



DEBT STATISTICS

OCTOBER 2012 EDITION

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Welcome to the October 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.

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STRIKING NUMBERS
£53,706 was the average household debt (including mortgages) in August
£164m was the daily amount of interest paid on personal debt in August
8,465 new debt problems were dealt with by the CAB each working day over the year to June
1,552 people were made redundant every day between May and July
904,000 people had been unemployed for over a year between May and July
£12.52m of loans are written-off daily by UK Banks and Building Societies (based on Q2 2012 trends)
Every 15 min 30 sec a property is repossessed (based on Q2 2012 trends)
Every 4 min 49 sec someone is declared insolvent or bankrupt (based on Q2 2012 trends)
£1.357 billion was the daily value of all purchases made using plastic cards in July

1. UK PERSONAL DEBT

TOTAL UK PERSONAL DEBT

Outstanding personal debt stood at **£1.412 trillion** at the end of August 2012.

- This is up from £1.407 trillion at the end of August 2011.
- Individuals owed nearly as much as the entire country produced during the whole of 2011.

Outstanding secured (mortgage) lending stood at **£1.256 trillion** at the end of August 2012.

- This is up from £1.242 trillion at the end of August 2011.

Outstanding unsecured (consumer credit) lending stood at **£156 billion** at the end of August 2012.

- This is down from £165 billion at the end of August 2011.

AVERAGE UK PERSONAL DEBT

Average household debt in the UK (excluding mortgages) was **£5,949** in August.

- This is down from a revised **£5,971** in July.

Average household debt in the UK (including mortgages) was **£53,706** in August.

- This is down from a revised **£53,736** in July.

The average amount owed per UK adult (including mortgages) was **£28,754** in August. This is down from a revised **£28,770** in July, and was around **117%** of average earnings.

Average consumer borrowing (including credit cards, motor and retail finance deals, overdrafts and unsecured loans) per UK adult was **£3,185** in August. This is down from **£3,197** in July.

The estimated average outstanding mortgage for the 11.2m households that carry mortgage debt stood at **£111,793** in August.

Based on August 2012 trends, the UK's total interest repayments on personal debt over a 12 month period would have been **£60.1 billion**.

- This is equivalent to **£164 million** per day.
- This means that UK households would have paid an average of **£2,284** 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).

