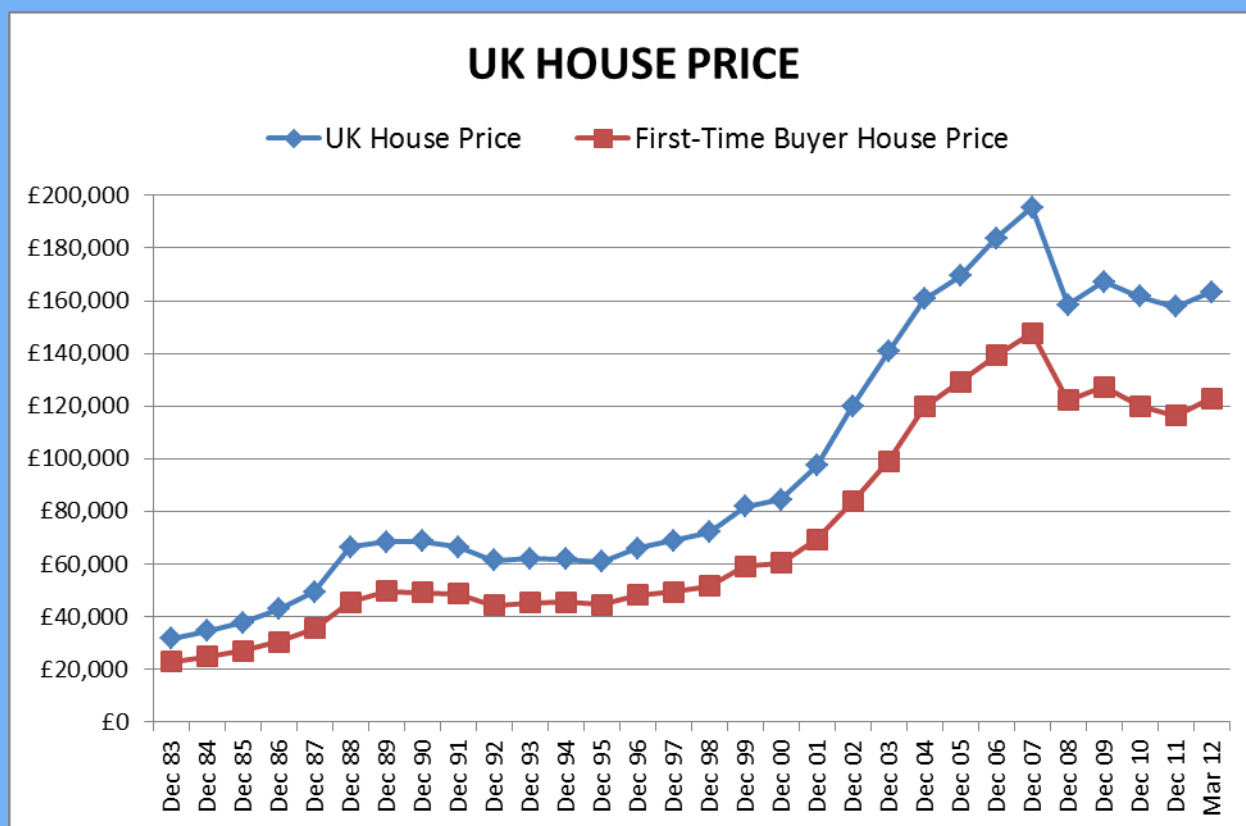
KEY STATISTICS

According to the Office of National Statistics the average house price in the UK in February 2012 stood at **£224,473** (£232,485 in England).

- Average UK house prices increased by 0.2% over the month to February 2012, compared to a decrease of 0.2% in February 2011 (seasonally adjusted).
- Over the year to February 2012, UK house prices **increased by 0.3%**.
- Average house prices in London **increased by 1.7%** in the year to February 2012.

Nationwide estimate that house prices fell by 1.0% during March 2012, and fell 0.9% over the year.

