



## **DEBT STATISTICS**

**MAY 2013 EDITION**

# CONTENTS

Welcome to the May 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.

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
<b>£53,995</b> was the average household debt (including mortgages) in March
<b>£164m</b> was the daily amount of interest paid on personal debt in March
<b>8,192</b> debt problems were dealt with by the CAB each working day over the year to December
<b>1,501</b> people were made redundant every day between December and February
<b>900,000</b> people had been unemployed for over a year between December and February
<b>£10.92m</b> of loans are written-off daily by UK Banks and Building Societies (based on Q4 2012 trends)
<b>Every 16 min 26 sec</b> a property is repossessed (based on Q1 2013 trends)
<b>Every 5 min 15 sec</b> someone is declared insolvent or bankrupt (based on Q1 2013 trends)
<b>£1.585 billion</b> was the daily value of all purchases made using plastic cards in February

# 1. UK PERSONAL DEBT

## TOTAL UK PERSONAL DEBT

Outstanding personal debt was **£1.423 trillion** at the end of March 2013.

- This is up from £1.409 trillion at the end of March 2012.
- At the end of March 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 March 2013.

- This is up from £1.250 trillion at the end of March 2012.

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

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

## AVERAGE UK PERSONAL DEBT

Average household debt in the UK (excluding mortgages) was **£5,980** in March.

- This is up from a revised **£5,978** in February.

Average household debt in the UK (including mortgages) was **£53,995** in March.

- This is up from a revised **£53,994** in February.

The average amount owed per UK adult (including mortgages) was **£28,969** in March. This is unchanged from a revised **£28,969** in February, and was around **119%** of average earnings.

Average consumer borrowing (including credit cards, motor and retail finance deals, overdrafts and unsecured loans) per UK adult was **£3,208** in March. This is up from a revised **£3,207** in February.

The estimated average outstanding mortgage for the 11.3m households that carry mortgage debt stood at **£112,394** in March.

Based on March 2013 trends, the UK's total interest repayments on personal debt over a 12 month period would have been **£59.9 billion**.

- This is equivalent to **£164 million** per day.
- This means that UK households would have paid an average of **£2,274** in annual interest repayments.

# 1. UK PERSONAL DEBT

The Office for Budget Responsibility (OBR) predicted in March 2013 that total household debt will reach **£1.931 trillion** in Q1 2018.

- This would mean that average household debt would reach **£73,284** (assuming that the number of households in the UK remained the same between now and Q1 2018).