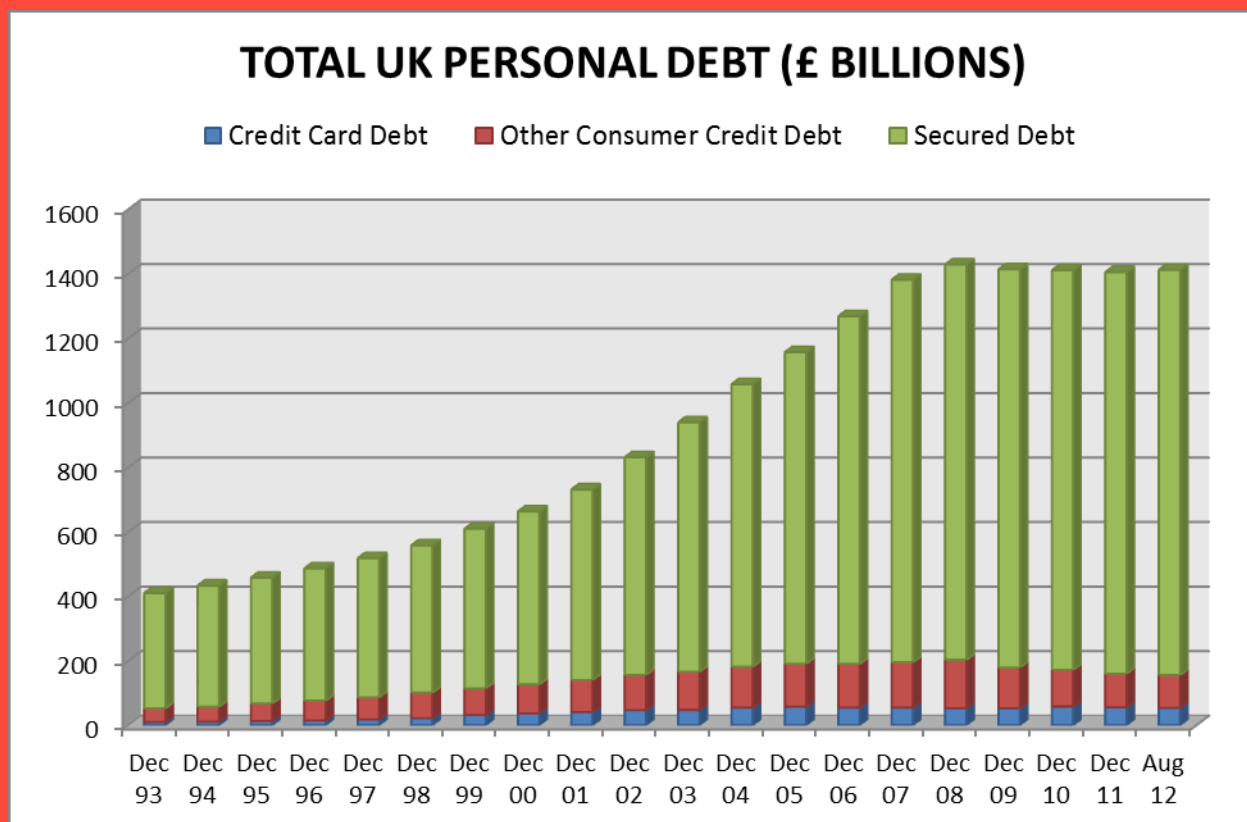
NET LENDING AND WRITE-OFFS

Total net lending by UK Banks and Building Societies **fell by £0.4 billion** in August 2012.

- Net secured lending fell by £0.3 billion in the month; net consumer credit lending was broadly unchanged.

UK Banks and Building Societies **wrote-off £5.3 billion** of loans to individuals over the four quarters to Q2 2012.

- In Q2 2012 itself they wrote-off £1.15 billion (of which £567 million was credit card debt) amounting to a daily write-off of **£12.52m**.



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:

- **299** people are declared insolvent or bankrupt every day (based on Q2 2012 trends). This is equivalent to one person **every 4 minutes 49 seconds**.
- **1,170** Consumer County Court Judgements (CCJs) are issued every day (based on Q2 2012 trends). The average value of a Consumer CCJ in Q2 2012 was **£3,217**.
- Citizens Advice Bureaux in England and Wales dealt with **8,465** new debt problems every *working day* during the year ending June 2012.
- 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 Q2 2012 trends).
- **145** new people a day became unemployed for over 12 months during the year ending July 2012.
- **1,552** people a day reported they had become redundant between May and July 2012.
- Public Sector Net Borrowing (excluding financial interventions) was **£14.4bn** in August, meaning that the Government borrowed an average of **£464,516,129** per day during the month (equivalent to **£5,376** per second).
- **164** mortgage possession claims are issued and **127** mortgage possession orders are made every day.
- **396** landlord possession claims are issued and **279** landlord possession orders are made every day.
- The UK population is growing by an estimated **1,342 people a day**.
- **28.0m** plastic card purchase transactions were made every day in July 2012 with a total value of **£1.357 billion**.
- **8.7m** cash machine transactions were made every day in August 2012 with a total value of **£349m**.
- The average car costs **£18.33 per day** to run.
- It cost **£70.10** to fill a 50 litre tank with unleaded petrol in September.

3. NATIONAL STATISTICS

ECONOMY

The UK economy **contracted by 0.4%** in the second quarter of 2012, according to the latest estimates from the Office of National Statistics. This is the third consecutive quarter of negative growth.

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 43 months.

There were **5.9 million** working age benefit claimants at February 2012. This is an increase of 116,000 in the year.

UNEMPLOYMENT

The number of unemployed people in the three months between May and July 2012 was **2.59 million** (8.1%). This is down by 7,000 from the previous three months, but up by 61,000 from a year earlier.

- **142,000** people (**1,552 a day**) reported they had become redundant over the three months. This is down by 13,000 from the previous three months, and down by 20,000 from a year earlier.
- **904,000** people had been unemployed for over 12 months between May and July, a rise of 22,000 over the previous three months, and a rise of 53,000 (**145 a day**) from a year earlier.
- The number of economically inactive people aged between 16 and 64 fell by 181,000 over the three months, and fell by 375,000 over the year, to reach **9.01 million** in the three months to July 2012.

Public sector employment fell by **235,000** in the second quarter of 2012 to reach **5.644 million** overall (note that the size of the fall in public sector employment in the second quarter is largely explained by the reclassification of Further Education and Sixth Form College Corporations in England from the public sector to the private sector).

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 August 2012, public sector net debt (PSND) *excluding* financial interventions was **£1039.5bn**, equivalent to 66.1% of GDP. This compares to £955.8bn (62.7% of GDP) at the end of August 2011.

Meanwhile, public sector net debt *including* financial interventions was **£2140.7bn**, equivalent to 136.0% of GDP. This compares to £2241.3bn (147.1% of GDP) at the end of August 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 **4,115** compulsory liquidations and creditors' voluntary liquidations in England and Wales in the second quarter of 2012 (on a seasonally adjusted basis).

- This was down 3.6% on the previous quarter, and down 2.4% on the same period a year ago.

In the twelve months ending Q2 2012, approximately **1 in 142** active companies (0.7% of all active registered companies) went into liquidation.

- This is similar to the previous quarter.