Halifax said that house prices rose by £3,475 in March 2012. This is a monthly rise of 2.2%. Prices fell 0.1% over the quarter and fell 0.6% over the year.



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

8. HOUSING MARKET

The average Mortgage Interest rate was 3.32% at the end of March.

According to the Council of Mortgage Lenders, gross mortgage lending in March totalled an estimated £13.4 billion. This is a rise of 30% compared to February's gross lending total (£10.3 billion) and a rise of 17% from March 2011 (£11.4 billion). March 2012's total was in fact the highest for the month of March since 2008 (gross mortgage lending in March 2008 stood at £23.9 billion).

The March RICS Housing Market Survey shows that 10% more surveyors report prices falling rather than rising. This is the least negative reading since June 2010.

- 67% of surveyors reported no changes in price, and of those that did report a price fall, 79% said these were in the 0-2% range.
- There was a modest improvement in new buyer enquiries (demand) in March, while new instructions (supply) remained relatively unchanged on the month.
- RICS suggest that part of the explanation for the improved tone of the data can be put down to the expiry of the stamp duty exemption on 24 March, which has supported a pick-up in demand as new households seek to beat the deadline. They also believe that warm weather in March may have had a positive impact on the figures.

Hometrack's monthly survey of agents and surveyors showed that demand for housing rose 4.4% in March, compared to a rise of 18.1% in February.

- The supply of homes for sale increased by 3.6% in March, following a 15.0% increase in February.
- House prices rose by 0.2% in March, having been static in February. This is the first monthly rise in prices for 20 months.
- Hometrack say that the growth in demand over the past two months has created a momentum in market activity and sales to support firmer pricing. Looking ahead, Hometrack believe that all evidence points to a continued firming of prices over the next few months as demand increases and supply remains suppressed.
- Lower prices were reported across 9.2% of the country in March, while 14.7% of the country reported price rises.

Rightmove said new sellers raised average asking prices by 2.9% (£6,798) to an average of £243,737 in April. Rightmove say that this is an all-time high for new seller asking-prices, beating the previous record set in May 2008 (however, RPI inflation over this period needs to be factored in – this was 11.5%, meaning that real-terms asking prices are still down 9.9% over the period). Prices rose 3.4% compared to April 2011.

8. HOUSING MARKET

According to the NAEA the number of house-hunters registered per branch increased on average from 293 in February to 297 in March.

- Average sales agreed per branch was unchanged at 7 in February and in March.
- The average number of properties available for sale per branch decreased from 63 in February to 61 in March.

House purchase approvals in March (31,888) dropped back to more normal trends according to the British Bankers Association (BBA), after some increases earlier in the year as first-time buyers sought to buy before the stamp duty exemption ended. The average loan approved for house purchase in March was £155,500 which was 2% higher than a year earlier (although figures from 2012 are not directly comparable with 2011 due to a change in reporting methodology by the BBA).

Statistics from the National Association of Realtors show that existing home sales across the United States (including single-family, townhomes, condominiums and co-ops) decreased 2.6% during the month of March, but rose 5.2% year on year from March 2011.

- The average price increased 2.5% year on year to \$163,800.
- Meanwhile, RealtyTrac® said that a total of 198,853 foreclosure filings — default notices, auction sale notices and bank repossessions — were reported on U.S. properties in March 2012, a 4% decrease in total properties from the previous month and an 17% decrease from March 2011 (this is the lowest monthly total since July 2007).
- Across the whole of Q1 2012, RealtyTrac®'s monthly Foreclosure Report shows that one in every 230 U.S. housing units received at least one foreclosure filing.

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 **£166,916** in February 2012, which is an annual increase of 1.3%.

The typical first-time buyer deposit in February 2012 was **20% (around £30,142)**. The average first-time buyer borrowed 3.23 times their income and the average first-time buyer loan was an estimated **£120,567**.

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 January 2012 RICS Residential Lettings Survey, tenant demand remained positive in the three months to January. 19% more surveyors reported a rise in demand than a fall, unchanged from the three months to October.