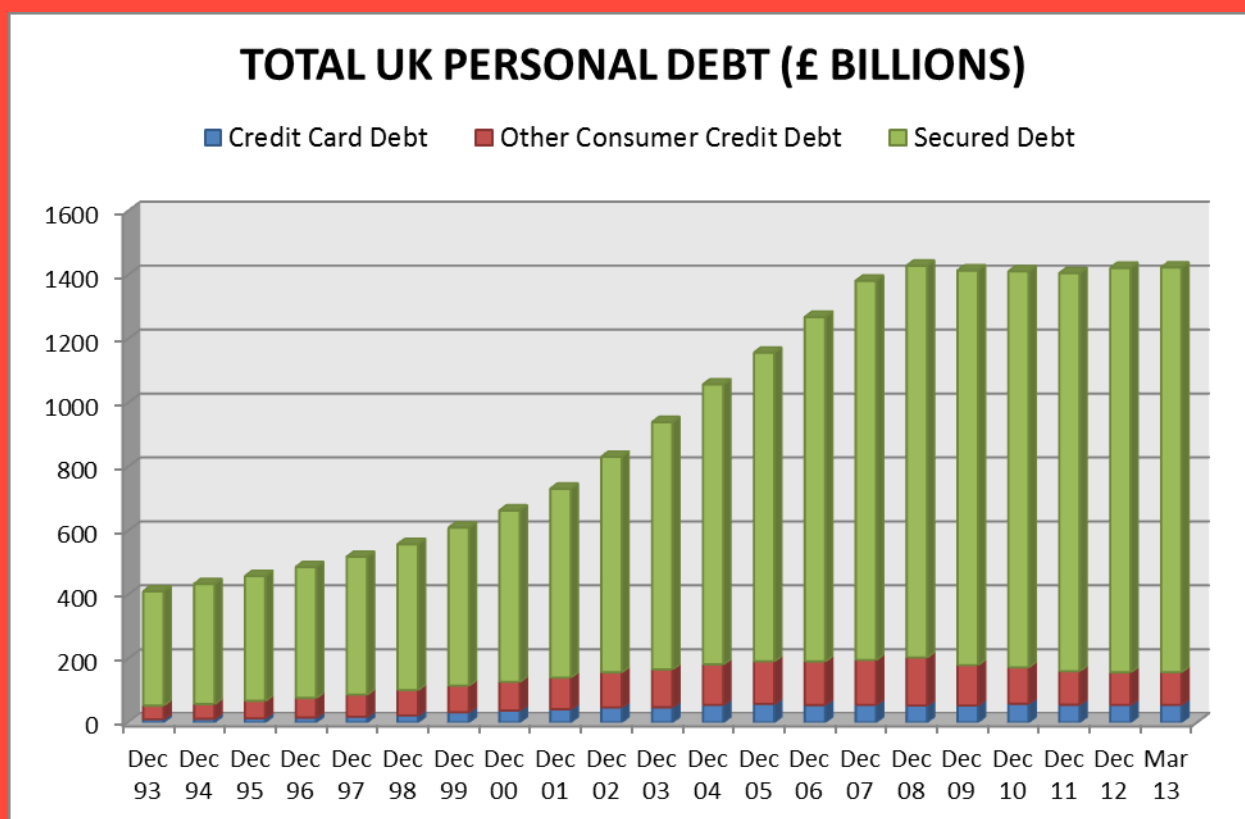
## NET LENDING AND WRITE-OFFS

Total net lending to individuals by UK Banks and Building Societies **rose by £0.9 billion** in March 2013.

- Net secured lending rose by £0.4 billion in the month; net consumer credit lending rose by £0.5 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:

- **274** people are declared insolvent or bankrupt every day (based on Q1 2013 trends). This is equivalent to one person **every 5 minutes 15 seconds**.
- **1,373** Consumer County Court Judgements (CCJs) are issued every day (based on Q1 2013 trends). The average value of a Consumer CCJ in Q1 2013 was **£2,442**.
- Citizens Advice Bureaux in England and Wales dealt with **8,192** debt problems every *working day* during the year ending December 2012.
- It costs an average of **£29.02** per day to raise a child from birth to the age of 21.
- **88** properties are repossessed every day (based on Q1 2013 trends).
- **58** new people a day became unemployed for over 12 months during the year ending February 2013.
- **1,501** people a day reported they had become redundant between December 2012 and February 2013.
- Public Sector Net Borrowing (excluding financial interventions) was **£15.1bn** in March 2013, meaning that the Government borrowed an average of **£487m** per day during the month (equivalent to **£5,638** per second).
- **158** mortgage possession claims are issued and **112** mortgage possession orders are made every day.
- **466** landlord possession claims are issued and **312** landlord possession orders are made every day.
- The UK population is growing by an estimated **1,342 people a day**.
- **31.7m** plastic card purchase transactions were made every day in February 2013 with a total value of **£1.585 billion**.
- **8.6m** cash machine transactions were made every day in March 2013 with a total value of **£348m**.
- The average new car costs **£18.33 per day** to run.
- It cost **£68.45** to fill a 50 litre tank with unleaded petrol in April.

## 3. NATIONAL STATISTICS

### ECONOMY

The UK economy **grew by 0.3%** in the first quarter of 2013, 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 50 months.

There were **5.7 million** working age benefit claimants at August 2012. This is a decrease of 95,000 in the year.

### UNEMPLOYMENT

The number of unemployed people in the three months between December 2012 and February 2013 was **2.56 million** (7.9%). This is up by 70,000 from the previous three months, but down by 71,000 from a year earlier.

- **137,000** people (**1,501 a day**) reported they had become redundant over the three months. This is down by 21,000 from the previous three months, and down by 37,000 from a year earlier.
- **900,000** people had been unemployed for over 12 months between December and February, up 8,000 from the previous three months, and up 21,000 (**58 a day**) from a year earlier.
- The number of economically inactive people aged between 16 and 64 fell by 57,000 over the three months, and fell by 285,000 over the year, to reach **8.95 million** in the three months to February 2013.

Public sector employment fell by **20,000** in the fourth quarter of 2012 to reach **5.722 million** overall.

The Office for Budget Responsibility's March 2013 forecast for General Government Employment estimates a total reduction of around **1.2 million** staff between the start of 2011 and the start of 2018. However, they estimate that this will be more than offset by a rise of **2.6 million** in market sector employment over the period, which will reach 25.8 million by the start of 2018.

## 3. NATIONAL STATISTICS

### PUBLIC SECTOR NET DEBT

In March 2013, public sector net debt (PSND) *excluding* financial interventions was **£1185.8bn**, equivalent to 75.4% of GDP. This compares to £1103.7bn (71.8% of GDP) at the end of March 2012.

