



## Debt Facts and Figures - Compiled 1<sup>st</sup> November 2007

### Total UK personal debt

Total UK personal debt at the end of September 2007 stood at **£1,380bn**. The growth rate increased to 10.0% for the previous 12 months which equates to an increase of £120bn.

Total secured lending on homes at the end of September 2007 stood at **£1,163bn**. This has increased 10.9% in the last 12 months.

Total consumer credit lending to individuals in September 2007 was **£217bn**. This has increased 5.8% in the last 12 months.

Total lending in September 2007 grew by £11.2bn. Secured lending grew by £9.8bn in the month. Consumer credit lending grew by £1.4bn.

Average household debt in the UK is **£8,681** (excluding mortgages). This figure increases to **£20,189** 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 **£55,403** (including mortgages).

Average owed by every UK adult is £29,063 (including mortgages). This grew by **£350** last month.

Average outstanding mortgage for the 11.8m households who currently have mortgages is **£98,517**

Average interest paid by each household on their total debt is approximately **£3,718** each year (this equates to 9% of take home pay).

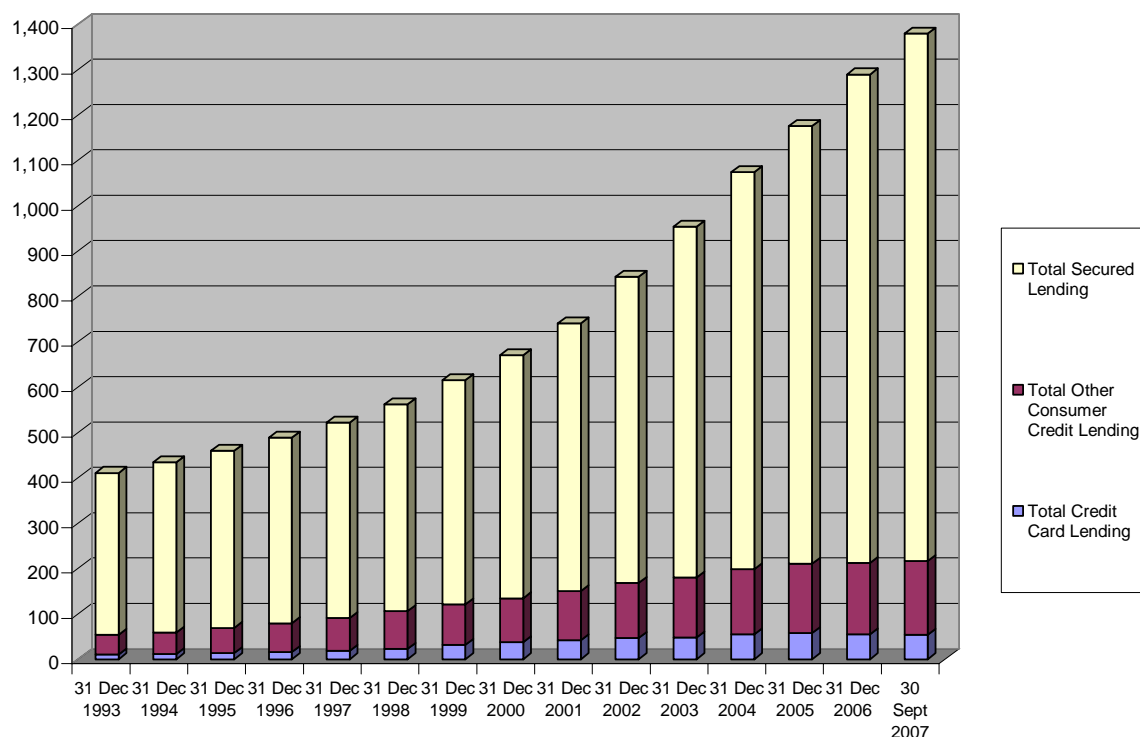
Average consumer borrowing via credit cards, motor and retail finance deals, overdrafts and unsecured personal loans has risen to **£4,554** per average UK adult at the end of September 2007.