Additionally, there were **1,310** other corporate insolvencies in Q2 2012 (not seasonally adjusted), comprising 333 receiverships, 625 administrations and 352 company voluntary arrangements.

- In total these have increased 6.3% on the same period a year ago.

3. NATIONAL STATISTICS

INFLATION AND RETAIL ACTIVITY

CPI (Consumer Prices Index) annual inflation stood at **2.5%** in August. This is down from 2.6% in July.

RPI (Retail Prices Index) annual inflation stood at **2.9%** in August. This is down from 3.2% in July.

The British Retail Consortium/KPMG Retail Sales Monitor for August 2012 showed that UK retail sales values decreased by 0.4% on a like-for-like basis from August 2011, when sales had fallen 0.6%.

- On a total basis, sales were up 1.6% in August 2012, against a 1.5% increase in August 2011.

There were 59,433 new car registrations in August, according to the Society for Motor Manufacturers and Traders. This is an increase of 0.1% compared to August 2011.

4. SERVICING DEBT

KEY STATISTICS

Citizens Advice Bureaux across England and Wales advised **0.57 million** clients with new problems in the three months between April and June 2012.

- Debt was the second largest advice category (behind Benefits) with 515,000 enquiries. This is a 4% decrease on the same period last year. Debt enquiries represented 32% of all problems dealt with between April and June 2012.
- Based on *annual* figures to the end of June 2012, Citizens Advice Bureaux in England and Wales are dealing with **8,465** new debt problems every *working day*.

According to the Council of Mortgage Lenders (CML), **8,500** properties were taken into possession in Q2 2012 (this is down from 9,600 in Q1 2012, and is the lowest quarterly total since Q4 2010).

- This equates to **93** properties being repossessed every day, or one property being repossessed **every 15 minutes 30 seconds**.
- In terms of payment difficulties, **157,400** mortgages ended Q2 2012 with arrears equivalent to at least 2.5% of the outstanding mortgage balance.
- This is fractionally down from 157,800 at the end of Q1 2012.

The Financial Services Authority estimates that at the end of Q2 2012 there were **296,500** mortgage loan accounts in reportable arrears (i.e. arrears of over 1.5% of current loan balance), a fall of 11% from Q2 2011 – this is the lowest total number since the end of 2007, having risen to a peak in the interim of 399,400 in Q1 2009.

- At the end of Q2 2012, loans in arrears represented **2.44%** of the value of the residential loan book.

The Insolvency Service said there were **27,390** individual insolvencies in England and Wales in Q2 2012. This is equivalent to **299** people a day or, one person **every 4 minutes 49 seconds**.

- This was a fall of **4.6%** on the previous quarter and a fall of **10.2%** 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 from uSwitch has suggested that debt and financial pressures are forcing many new mothers who would prefer to stay at home with their children to go back to work.

- According to uSwitch, 75% of new mothers would prefer to be a stay-at-home mum if money is no object, but instead 58% say that they have to return to work because of worries over debt and their finances. By contrast, only 14% say that their decision to return to work was driven by a desire to further their career.
- uSwitch add that, such is the financial impact of going on maternity leave, 11% of new mums are forced to cut their maternity leave short and return to work early, and 9% are forced to re-think their plans about not going back at all.
- uSwitch suggest that the costs of a new baby continue long after maternity leave runs out, meaning it is unsurprising that new mums face financial pressures after having a child. In addition to an average spend of £1,526 before leaving work and £1,423 during maternity leave, uSwitch say that new mums spend an average of £2,500 in the first year after their maternity leave.

Meanwhile, separate research by uSwitch has found that the average household falls nearly £1,500 a month short of feeling “financially secure”.

- According to uSwitch, consumers say that on average they would need to bring in £3,939 each month in order to feel financially secure, but with the average household income standing at £2,504, they are currently falling £1,435 a month short of this.
- Overall, uSwitch have found that 61% of consumers say that they don't feel financially secure at all.
- “Financial security” means different things to different people, but regardless of how it is defined many still feel they are falling short. 35% define it as having enough money to cover day-to-day living costs without relying on credit, but of these only 40% are actually in this position.
- Meanwhile, 16% of people define “financial security” as having six months' worth of salary in the bank, but of these only 35% have achieved this.

5. PLASTIC CARDS AND PERSONAL LOANS

KEY STATISTICS

During July 2012 an average of **324** purchases were made in the UK every second using debit and credit cards, based on figures from the UK Cards Association.

- An average of **£15,703** was spent every second using debit and credit cards.
- On a daily basis, purchases using plastic cards were worth **£1.357 billion** during July.

Meanwhile, data from LINK shows that, on average, **101** cash machine transactions (including balance enquiries and rejected transactions) were made every second in August 2012.

- In total, cash machine transactions were worth **£4,042** per second in August.
- 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 August 2012 was **£54.4bn**.

- The average interest rate on credit card lending was **18.07%** in August. This is **17.57%** 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 July.