Meanwhile, public sector net debt *including* financial interventions was **£2206.6bn**, equivalent to 140.3% of GDP. This compares to £2166.3bn (141.0% of GDP) at the end of March 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 March 2013 Budget, public sector net debt is forecast to peak at **85.6% of GDP** in 2016-17, before falling to 84.8% of GDP in 2017-18.

### CORPORATE INSOLVENCIES

Figures from the Insolvency Service show that there were **3,619** compulsory liquidations and creditors' voluntary liquidations in England and Wales in the first quarter of 2013 (on a seasonally adjusted basis).

- This was down 5.3% on the previous quarter, and down 15.8% on the same period a year ago.

In the twelve months ending Q1 2013, approximately **1 in 154** active companies (0.7% of all active registered companies) went into liquidation.

- This is down from 1 in 144 in the previous quarter.

Additionally, there were **935** other corporate insolvencies in Q1 2013 (not seasonally adjusted), comprising 236 receiverships, 557 administrations and 142 company voluntary arrangements.

- In total these have decreased 27.5% on the same period a year ago.

## 3. NATIONAL STATISTICS

### INFLATION AND RETAIL ACTIVITY

CPI (Consumer Prices Index) annual inflation stood at **2.8%** in March, unchanged from February.

RPI (Retail Prices Index) annual inflation stood at **3.3%** in March. This is up from 3.2% in February.

- Note that following a re-assessment earlier this year, the Office of National Statistics no longer designates RPI as an official “National Statistic”.

The British Retail Consortium/KPMG Retail Sales Monitor for March 2013 showed that UK retail sales values rose by 1.9% on a like-for-like basis from March 2012, when sales had increased 1.3% on the preceding year.

- On a total basis, sales were up 3.7% in March 2013, against a 3.6% increase in March 2012.
- However, the British Retail Consortium note that the growth figures are inflated by the timing of Easter, which took place in March this year but in April last year.

There were 394,806 new car registrations in March, according to the Society for Motor Manufacturers and Traders.

- This is an increase of 5.9% compared to March 2012.



## 4. SERVICING DEBT

### KEY STATISTICS

Citizens Advice Bureaux across England and Wales dealt with **0.55 million** new enquiries in the three months between October and December 2012.

- Debt was the second largest advice category (behind Benefits) with 455,574 enquiries. This is a 6% decrease on the same period last year. Debt enquiries represented 29% of all problems dealt with between October and December 2012.
- Based on *annual* figures to the end of December 2012, Citizens Advice Bureaux in England and Wales are dealing with **8,192** debt problems every *working day*.

According to the Council of Mortgage Lenders (CML), **8,000** properties were taken into possession in Q1 2013 (this is down from 9,600 in Q1 2012, but shows the usual seasonal upturn from the fourth quarter figure, which was 7,700 in Q4 2012).

- This equates to **88** properties being repossessed every day, or one property being repossessed **every 16 minutes 26 seconds**.
- In terms of payment difficulties, **159,800** mortgages ended Q1 2013 with arrears equivalent to at least 2.5% of the outstanding mortgage balance.
- CML's most recent forecast for 2013 anticipates that there will be a total of 35,000 repossessions, with 160,000 mortgages in arrears of 2.5% or more by the end of 2013.

The Financial Services Authority estimates that at the end of Q4 2012 there were **301,800** mortgage loan accounts in reportable arrears (i.e. arrears of over 1.5% of current loan balance), a drop of less than 1% from the previous quarter, and a fall of 4% compared to the end of 2011 (when there were 313,200 accounts in reportable arrears).

- At the end of Q4 2012, loans in arrears represented **2.44%** of the value of the residential loan book.

The Insolvency Service said there were **25,006** individual insolvencies in England and Wales in Q1 2013. This is equivalent to **274** people a day or, one person **every 5 minutes 15 seconds**.

- This was a fall of **1.8%** on the previous quarter and a fall of **12.9%** on the same period a year ago.
- This was made up of 6,663 bankruptcies (down 27.0% compared to Q1 2012), 7,219 Debt Relief Orders (down 8.6% compared to Q1 2012) and 11,124 Individual Voluntary Arrangements (down 4.9% compared to Q1 2012).
- The number of Debt Relief Orders was higher than total bankruptcies for the third quarter, while Bankruptcy Orders have been lower than Individual Voluntary Arrangements for the last eight quarters.

## 4. SERVICING DEBT

### RECENT HEADLINES

Figures from StepChange Debt Charity suggest that there was a dramatic rise in people struggling with “priority debts” (rent, gas, electricity, water and Council Tax) in 2012.