RECENT HEADLINES

Figures from Halifax's latest Housing Market Confidence Tracker show that Britons are becoming increasingly confident in their outlook for the housing market.

- According to data collected in March 2012, 39% of respondents predict that house prices will increase over the next year, while just 20% think they will fall. This is the most positive view since Halifax began measuring consumer confidence in the housing market last year.
- Despite this however, respondents still believe that the market currently favours buyers rather than sellers. 55% say that it is currently a good time to buy, compared to 24% who believe it is a good time to sell.
- 61% of respondents identified concerns over job security as the main headwind facing potential homebuyers, whilst the challenges of raising a deposit ranked second (45%), and respondents also thought that the state of household finances (27%) and general availability of mortgages (25%) were also major obstacles.

Lloyds has revealed that just 40% of the towns that it tracks in England and Wales as part of its Property Sales Report experienced an annual rise in home sales in 2011.

- This is significantly down from 2010, when 82% of towns recorded an annual rise in sales. Sales performance in 2011 was in fact the worst since 2008, when all towns experienced a fall in sales.
- Bilston near Wolverhampton saw the biggest annual increase in sales (30.7%), followed by Rugeley in Staffordshire (30.6%) and Bootle on Merseyside (21%).

Meanwhile, Lloyds also say that sales of homes worth over £1m declined in 2011. However, at the very top of the market, sales of homes worth more than £2m continued to grow.

- In total, there were 6,911 sales of homes worth at least £1m in 2011, which is 5% lower than the 7,256 recorded in 2010. This is the first annual fall since 2009.
- However, there were 1,518 sales of homes worth over £2m in 2011, which is a 5% rise from 1,442 in 2010. 2011 saw the highest number of sales in this price bracket since records began in 1995.
- In 2011, 76% of all the sales of homes worth £2m or more were in London, and over half took place in three boroughs – Kensington & Chelsea, Westminster and Camden.

9. FINANCIAL EDUCATION

RECENT HEADLINES

A survey by NS&I has found that people who focus their time on financial planning save significantly more than those who spend their time worrying about money.

- NS&I say that “planners” set aside an average of £104.39 per month. This is nearly double the £53.47 saved each month by “worriers”.
- NS&I have found that those people who worry the most about their money are also the ones doing least of all to manage it. 41% of those who say that they worry at least once a year will spend more time worrying than planning overall. Meanwhile, 10% of those who worry everyday only check their finances once a month.
- By comparison, people who say that they don’t worry about money at all also tend to have invested time to make their money go further – for example, 53% of people in this group use vouchers and coupons to save cash, while 37% check prices at a number of shops before selecting where to buy an item.

A survey of full-time students aged 16-18 by the Chartered Insurance Institute (CII) has revealed that many teenagers lack a basic level of knowledge about personal finance.

- CII found that 39% of students have not received any financial teaching at school, and that of those who were taught financial education, many simple money management terms were not explored in lessons.
- As a result, 71% of students surveyed were unclear about what “APR” means. Significant numbers were also unsure about the meanings of terms such as “equity” (73%), “credit” (33%) and “debt” (24%). This is despite the fact that 19% of students polled had a store card and 95% had a debit card.
- Moreover, 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.

10. SPENDING

KEY STATISTICS

The AA calculate that in April 2012 the average price of unleaded petrol rose by 4.0ppl (pence per litre) to 142.5ppl.

- This meant it cost **£71.25** to fill a 50 litre unleaded tank.
- The average price of diesel rose by 2.4ppl to 147.9ppl. The UK had the seventh highest petrol price in Europe and the second highest diesel price.

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

An annual report by LV has calculated that the cost of raising a child to their 21st birthday now stands at **£218,024**. This is up 3.3% from last year, and has increased 55% since 2003.

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

RECENT HEADLINES

The latest Lloyds Spending Power Report has found that consumers' spending power continued to deteriorate in March, reaching its lowest level since February 2011.