RECENT HEADLINES

With the England national football team set to play San Marino and Poland during October, previous analysis by Sainsbury's Finance shows that the number and value of cash machine withdrawals increases markedly on the day of an England international.

- Sainsbury's Finance suggest that the amount of money withdrawn from its ATM network typically increases by 14% on the day of an England match.
- Moreover, the average number of withdrawals also rises by around 6%.
- Sainsbury's Finance suggest that as paying with cash can be quicker than making a card transaction, many fans switch to notes on the day of an England game to ensure they do not miss any of the action.

A survey by Confused.com has found that significant numbers of Britons are using credit cards to fund spending on lifestyle products such as clothes and beauty products.

- On average, a striking 35% of people said they had spent more than they could afford so far this year, rising to 44% amongst people in London.
- 28% of those polled said they spent money on their credit card to treat themselves, while a worrying 11% view spending on a credit card as easy money.

6. YOUNG PEOPLE

KEY STATISTICS

816,000 economically active 18-24 year olds were unemployed between May and July 2012. This was up by 8,000 (1.0%) compared to the previous three months.

- This meant that **19.6%** of all economically active 18-24 year olds were unemployed between May and July.
- **419,000** (51.3%) had been unemployed for over 6 months.
- **249,000** had been unemployed for over 12 months. This is a rise of 25,000 (11.4%) over the previous 3 months, and a rise of 31,000 (14.5%) from a year earlier.

The number of 18-24 year olds not in education, employment or training (NEET) at the end Q2 2012 was **875,000** (18.1%).

- The number of 16-18 year olds classed as NEET stood at **191,000** (10.3%) at the end of Q2 2012.
- The overall number of 16-24 year olds NEETs was **968,000** (16.0%).

RECENT HEADLINES

Halifax's annual Pocket Money Survey has revealed that the average amount of pocket money received by 8-15 year olds fell to £5.98 in 2012. This is a drop of 27p a week, or £14.04 a year, compared to 2011.

- There is also a gender gap in the amounts received, with girls receiving an average of 37p less than boys (£5.79 compared to £6.16), which amounts to £19.24 less over the course of a year.
- Halifax's survey also reveals that the number of 8-15 year olds who receive weekly pocket money fell from 83% in 2011 to 77% in 2012.
- The survey also suggested that many children are keen to save and grow their pocket money – 67% said that they saved at least a quarter of the money they received, and 40% keep their pocket money in a bank or building society account.
- On a regional basis, children in London receive the highest average amount of weekly pocket money (£7.34). However, in 2012 average pocket money only increased in 3 regions – the North East (22%), the South West (14%) and Wales (9%). The largest fall was recorded in the East Midlands (21%).

6. YOUNG PEOPLE

A survey by Lloyds TSB has found that significant numbers of students are continuing to have difficulties making ends meet.

- According to Lloyds, 16% of full time students do not have enough money to get through to the end of the month, and a further 40% admit they are only just managing their finances but money is tight.
- Lloyds say that the average annual income of a typical student is around £7,000, 46% of which is derived from student loans. There are however geographical disparities – for students studying in London it is 11% higher, while for those in Scotland it is 10% lower (although this is offset to some extent by lower levels of debt).
- With money tight, 49% of students say that they have taken on a full or part time job in the last academic year, with 43% of them saying they did so to support themselves through university and help make ends meet. Only 14% cited gaining experience in the job market or building their CV as their main motivation, while 17% confirmed they had not been able to find work at all.
- 75% of students who worked during term-time did so for less than 15 hours a week and earned just over £8 per hour. However, 25% admitted that it affected their studies in a negative way. A further 32% said it had a negative effect on their social life but they were able to find a balance between work and studies.

Meanwhile, a separate report from Lloyds TSB suggests that 80% of young adults receive financial support from their parents. This is up 19% from the 1980s when the figure was 61%.

- Lloyds say that a key factor in this is the growing belief that many costly key life milestones, such as going to university or buying a house, are now essential in order to maintain a family's standard of living into the next generation.
- 67% of those surveyed by Lloyds believe that a university education is “essential”, while 62% think that helping children buy their first home is also vital. 57% want to leave their children an inheritance, while 42% think it is important to fund their children's marriage costs.
- However parents are also supporting their children with everyday living costs. 38% of young adults receive help from their parents with day-to-day expenses (up from 18% in the 1980s), and 26% of young adults get help with rent payments (up from 8%).

7. OLDER GENERATIONS AND PENSIONS

KEY STATISTICS

413,000 people aged over 50 were unemployed between May and July 2012. This is down 8,000 (2.0%) from the previous three months, but up 27,000 (7.1%) from a year earlier.

- **46.4%** of unemployed workers aged over 50 - a total of **192,000** people - have been out of work for over a year. 113,000 have been unemployed for more than two years.
- **955,000** people aged over 65 were *in work* between May and July, which is up 49,000 (5.4%) from the previous three months, and up 96,000 (11.2%) from the previous year.