- StepChange Debt Charity say that while overall debt levels have come down, “priority debts” (which households were previously able to meet) are becoming more problematic, and one third of those seeking help from the charity are now in arrears on at least one household bill.
- StepChange Debt Charity say that the average total arrears on household bills rose from £2,134 in 2011 to £2,258 in 2012.
- Meanwhile, over the same period the proportion of clients in arrears on at least one household bill increased from 27% to 35%.
- StepChange Debt Charity add that clients over the age of 60 appear to be particularly affected by these problems, with the highest overall level of arrears, while single parents have the highest levels of rent, Council Tax and water arrears specifically.
- StepChange Debt Charity also note that average client income has fallen by 4.4% since 2009, and that if incomes continue to stagnate over the next three years then 59% of clients will have a “negative budget” (less money coming in every month than they need to pay for essential bills and day-to-day living costs).

Meanwhile, a survey by uSwitch suggests that 20% of households (equivalent to more than 5 million households nationwide) are currently in debt to their energy supplier, significantly up from 14% (less than 4 million) last year.

- uSwitch add that, collectively, consumers now owe an estimated £637 million to energy suppliers, which is a rise of £159 million from last year.
- Of those in debt, uSwitch say that 41% owe more than they did a year ago, while just 9% owe less.
- The average household energy bill now stands at £1,353 a year according to uSwitch, almost £100 more than a year ago and £831 more than at the start of 2004.
- They also say that 22% of those in debt to their supplier are simply turning a blind eye in the hope that the amount they owe will decline naturally over time. However, a further 22% intend to pay off the debt in one lump sum, and 45% plan to pay it down by increasing their regular direct debit.

## 5. PLASTIC CARDS AND PERSONAL LOANS

### KEY STATISTICS

During February 2013 an average of **367** purchases were made in the UK every second using debit and credit cards, based on figures from the UK Cards Association.

- An average of **£18,344** was spent every second using debit and credit cards.
- On a daily basis, purchases using plastic cards were worth **£1.585 billion** in February.

Meanwhile, data from LINK shows that, on average, **100** cash machine transactions (including balance enquiries and rejected transactions) were made every second in March 2013.

- In total, cash machine transactions were worth **£4,026** per second in March.
- 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 March 2013 was **£55.5bn**.

- The average interest rate on credit card lending was **17.22%** in March. This is **16.72%** 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

Research by Confused.com has revealed that a significant number of credit card owners have little understanding of how their credit rating works.

- Confused.com say that a concerning 27% of credit card owners don't even know what the term "credit rating" means.
- Meanwhile, 61% don't know what their current credit rating is, and 40% have never checked it.
- Confused.com add that 19% of credit card owners don't realise that missing payments on your credit card could potentially affect your credit rating. Moreover, 87% don't know that using your credit card for online gambling can impact on your rating, while 28% don't realise that making multiple applications for a credit card can also have an effect.
- 55% of credit card owners were unaware that taking out a payday loan could potentially have an impact on your credit rating, while just 17% knew that your credit rating can affect your ability to get certain types of job, such as with the police or in the financial services industry.

## 6. YOUNG PEOPLE

### KEY STATISTICS

**787,000** economically active 18-24 year olds were unemployed between December 2012 and February 2013. This was up by 25,000 (3.2%) compared to the previous three months.

- This meant that **19.0%** of all economically active 18-24 year olds were unemployed between December and February.
- **382,000** (48.5%) had been unemployed for over 6 months.
- **252,000** had been unemployed for over 12 months. This is a rise of 19,000 (8.3%) over the previous 3 months, and a rise of 25,000 (11.0%) 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

Figures from StepChange Debt Charity have revealed that the amount that young people owe to friends and family is significantly less than for other age groups.

- According to StepChange Debt Charity's client data for 2012, under-25s who sought help from the charity owed an average of £1,761 to friends and family.
- By comparison, for those in the 25-39 age range the average amount owed was £3,458. Meanwhile, 40-59 year olds owed £4,341 to friends and family, and over-60s owed £4,229.
- In addition, StepChange Debt Charity note that amount owed to friends and family by under-25s has actually decreased in recent years, falling from £1,894 in 2009 to £1,761 in 2012.

Halifax say that Child Trust Funds remain the most popular savings vehicle for children (despite having closed to new business 2011), but suggest Junior ISAs are catching up.

- According to Halifax, 48.3% of those investing on behalf of their children are still actively putting money into a Child Trust Fund. This compares with 27.6% who are investing in Junior Cash ISAs, and 10.3% who invest in Junior Stocks and Shares ISAs.
- 48.7% of those investing on behalf of their children say the primary purpose is as a general savings vehicle, while 33.3% are saving specifically for their children's education and 12.8% are doing so to help their child buy their first home.