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

### Today in the UK:

- Consumers will borrow an additional £330m today
- The average household debt will increase by over £13.25 today
- 77 properties will be repossessed today
- 317 people today will be declared insolvent or bankrupt
- 2,750 County Court Judgements (CCJs) issued
- Bank and building societies will hand out £1bn in mortgages today
- Citizen Advice Bureaus will deal with **6,600 debt problems** today
- The average car will cost £15 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
- The price of a typical house will increase by £45 today
- £500m will be withdrawn from cash machines today by 7.5m people across the UK
- 24.5m transactions worth £1.4bn will be spent on plastic cards today
- 1/3<sup>rd</sup> of all groceries we buy today will end up in the dustbin.

Total UK Personal Debt £bn



### Christmas / New Year Season (Special Report):

There were 669 million plastic card transactions in December 2006, six per cent more than during December 2005, equating to a record 250 transactions per second - day and night - through the month. Spending on plastic cards accounted for 63 per cent of total retail sales.

Spending in December 2006 on plastic reached a record high of £31 billion. **This equated to an average spend on plastic cards in December 2006 of £1,281 per household.**

Citizens Advice says they were approached for help with **15% more debt problems** in January 2007 than in January 2006.

Research from MoneyExpert.com shows more than a million bills were not paid by Britons in January 2007 as a result of excessive spending over the holiday season.

On average £419 will be spent on presents according to research from fool.co.uk and one in twenty people really push the boat out and spend over £1,000.

British shoppers are expected to spend a record-breaking £14bn on their Christmas shopping online this festive season, making them Europe's most internet-obsessed consumers. Britain is the largest online retail market with more than 27 million people expected to buy over the internet over Christmas.

British consumers are expecting to spend more than £600 each on average during the festive period, with higher spends for households containing children, averaging £840. Almost half will not be putting aside any money for Christmas and 37% of people will use borrowing to meet the costs of Christmas and pay for it at a later date.

According to research by Cornhill Direct a third of people go into debt every Christmas in a bid to make it the best year ever. One in 10 are still in debt by the next Christmas.

Research from Alliance & Leicester Personal Loans has revealed that a staggering 23% of people have used store cards to help pay towards their Christmas spending. Of these **over half** use store cards simply because they were **offered them at the point of purchase**. This is despite some eye-watering interest rates which can easily make the effects of those festive purchases last much longer than the Christmas hangover.

Grant Thornton estimated that 10,000 personal insolvencies in the first three months of 2007 were as a result of excessive Christmas Spending.

Christmas is the most significant event in the UK's retail calendar with many outlets making up to **60%** of their annual turnover between November and January.

According to Experian three in four Britons admit to worrying about financial pressures during the festive season. The festive season is turning into 'Stressmas' as 20% of us are still paying off our Christmas up to six months later.

Whilst the celebrations and partying may be over in a few weeks a report from Virgin Credit Card found Brits take an average of three months to pay off the £13 billion festive celebrations bill they rack up each year, meaning the **12 days of Christmas in reality lasts 12 weeks.**

According to the British Retail Consortium the average family accumulates 18% of their annual borrowing in December by spending twice as much than in any other month of the year

**Servicing Debt:** More than a million householders have used credit cards to pay their mortgage or rent in the past 12 months, according to a new survey published today by Shelter in its magazine ROOF.

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.**

Research from Alliance & Leicester has revealed that for 3.4 million Britons, **money is the biggest concern in their life**, with nearly a fifth (18%) worrying about money on a daily basis, and nearly a third (30%) fretting about money several times a week.

As many as 7.5 million parents (40% of parents with adult children) have had to help adult children pay off their debts with the average family forking out £2,540 on behalf of their kids, according to research by MoneyExpert.com. The most popular forms of child debt slashed by parents are mobile phone bills, car finance and credit card bills, although nearly one in ten parents have had to help their child keep up with mortgage repayments.