At February 2012, there were 12.7m claimants of State Pension (SP), a rise of 135,000 on the year.

RECENT HEADLINES

Latest figures from the Alliance Trust Economic Research Centre show that all households experienced falling inflation in August, but elderly households still face the highest rate.

- Over-75 households experienced a fall in inflation from 3.0% in July to 2.8% in August, meaning it stood at its lowest level since November 2009. However, it remains above August's headline rate of 2.5%.
- By contrast, households in all other age brackets experienced inflation below or equal to the headline rate, apart from under-30s who faced inflation at 2.7% in August.
- Over-75s are particularly affected by gas and electricity price inflation, and while these eased slightly in August, both remain elevated at 13% and 7% respectively. Food price inflation also rose from 1.7% to 2.1% in August, which affects over-75s disproportionately as they allocate 17% of their overall budgets to food.

HSBC have profiled the amount that various age groups are saving for their retirement, and suggest that over-55s could potentially miss their ideal savings targets by nearly £70,000.

- HSBC say that over-55s target a large retirement pot, and are aiming to save an average of £99,495. However, at their current rate of saving, HSBC believe that they will only manage to accumulate £31,874, missing their goal by £67,621 (70%).
- By contrast, 16-24 year olds are less ambitious, aiming to save only £48,395, but on current trends could end up accumulating more than double this and ending up with a retirement pot of £99,982.
- HSBC say that retirement saving habits begin to dip after the age of 35, possibly affected by changing priorities and increased financial responsibilities such as the cost of raising children, mortgage repayments and higher debts.

7. OLDER GENERATIONS AND PENSIONS

Figures from Prudential suggest that around one in six workers (16%) have lost track of their pension funds after changing jobs, raising fears over a generation of lost pensions.

- Prudential say that four out of five (81%) of workers failed to actively transfer their previous company pension funds across to their new employers, while another 15% relied on their employer to make the switch.
- Prudential add that this is a significant risk for younger employees, who change jobs more frequently than their older counterparts. On average, people aged 18-34 have had three full-time jobs, while those aged 55 or over have had just five jobs across their whole career.
- Prudential also say that three in four employees (76%) have no idea of the value of the company pension pots they have built up during their careers.

A survey by LV has found that 28% of working homeowners who are aged over 50 (equivalent to 1.9 million people nationally) plan to access the equity in their homes to help fund their retirement.

- In addition, 49% of homeowners over 50 say they would consider downsizing to a smaller property, and 17% would use an equity release product to access the money in their property during retirement.
- However, LV add that many over 50s are facing the reality that their home may not be as valuable as they had once hoped. 39% of homeowners over 50 believe their property has decreased in value over the past three years, by an average of £21,749 (equivalent to a massive £58 billion collectively).
- In order to maximise the money they could use from their property, 18% of those who believe the value of their property has fallen intend to wait for its value to improve before using the equity to help fund retirement, while a further 9% plan to make improvements to their home to increase its value.

A study by Nationwide has found that a significant number of Brits feel they will be unable to leave an inheritance behind for their loved ones.

- Nationwide say that 31% of Britons expect that they will struggle to leave money behind for their families once they are gone.
- Furthermore, 44% believe that they will struggle to fund their retirement, and 20% say they would find it difficult to leave a mortgage-free home to their loved ones.
- Despite knowing that they will struggle to leave an inheritance, Nationwide add that more than half of Britons have not yet thought about or planned their financial legacies.