## 6. YOUNG PEOPLE

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%.

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.

## 7. OLDER GENERATIONS AND PENSIONS

### KEY STATISTICS

**401,000** people aged over 50 were unemployed between December 2012 and February 2013. This is up 5,000 (1.3%) from the previous quarter, but down 27,000 (6.4%) from a year earlier.

- **44.9%** of unemployed workers aged over 50 - a total of **180,000** people - have been out of work for over a year. 113,000 have been unemployed for more than two years.
- **967,000** people aged over 65 were *in work* between December and February, unchanged from the previous quarter, and up 92,000 (10.5%) from the previous year.

At August 2012, there were 12.8m claimants of State Pension (SP), a rise of 153,000 on the year.

### RECENT HEADLINES

A survey by Prudential has found that 40% of those who are planning to retire this year will also be providing financial support to their dependents.

- Prudential say that on average this group pays an average of £240 per month to support their families, while 11% of them pay over £500 per month.
- Contributing to their families' everyday living expenses is the most likely call on the finances of prospective retirees, but 15% say they provide money regularly to cover items such as food or travel. Meanwhile, 14% help with one-off non-essential items such as holidays, new TVs or even cars.
- 16% of those retiring this year have children aged under 25 at home, while 13% have children aged over 25 living with them. Around 4% share their homes with their child's partner, and 3% also have their grandchildren living with them.

A study by Age UK has shown that older workers are at greater risk of redundancy.

- Based on an analysis of ONS Labour Market Statistics, Age UK say that in the last quarter of 2012, 6.6 people aged over-50 were laid off for every 1,000 in work during the previous three months.
- This compares with 5.1 people aged 35-49 and 5.2 people aged 25-34. However, Age UK note that workers aged 16-24 were slightly more at risk, with 7 people in this age group made redundant for every 1,000 in work.
- However, Age UK add that workers aged over-50 find it more challenging to get back into work. Once unemployed, only 23% of over-50s workers were back in work by the next quarter, compared to 35% of 35-49 year olds, 40% of 25-34 year olds and 34% of 16-24 year olds.

## 7. OLDER GENERATIONS AND PENSIONS

Meanwhile, separate research by Age UK suggests that 23% of UK adults have lost track of at least one of their pension pots.

- 47% of those who are in this position say that their missing pension has simply been “lost in the mists” of time. Meanwhile, 20% say they have lost the relevant paperwork, and 10% blame the fact they have moved jobs too many times to keep track of their pensions.
- Age UK add that younger generations are more likely to have lost track of their pension, with 37% of those aged 18-44 having already experienced this.
- Significantly, Age UK say that the average person over 65 has worked for an average of 5.6 employers throughout their career – however, 23% of those aged 25-34 have already worked for a similar number, illustrating that work patterns are changing and that today’s young people will almost certainly have a larger set of pension pots to keep track of when they get older.

Figures from the Prudential have revealed that women who intend to retire in 2013 will do so with an annual income that is a third lower than men in the same position.

- Prudential say that women retiring this year expect to have an average retirement income of £11,750 per year, compared to £18,250 for men. This equates to a gender gap of £6,500 (36%).
- Prudential add that the gap has increased from 2012, when it was £5,750. In 2012, women’s expected retirement income was £12,250 (and has since fallen by £500) while men’s expected income was £18,000 (and has since increased by £250). Women’s expected retirement income is in fact at a five-year low.
- In addition, Prudential say that 43% of women retiring in 2013 feel financially well-prepared for retirement, compared to 52% of men. However, just 32% of women say they will have enough to enjoy a comfortable retirement, compared to 41% of men.