The majority of people who take out a personal loan to consolidate existing debts go on to build up more debt and struggle with the consequences. Research commissioned by moneysupermarket.com shows 28% of Brits (12.7 million people) have taken out a loan to consolidate some or all of their existing borrowing. Worryingly, of those who took out a personal loan to merge their existing debt, 8.4 million people (66%) continue to build up even more debt.

**14,000 properties (77 a day) were taken into possession** in the first six months of 2007. This rose by nearly 18% compared with the previous half-year, and nearly 30% compared with the first half of 2006.

The number of mortgages in arrears of three months or more at the end of June 2007 rose to an estimated **125,100**, up 4% compared with the end of December 2006.

There were **26,956 individual insolvencies** (bankruptcy or IVA - Individual Voluntary Arrangement) in England and Wales in the second quarter of 2007 on a seasonally adjusted basis. This was a decrease of 8.1% on the previous quarter and an increase of 4.2% on the same period a year ago.

8.2m British adults are in serious debt and **2.1m are struggling with repayments** according to the latest quarterly research commissioned by Thomas Charles and conducted by YouGov. They found that **18% adults in Britain have £10k or more of unsecured debt**, equivalent to 8.2 million adults. This is a rise of 30% on last year.

Over two million British consumers (6%) cannot quantify how much debt they're in, according to research carried out by Unbiased.co.uk. This trend seems worse amongst young people, with 41% of 18-24 year olds unaware of their current debt burden to within £500.

1.2m electricity customers and 0.8m gas customers are in debt and have debt payment arrangement scheduled to last longer than 13 weeks.

Almost half of working Brits were in the red at least once last year and over **2.1m are permanently overdrawn.**

More than **7.4m household bill payments** have been missed or paid late in the past six months. ~ 1.23m regular bill payments ranging from gas and electricity to mobile phones and council tax have been missed each month.

More than 160,000 people contacted the Consumer Credit Counselling Service (CCCS) in the first half of this year - an **increase of 18.5%** on the same period last year.

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.

Personal debt as a proportion of income has risen from 105% in 1997 to 164% in 2006 - the highest ever recorded and the highest in the developed world.

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

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

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

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

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

**Plastic card / Personal Loans:** MoneyExpert.com research shows more than **4.1 million credit card bills (700,000 per month)** have been missed in the first six months of 2007. A fee of £12 is usually charged for each missed payment.

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

Total credit card debt in September 2007 was **£54.1bn**.

According to the BBA the proportion of credit card balances bearing interest was 74.3% in August 2007.

The average interest rate on credit card lending is currently **17.49%**, around 11.75% above base rate.

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 86 cash withdrawals / second (equal to £6,279 / second) from UK's 58,000 cash machines in 2006.

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.

The percentage of credit card holders who repay in full in 2006 stood at 58%.

**Young people (under 30):** 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.

CCCS research shows that **debt levels for the under-25s increase with age**. The average consumer debt for 24 year olds in 2006 was £16,351. Personal loans make up the largest part of this debt (56%), followed by credit cards (28%). Homebuyers under 25 owe an average of £20,290 on unsecured credit, compared to £12,113 for tenants in the same age group.

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

**Pensioners / Pensions:** Britain's pension gap continues to increase with more than a quarter (26%) of British adults failing to make any provision for retirement, according to the annual retirement confidence index (RCI) provided by Alliance Trust. This has jumped from 20% a year ago.

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.