8. HOUSING MARKET

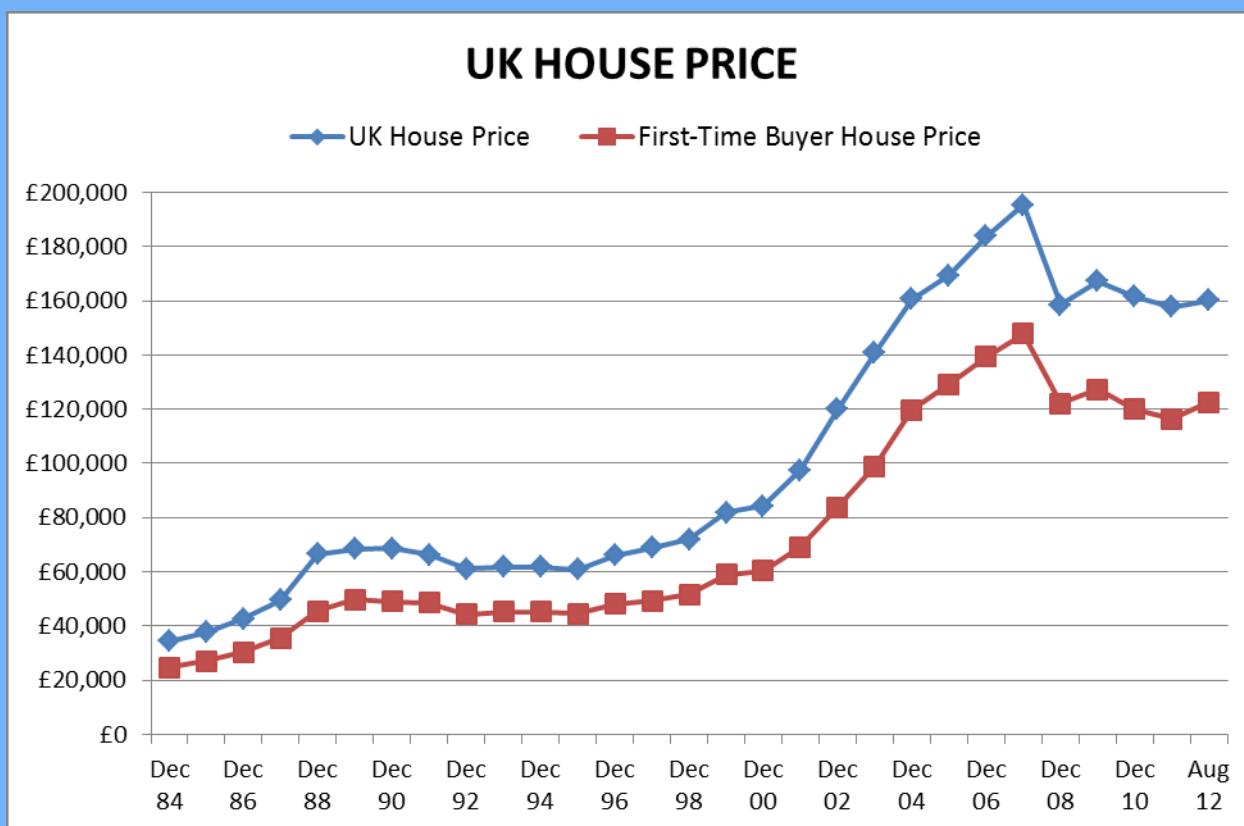
KEY STATISTICS

According to the Office of National Statistics the average house price in the UK in July 2012 stood at **£234,000** (£242,000 in England).

- Average UK house prices were unchanged over the month to July 2012, compared to an increase of 0.3% in July 2011 (seasonally adjusted).
- Over the year to July 2012, UK house prices **increased by 2.0%**.
- Average house prices in London **increased by 5.7%** in the year to July 2012.

Nationwide estimate that house prices rose by 1.3% during August 2012, and fell 0.7% over the year.

Halifax said that house prices fell by £705 in August 2012. This is a monthly fall of 0.4%. Prices fell 0.3% over the quarter and fell 0.9% over the year.



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

8. HOUSING MARKET

The average Mortgage Interest rate was 3.37% at the end of August.

According to the Council of Mortgage Lenders, gross mortgage lending in August totalled an estimated £12.6 billion. This is a fall of 1% compared to July's gross lending total (£12.7 billion) and a fall of 4% from August 2011 (£13.1 billion).

The August RICS Housing Market Survey shows that 19% more surveyors report prices falling rather than rising, an improvement from 23% in July.

- Meanwhile, 62% of surveyors reported no price changes in the three months to August.
- RICS say that a more sluggish picture on sales is continuing. New buyer enquiries (demand) edged lower for the fourth consecutive month, while new instructions (supply) were unchanged (the latter measure has been either negative or flat for the last six months).
- RICS add that the outlook for sales over both the next three months and the next twelve months is more optimistic, with hopes that a more stable economy and an improvement in the funding climate will help support activity. However, there is more caution over the price picture, with London continuing to be the only region in which further price increases are anticipated over both the near and medium term.

Hometrack's monthly survey of agents and surveyors showed that demand for housing fell 1.3% in August, compared to a fall of 2.1% in July.

- The supply of homes for sale increased by 0.8% in August, following a 1.4% increase in July. Over the first eight months of the year, supply has increased by 19% while demand has increased by 10%.
- House prices fell 0.1% in August – this is the second consecutive month that prices have fallen by this amount.
- Hometrack say that overall the market remains fragile. They suggest that thin volumes and a sluggish market, combined with seasonal and one-off effects (such as a prolonged period of bad weather and the Olympics) mean activity is depressed. Hometrack expect to see a further weakening of the supply/demand balance in the months ahead, which will put more downward pressure on prices.
- Lower prices were reported across 27.1% of the country in August, while 3.6% of the country reported price rises.

Rightmove said new seller asking prices fell by 0.6% in September, standing at an average of £234,858 (this is broadly unchanged from September 2007, when the run on Northern Rock took place, when the average was £235,176). Prices rose 0.7% compared to September 2011.