# 8. HOUSING MARKET

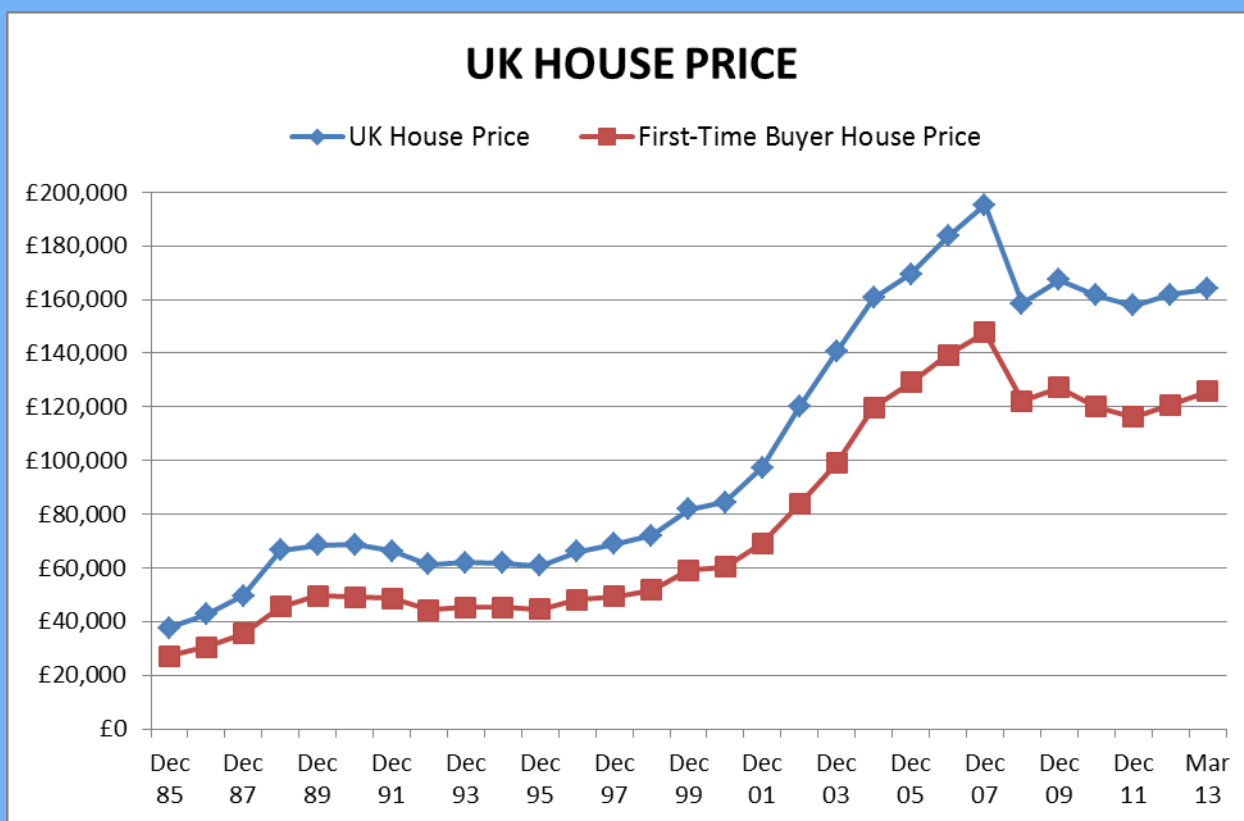
## KEY STATISTICS

According to the Office of National Statistics the average house price in the UK in February 2013 stood at **£233,000** (£242,000 in England).

- Average UK house prices were unchanged over the month to February 2013, compared to an increase of 0.2% in February 2012 (seasonally adjusted).
- Over the year to February 2013, UK house prices **increased by 1.9%**.
- Average house prices in London **increased by 5.9%** in the year to February 2013.

Nationwide estimate that house prices were unchanged during March 2013, but rose 0.8% compared to March 2012.

Halifax said that house prices rose by £265 in March 2013. This is a monthly rise of 0.2%. Prices rose 1.2% over the quarter and rose 1.1% 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 March.

According to the Council of Mortgage Lenders, gross mortgage lending in March totalled an estimated £11.6 billion. This is a rise of 9% compared to February's gross lending total (£10.6 billion) but a fall of 8% from March 2012 (£12.6 billion).

- However, CML note that as the first-time buyer stamp duty holiday expired during March 2012, comparisons are distorted.
- In Q1 2013 as a whole, gross lending was an estimated £33.8 billion. This represents a 9% drop from Q4 2012, but matches the gross lending total from Q1 2013.

The March 2013 RICS Housing Market Survey shows that just 1% more surveyors reported prices falling rather than rising, meaning that house prices across the UK have been relatively stable for six months.

- RICS add that the demand for new property increased, with 11% more surveyors reporting rises in new buyer enquiries rather than falls, the highest reading since October.
- However, RICS say that the amount of homes coming on to the market has changed little in the last month, with 2% more surveyors reporting rises rather than falls, and that a shortfall of fresh stock remains a key issue.
- Looking ahead, 19% more surveyors expect sales to rise over the next three months, and price expectations over the next three and twelve months remain positive.

Hometrack's monthly survey of agents and surveyors showed that demand for housing rose 4.6% in March, compared to a rise of 14.3% in February.

- The supply of homes for sale increased by 3.9% in March, following an 8.7% increase in February.
- House prices grew by 0.3% in March, following a rise of 0.1% in February (prior to February, prices had not increased since May 2012).
- Lower prices were reported across 4.7% of post code districts in March, compared to 8.0% in February. Price rises were reported across 23.9% of postal districts in March, compared to 14.8% the previous month.
- Hometrack say that while the impetus for price growth came from London (where prices rose 0.7% over the month), pricing levels have been improving across the country, and were down in only one region (the North East) in March. The strongest house price growth outside London was in the South East and East Anglia (both 0.2%).