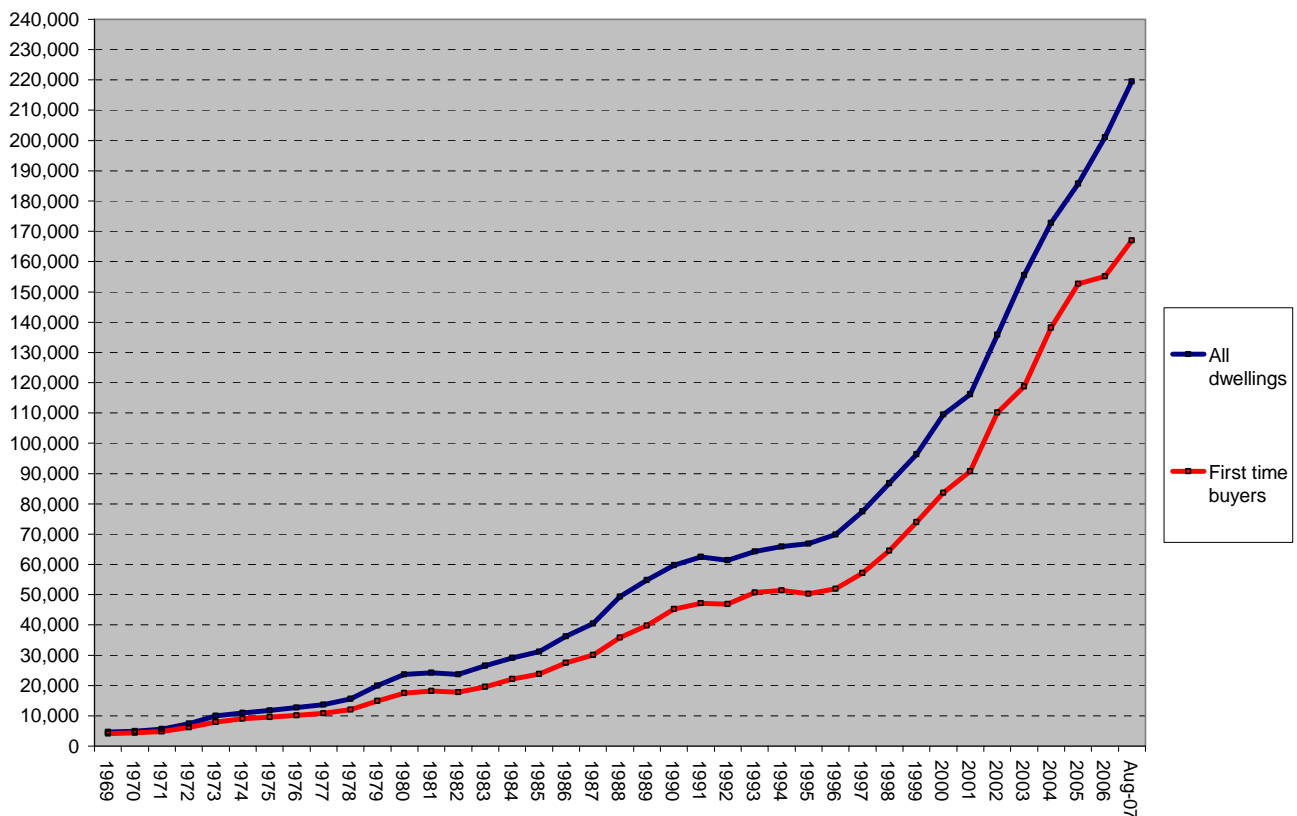
Research from Scottish Widows reveals around **one in five (over 1.1 million)**, retired homeowners in the UK have an **outstanding mortgage** on their home – with an average debt of £38,000. What is more, one in eight owe more than £50,000 putting increased pressure on retirement income. When it comes to short term debt (e.g. credit cards, personal loans etc) the situation is no better. Almost **one in three** have carried over short term debts for each of the last three months – with the average outstanding balance owed being £5,900.

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

**Housing:** According to the Department for Communities and Local Government (DCLG) the average house price in the UK in August 2007 now stands at **£219,528** (£226,902) in England). UK annual house price inflation rose by 11.4%. Annual house price inflation in London rose by 17.4%.

**The price of a typical house increased by the equivalent of £45 per day during the last 12 months.**

UK Average House Prices £



The average Mortgage Interest rate is 5.92%.