8. HOUSING MARKET

According to the NAEA the number of house-hunters registered per branch decreased on average from 294 in June to 293 in July.

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

House purchase approvals in August (30,533) showed an upturn from July, but were 13% lower than a year ago according to the British Bankers Association (BBA). The average loan approved for house purchase in August was £159,100, although this figure is not directly comparable with 2011 due to a change in the way some data is collected.

Statistics from the National Association of Realtors show that existing home sales across the United States (including single-family, townhomes, condominiums and co-ops) increased 7.8% during the month of August, and rose 9.3% year on year from August 2011.

- The average price increased 9.5% year on year to \$187,400.
- Meanwhile, RealtyTrac® said that a total of 193,508 foreclosure filings — default notices, auction sale notices and bank repossessions — were reported on U.S. properties in August, a 1% increase in total properties from the previous month but a 15% decrease from August 2011.
- RealtyTrac®'s monthly Foreclosure Report shows that one in every 681 U.S. housing units received at least one foreclosure filing during August.

FIRST-TIME BUYERS AND BUY TO LET

The Office of National Statistics say that the average house price for first-time buyers was **£174,000** in July 2012, which is an annual increase of 1.8%.

The typical first-time buyer deposit in July 2012 was **19% (around £30,864)**. The average first-time buyer borrowed 3.21 times their income and the average first-time buyer loan was an estimated **£131,579**.

The Council of Mortgage Lenders say that there were 1,416,000 buy-to-let mortgages outstanding at the end of Q2 2012, worth a total of £160.7 bn. This is up from last year when there were 1,338,000 buy-to-let mortgages worth £153 bn.

8. HOUSING MARKET

According to the July 2012 RICS Residential Lettings Survey, rental increases are being driven by a sustained (albeit modest) growth in demand and broadly stable levels of supply. RICS say that 4% more surveyors reported tenant demand rising rather than falling, down from 15% in the April Survey but still indicative of positive growth.

RECENT HEADLINES

Figures from Halifax show that the cost of buying a home in the UK is now almost a fifth lower than the cost of renting.

- According to Halifax, the average monthly costs associated with buying a three bedroom house stood at £600 in June 2012, which is 18% lower than the average rent paid on the same type of property (£732). Over the past year, buying costs have fallen 3% while the cost of renting has increased 5%.
- By contrast, Halifax say that in 2008 average home buying costs (£1,048) were in fact 45% higher than the average monthly rent paid (£724).
- The substantial improvement in the affordability of buying compared to renting largely reflects a 43% drop in home buying costs since 2008, which Halifax say is due to a marked fall in both house prices and mortgage rates.
- Average home buying costs are equivalent to 29% of the average UK disposable income, while rental payments are equivalent to 35% of this.

Research by Lloyds TSB has revealed that buying a home near the country's top performing state schools carries a premium of around £34,000.

- Lloyds say that in 2012, house prices in the postal districts of the top 30 state schools in England were an average of £33,631 (12%) higher than the neighbouring locations in their county or borough.
- This premium is almost three times higher than the average annual private school fee of £11,422.
- Overall, the typical price of a home anywhere in the postal district of England's 30 best state schools is £303,902, which is 8.9 times average gross annual earnings. By comparison, the average house price across the whole of England is £236,321 which is 6.9 times average gross annual earnings.

9. FINANCIAL EDUCATION

RECENT HEADLINES

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 training skills 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.

A survey by Bright Grey has suggested that Britons do not start to think about planning for their financial future until they are, on average, 28.

- Bright Grey surveyed a sample of British adults aged over 35, and asked them when they started to think about making long-term financial provisions such as taking out a pension plan or building savings to purchase a property – the average age was 28.
- However, Bright Grey add that some 4% of respondents only realised that they needed to make long-term financial plans when aged 50 or older, and 5% said they did not believe they needed to make financial plans for the long-term at all.

A survey by Halifax has revealed that children as young as eight admit to worrying about money, and that they also engage in borrowing and lending from an early age, highlighting the need for financial education at school.

- Halifax say that 88% of children aged eight to fifteen believe that their parents worry about money, and 58% say that they worry about money themselves.
- It appears that children worry more the older they get. Halifax say that 57% of eight year olds “never” worry about money, but by the age of twelve this figure drops to 34%. By the age of fifteen, only 21% of children say they never worry about money.
- Halifax also found that 12% of children aged between eight and eleven borrow money, and 27% lend money to other people. These figures rise to 22% and 34% respectively amongst children aged between twelve and fifteen.

10. SPENDING

KEY STATISTICS

The AA calculate that in September 2012 the average price of unleaded petrol rose by 4.7ppl (pence per litre) to 140.2ppl.

- This meant it cost **£70.10** to fill a 50 litre unleaded tank.
- The average price of diesel rose by 4.2ppl to 144.6ppl. The UK had the eighth 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

With the summer holiday season now coming to a close, Halifax have undertaken research to examine how people's spending habits change when they are on vacation.