Rightmove said new seller asking prices rose by 2.1% in April, standing at an average of £244,706. Prices rose 0.4% compared to April 2012.

## 8. HOUSING MARKET

There were 31,227 house purchase approvals in March, according to the British Bankers Association (BBA). They add that the expectation of more first-time buyers looking to enter the market in 2013 will help mortgage chains in due course. The average loan approved for house purchase rose to £152,500.

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 0.6% during the month of March, but rose 10.3% year on year from March 2012.

- The average price increased 11.8% year on year to \$184,300. This is the thirteenth consecutive month in which there has been a year on year rise.
- Meanwhile, RealtyTrac® said that a total of 152,500 foreclosure filings — default notices, auction sale notices and bank repossessions — were reported on U.S. properties in March 2013. This is a 1% decrease from the previous month, and a 23% decrease from March 2012.

### FIRST-TIME BUYERS AND BUY TO LET

The Office of National Statistics say that the average house price for first-time buyers was **£173,000** in February 2013, which is an annual increase of 1.6%.

The typical first-time buyer deposit in February 2013 was **20% (around £30,488)**. The average first-time buyer borrowed 3.19 times their income and the average first-time buyer loan was an estimated **£121,951**.

The Council of Mortgage Lenders say that 33,500 buy-to-let mortgages were advanced in Q1 2013, worth a total of £4.2bn (this compares with £4.6bn in the previous quarter). By the end of Q1 2013, there were 1.46m buy-to-let mortgages in the UK, accounting for around 13% of the total estimated stock.

According to the January 2013 RICS Residential Lettings Survey, tenant demand is continuing to grow at a faster pace than new property becomes available. As a result, RICS say that rent expectations unsurprisingly remain in positive territory, as has been the case since mid-2009. RICS add that on average, rents are expected to rise by nearly 2% over the next twelve months.

## 8. HOUSING MARKET

### RECENT HEADLINES

Figures released by Halifax show that the average price of new build properties has increased by 12% over the past five years, and now stands at £233,822 (this 9% higher than the overall average UK house price for all properties).

- However, Halifax also say that there is a substantial north-south divide, with more than half of the UK regions seeing the average price of new homes fall over the past five years.
- According to Halifax, the North experienced the largest drop (with prices down 10% in the last five years) while Yorkshire and the Humber, the East Midlands, the West Midlands, the South West and Wales all experienced price falls as well. The largest increase during the period was in Greater London (where prices rose 29%).
- Meanwhile, looking back over the last 10 years shows the average price of new builds increasing by 40% from £166,473 to £233,822. On a regional basis, the largest increase in prices was again in Greater London, where the average price of a new home rose by 57% from £264,572 to £415,540.

Research by Lloyds TSB has revealed that sales of properties worth £1 million or more increased in 2012, to reach their highest level since the peak of the housing boom in 2007.

- Total sales of properties worth over £1 million increased from 7,270 in 2011 to 7,397 in 2012, a rise of 2%.
- The million pound sector therefore outperformed the rest of the market, with the sales of properties worth less than £1 million falling by 3% in 2012.
- However, Lloyds TSB add that million pound sales in 2012 were still some way below the level recorded in 2007, when 8,233 sales took place. Furthermore, Lloyds TSB say that sales of homes worth more than £2 million actually fell slightly in 2012, from 1,620 in 2011 down to 1,584 (a decline of 2%).
- Overall, Lloyds TSB note that sales of £1 million or more account for 1.1% of all national sales, with the overwhelmingly majority (85%) taking place in London and the South East.

## 9. FINANCIAL EDUCATION

### RECENT HEADLINES

Research conducted by Nationwide has shown that three-quarters of people agree that children should now learn about money management at school.

- Indeed, half of those surveyed for Nationwide's survey said that if they had been taught about money management when younger, they believe it would have had a positive impact on their current financial situation.
- The Department for Education recently announced that financial education is set to be included on the national curriculum for the first time, and be embedded in both mathematics and Citizenship.
- Nationwide's research found that three-quarters of people believe that adding financial education to the school curriculum will be good for young people.

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 skills training 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 April 2013 the average price of unleaded petrol fell by 3.0pppl (pence per litre) to 136.9pppl.

- This meant it cost **£68.45** to fill a 50 litre unleaded tank.
- The average price of diesel fell by 4.6pppl to 141.8pppl.
- The UK has the tenth highest petrol price and the third highest diesel price in Europe.