- Lloyds say that consumers had £113 less per year to spend on non-essential items.
- Spending on essentials increased by 6.2% compared to March 2011 – this is the fastest rate of annual growth that Lloyds have recorded since they started compiling the Report.
- The rise was driven by increases in food and drink, gas and electricity bills and spending on debt repayments. However, in the last week of March consumers spent an extra 33% on vehicle fuel (compared to the week before) in reaction to the threat of strike action by tanker drivers.
- Lloyds add that 73% of consumers say they have noticed an increase in the cost of essentials and everyday spending, while just 19% think that costs have decreased or stayed the same.

10. SPENDING

Meanwhile, a report by Halifax has revealed that the average annual cost of owning and running a home has reached its highest level since 2008.

- This figure stood at £9,393 in January 2012, which is the highest average annual total since January 2008 (£9,406).
- Over the course of the previous year, the cost of owning and running a home rose by 2.7% (£243) from £9,149 in January 2011 – this increase was, however, lower than the rise in CPI inflation over the period (3.6%).
- The largest upward pressure on housing costs came from gas and electricity bills. These rose by £218, accounting for 89% of the overall annual increase.
- Meanwhile, the most significant downward pressure on costs came from mortgage payments which fell by an average of £66 over the year.

A survey by Confused.com has found that consumers are becoming more savvy when buying a car in order to keep motoring costs down.

- 76% of respondents said that cars are one of the biggest sources of expenditure in their lifetimes.
- However, many are having to compromise by spending less on cars with large engines and modifications because the overall cost of motoring is rising. 70% of people buying their first car chose one with an engine size of 1.3 litres or less.
- Car insurance was viewed as a “huge expense” by 66% of respondents, with 15% of under-24s saying that the cost of insurance was the main factor in choosing a smaller car.
- The Ford Fiesta was voted as the most popular car in the survey of new drivers, followed by the Mini One.

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

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

11. SAVING

RECENT HEADLINES

NS&I's latest Savings Survey reveals that in February 2012, savings levels rose for the first time in two quarters.

- The Survey found that Britons were saving an average of 7.66% of their income. This is an increase from the 7.31% they were setting aside the last time the Survey was conducted in November 2011.
- The rise comes at the end of a difficult period for savers – over the course of the two quarters between April 2011 and November 2011 the average amount of income saved dropped by 1% from 8.31% to 7.31%.
- In monetary terms, Britons were saving an average of £95 per month in February 2012, up from the £88 per month recorded in November 2011.

With the new tax year well underway, a survey by uSwitch has found that only 25% of Brits plan to make the most of their tax free ISA allowance and save the maximum amount in 2012-13.

- This is despite the fact that nearly half of respondents (42%) agree with the statement that “It’s important to always take advantage of the tax benefit and save the full amount”.
- Furthermore, only 17% of Brits are aware that they can now save more tax-free this year, with the ISA allowance having increased by £300 from £5,340 to £5,640.
- 47% of savers also admit that they have never switched ISAs to get a better rate.

A study by the Co-operative Bank has suggested that 20% of Brits have no savings set aside in case of an emergency.

- Young people are most likely to struggle to save, with those aged under 35 being three times more likely than over-55s to have no savings.
- The research reveals the most common types of emergencies that lead consumers to dip into their savings – unexpected bills were the most common cause (53%), followed by a boiler breaking down (46%) and loss of employment (45%).
- However, the Co-operative also found that 1 in 20 people would access the money they set aside for emergencies in order to pay for hair appointments, cosmetic surgery, or even to buy clothes.

NOTES

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

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

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

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Statistical Note: This month we have started using a new estimate for the number of households in the UK, to bring this in line with the most recent figures from the Office of National Statistics. As a result, some of the statistics in this edition of the *Debt Statistics* may appear to have changed a lot if compared with last month. However, this should not be interpreted as a reflection of any underlying trend, and will be primarily due to amendments to the core figures.