- Unsurprisingly, Halifax found that respondents spent more on holiday than they did at home – for every seven days that people are away, they spend an additional £209.56 on average.
- Respondents said that their “normal” expenditure during a week at home was £167.18, which rose to £376.74 during a seven day holiday (excluding the cost of the holiday itself).
- Understandably, 77% of people said they spent more on eating out at restaurants whilst on holiday than they did normally. This was the same for leisure activities (68%) and visiting pubs, bars and clubs (58%).
- However, there were some areas in which people said they spent less while on holiday – for example, 43% said childcare was cheaper on vacation, with only 16% of people saying it was more expensive.

10. SPENDING

Research by Confused.com has revealed that consumers are being forced to spend increasing amounts on parking, which may be contributing to the decline of Britain's high streets.

- Confused.com say that 78% of Britons spend up to £150 per month when paying for parking, and collectively spend nearly £8 billion per year. They add that the most expensive car park in Britain is in the Knightsbridge area of London, where users are charged £36 to park for 3 hours.
- Confused.com say that on average, the cost of parking increased by 12.5% in the last year. This is significant, as 69% of Brits report that they intentionally avoid shopping in areas with high car parking prices.
- Confused.com argue that addressing the high cost of parking would help support the high-street, with 65% of respondents saying that more affordable parking would encourage them to return.

The latest Lloyds TSB Spending Power Report shows that the annual growth in discretionary spending power (after inflation) rose to 2.2% in August.

- This is the highest rate of growth recorded by the Report since it began in June 2010, and equates to almost £245 a year more to spend on non-essential items.
- Lloyds TSB say that the growth in discretionary spending power was particularly boosted by a rise in annual income growth in August. This stood at 4% before inflation, and remained positive at 1.9% even after inflation was applied.
- Meanwhile, the annual growth of essential spending remained steady at 3.2% which, combined with a sustained lower level of inflation, is helping to ease conditions for consumers at the moment.

Lloyds TSB have tracked spending patterns during the Olympic Games, and suggest that restaurants benefitted from the largest rise in spending.

- Compared to the same period last year, spending in restaurants increased by 11.5% on average. This was almost double the growth in spending on health products (6.6%) which recorded the second biggest annual rise.
- Food and drink saw the third biggest spending rise (6.0%), followed by electrical stores (4.8%). Overall, spending across the UK during the Olympic period rose 3.9% compared to the same time last year, with auto fuel the only area to record a fall (where spending declined 1.5%).
- Lloyds have also looked at trends in spending on Olympic tickets, saying that 63% were bought by men. Men spent an average of £295, compared to £228 by women. However, Lloyds suggest that the disparity may be because of the greater propensity for men to pay for family trips to the Olympics.

11. SAVING

RECENT HEADLINES

The latest NS&I Savings Survey suggests that there was an uplift in saving levels in August 2012, compared to the previous Survey conducted in May 2012.

- NS&I say that Britons were saving an average of 7.17% of their income per month in August (equivalent to £90 in real terms), compared to 7.08% in July (when savings reached their lowest level in over a year). They suggest that this increase is being driven by higher levels of savings amongst women and young people in their twenties and early thirties.
- NS&I reveal that savers in the 25-34 age range are saving significantly more than the national average, putting away an average of 8% of their income each month in August. This is a rise from 7.24% in the previous Survey, representing a real terms increase of £103.
- Meanwhile, women were saving 7.65% of their monthly earnings in August, compared to 6.82% for men. Women are now saving more than they were during the last Survey in May (7.36%), and in August last year (7.51%).

Separately, NS&I have also said that 16% of Britons (equivalent to 7.66 million people) think that they have investments and savings accounts which they have lost track of.

- Moreover, 40% of these people have not made any attempt to reunite themselves with their savings.
- If they were to be reunited with their money, 23% would use the funds to pay off bills or debts, while 9% would have to use them simply for day-to-day living costs.
- NS&I add that a lack of organisation and forgetfulness are often to blame for losing track of their finances, saying that of those who have lost touch with their savings: 28% misplaced their original accounts; 27% find it difficult to remember all the accounts they've opened; and 21% forgot to update their address when they moved and have lost track of their account as a result.

Halifax have also examined the differences in financial behaviour between men and women, and found that women are more likely to have a higher savings balance.

- Halifax say that on average, women have a savings balances of £7,981, which is 4% higher than men's average balance (£7,657).
- On a regional basis, the biggest differentials are in the South East (6%) and East Anglia (5%) – the only regions where men save more than women are Scotland (14%) and the North (1%).
- Halifax add that men are more likely to have no savings at all – this is the case for 37% of single men compared with 30% of single women.

NOTES

Credit Action's Debt Statistics are compiled on a monthly basis by John Davies. Email johndavies@creditation.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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