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

Research by Halifax suggests that the annual cost of owning and running a house has increased by £179 in the past year.

- Halifax say that the typical cost associated with owning and running a home in the UK has increased by 1.9%, from £9,411 in 2012 to £9,590 this year.
- Halifax add that this is the third successive year in which the cost of owning and running a home has increased, following a period of decreasing costs recorded between 2008 and 2010 (which was driven by falling mortgage rates).
- Overall, Halifax suggest that over the past five years, the cost of owning and running a home has increased by 2.0% (£184), although they note that this is significantly lower than the 18.0% increase in overall consumer prices during the period.
- Breaking this down, Halifax say that between 2008 and 2013 the average annual mortgage payment decreased by 21% (from £4,521 to £3,571), which has largely offset rises in all other areas of spending such as electricity and gas bills (up 57%), house and garden tools (up 25%) and home maintenance costs (up 19%).

## 10. SPENDING

Meanwhile, a report from Lloyds TSB has found that homeowners spent an average of £894 on outdoor furniture and decorations for their gardens in the last 12 months.

- As a result Lloyds TSB estimate that, with 15 million homeowners (85%) having some form of outdoor space around their property, £14 billion was spent on gardens over the course of the past year.
- Lloyds TSB add that the average UK garden is now worth £1,928. One in 10 Britons admit to spending money on their garden as they can't afford to move, while a third of homeowners say the main reason for splashing out is that they spend a lot of time outside.
- Lloyds TSB say that 10% of homeowners have purchased a hot-tub for their garden, while trampolines (22%) and summer houses (8%) are also popular.

A survey by Tesco Bank has examined the costs faced by pet owners, and found that those with dogs spend considerably more than other animal owners.

- Tesco Bank estimate that owning a dog costs an average of £594 per year, which includes annual veterinary fees averaging £200 as well as additional day-to-day costs.
- By contrast, the yearly cost of owning a cat comes in at £336 (including £150 in vet's fees), while for a rabbit or guinea pig annual spending falls to £268, and for hamsters or gerbils it is just £163.
- Indeed, Tesco Bank add that 22% of pet owners have found that caring for their animal is more expensive than they anticipated.
- Despite this however, many Brits are still prepared to spend significant amounts on treats for their pets, with the average pet owner saying they would spend up to £25 on a single treat on top of day-to-day expenditure on care.

Separate research by Tesco Bank has revealed that British holidaymakers would be willing to spend an average of £4,279 on their dream holiday, while over one in three would be willing to spend over £5,000.

- However, Tesco Bank add that one in five people would need to save for over two years in order to afford that dream holiday, while over a third believe they will never be able to save a sufficient amount to go.
- According to the survey, a combination of family and luxury are the key factors to an ideal holiday. An around-the-world trip is the number one choice (45%), although travelling to a unique location (26%), relaxing on a luxury cruise (21%) and staying in a five-star hotel (22%) also feature highly.
- Furthermore, while one in six people would take their entire family with them, fewer than 5% would want to go travelling alone.

# 11. SAVING

## RECENT HEADLINES

Figures from NS&I's most recent Quarterly Savings Survey show that Britons were saving 8.09% of their income each month, equivalent to £104 per month in real terms.

- This was a rise from 7.33% (£90 per month) recorded in the previous Survey in November, and was in fact the third successive Survey in which savings levels had increased.
- NS&I add that this was the first time since Spring 2011 that the average amount saved per month had broken the £100 barrier. Furthermore, they say that the number of Britons not making any savings each month decreased in February compared to November, falling from 25% to 20%.
- The rise in savings levels is being driven by the behaviour of younger savers, according to NS&I. They note that those in the 25-34 age group are saving 9.29% of their income each month, equivalent to £125 in real terms, well above the national average.
- Moreover, 42% of 25-34 year old savers are using savings goals to help them, with 57% of those who do saving for a home, mortgage or home improvements.

Meanwhile however, survey results released by Shelter have revealed that 35% of working adults who pay housing costs (equivalent to 8.6 million people nationally) could not pay their rent or mortgage from savings for longer than a month.

- Furthermore, Shelter add that 18% (equivalent to 4.4 million people) said that if they lost their job and couldn't find a new one immediately, they wouldn't be able to pay their rent or mortgage costs at all.
- The research also shows that families with children are in the most precarious situation – 43% would be unable to meet their housing repayments for more than a month, and 23% could not meet their repayments at all.
- Overall, Shelter say that 3.9 million families may be just one pay check away from losing their home.

# NOTES

Credit Action's Debt Statistics are compiled on a monthly basis by John Davies. Email [johndavies@creditaction.org.uk](mailto: johndavies@creditaction.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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