The Council of Mortgage Lenders (CML) estimates that:

- House prices to rise 7% in 2007 as a whole, and 1% in 2008.
- Property sales to total 1.17 million in 2007 and 1.01 million in 2008
- Gross lending to reach £360 billion in 2007 and £340 billion in 2008
- The number of 3+ months arrears cases to reach 145,000 by the end of 2007 and 170,000 by the end of 2008
- The number of repossessions to total 30,000 in 2007, and increase 50% to 45,000 in 2008 (this would be the highest level for 13 years)
- Base rates to end the year at 5.5% in 2007 and 5.0% in 2008

The number of mortgages for house purchases fell by 20 per cent over the past year. The Bank of England said 102,000 new mortgages were approved in September 2007 - 25,000 fewer than in September 2006 and the lowest monthly figure since July 2005.



The Nationwide said house prices recorded a surprisingly strong increase of 1.1% in October, tying it with June for the highest month-on-month growth rate so far in 2007. The annual growth rate increased to 9.7%.

It is estimated that over the next 18 months, nearly two million borrowers will see their **fixed rate mortgage deals expire**. They will need to budget at least £100 / month more than they are currently spending and may also need to pay re-mortgage and / or large arrangement fees if they want to fix their mortgage for an additional period.

Average national asking prices in October increased 2.4% to £241,642 which is a 10.4 annual growth.

The average loan approved for house purchase in September 2007 was **£152,300**, some 8% higher than a year earlier.

Gross mortgage lending fell by nearly 12% in September compared with August, to an estimated £30 billion according to new data from the Council of Mortgage Lenders. Although lending was up 2.5% on the £29.2 billion figure for September 2006, the annual increase is the lowest percentage increase in two years

Britain's housing stock is worth a total value of £3,915 billion – up 10 per cent on the previous year

**35% of mortgages** taken out by home movers in August 2007 were “**interest only**” mortgages compared with only 12% taken out in June 2003. 27% of these “interest only” mortgages were taken out without a repayment plan specified to repay the capital.

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

**Housing 1<sup>st</sup> Time Buyers:** The average house price in the UK in August 2007 for first time buyers now stands at **£167,070** which is an annual increase of 11.9%.

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.

**Parents are paying on average £21,314** to help their children get on the property ladder. 20% have already dipped into their savings to help their children buy their first home, while a further 22% plan to offer financial help to their offspring when they come to buy.

A typical two-income British couple buying their first property in Q4 2006 would have had to commit 34% of their take home pay to meet their initial mortgage payments, the highest level since 1990.

Affordability pressures continued to squeeze first-time buyers as income multiples reached their highest-ever level in August at **3.38 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 **£119,034**. The average age of a first-time buyer is 29.

**Spending:** 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.

Parents of children under 18 end up an average £1,140 in debt a year after the birth of their first child research from MoneyExpert.com says. Loss of income and increased costs mean they have debt worries to add to the sleepless nights with more than 40 per cent of parents going into the red. Around 7% rack up over £2,500 worth of debts, and one in 50 will owe over £7,000 after just twelve months with their newborn.

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

In 2006 / 2007, the average annual cost of sending a child to **private school** as a day pupil was £9,627 compared to £6,820 in 2002, an increase of 41%. The average annual cost of boarding fees is £20,970. The number of children who attend a private school is 669,300.

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

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

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

**Money Education / Financial Literacy:** National Consumer Council (NCC) research reveals more than 27 million 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**.

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

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

**Savings:** Sainsbury's Bank estimates that on a typical monthly basis, 11.7 million people are saving less in July 2007 than they were three months ago, and even more worryingly 6.8 million people are not saving anything at all

The number of people who save regularly is at the lowest level recorded in two years (46%).

Less than half (43%) of the population are planning for their financial future, with a tenth (11%) of these planners confessing that any plan they have is very vague.

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**.

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

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](mailto: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](http://www.creditation.org.uk/debtstats.htm). Note: new / changed statistics are at the start of each section.**

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