

## Debt Facts and Figures - Compiled September 2010

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### Total UK personal debt

The Office for Budget Responsibility (OBR) predicts that household debt will be £1,823bn by end 2015 which is a growth of £159m a day. This would take the average household debt to £72,341 per household.

UK banks and building societies wrote off £10.9bn of loans to individuals in the last 12 months to end Q2 2010. In Q2 2010 they wrote off £3.47bn (£2.14bn of that was credit card debt). This amounts to a write-off of £38.06m a day.

Total UK personal debt at the end of July 2010 stood at £1,456bn. The twelve-month growth remained at 0.8%. Individuals owe more than what the whole country produces in a year.

Total lending in July 2010 rose by £0.3bn; secured lending increased by £0.1bn in the month; consumer credit lending rose by £0.2bn (total lending in Jan 2008 grew by £8.4bn).

Total secured lending on dwellings at the end of July 2010 stood at £1,239bn. The twelve-month growth rate rose slightly to 1.0%.

Total consumer credit lending to individuals at the end of July 2010 was £217bn. The annual growth rate of consumer credit rose by 0.2% to 0.2%.

Average household debt in the UK is ~ £8,628 (excluding mortgages). This figure increases to £18,000 if the average is based on the number of households who actually have some form of unsecured loan.

Average household debt in the UK is ~ £57,789 (including mortgages).

If you add to this the March 2010 budget report figure for public sector net debt (PSND) expected in 2015-16 (excluding financial interventions) then this figure rises to £110,012 per household.

Average owed by every UK adult is ~ £29,918 (including mortgages). This is 126% of average earnings.

Average outstanding mortgage for the 11.4m households who currently have mortgages now stands at ~ £108,825.

Britain's interest repayments on personal debt were £66.9bn in the last 12 months. The average interest paid by each household on their total debt is approximately £2,656 each year. According to PwC the average household will need to spend approximately 15% of net income purely to service the interest payments arising from this debt.

Average consumer borrowing via credit cards, motor and retail finance deals, overdrafts and unsecured personal loans has risen to £4,467 per average UK adult at the end of July 2010.

### Striking numbers

**£38.06m**

daily write-offs of loans by banks & building societies

**1,666 people**

made redundant daily

**796,000**

unemployed for > 12 months

**9,000**

number of new debt problems dealt with by CAB each day

**£57,789**

average household debt (including mortgages)

**£183m**

personal interest paid in UK daily

**every 14 minutes**

a property is repossessed

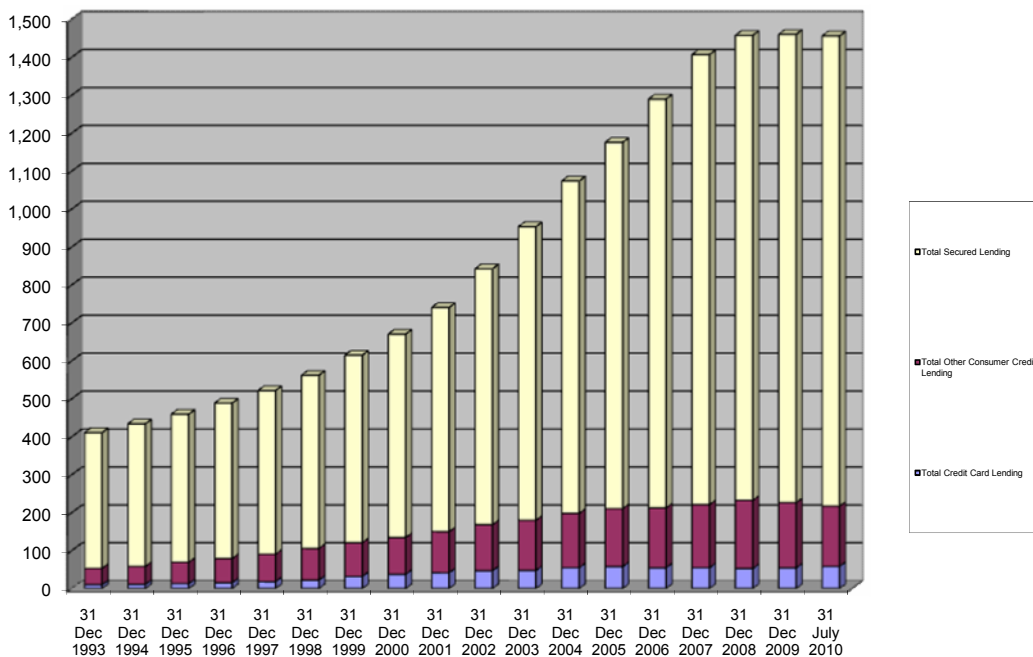
**every 3.78 minutes**

someone will be declared insolvent or bankrupt

**£351,500,000**

daily increase in Government national debt (PSDN)

## Total UK Personal Debt £bn



Statistical Sources - Unless otherwise indicated statistics in the "Total UK personal debt" section are calculated by Credit Action - primarily using the Bank of England's debt figures.

## Today in the UK:

- The average household debt will **decrease by - £0.19 today** (it grew by £11.11 a day in January 2008)
- **381 people everyday of the year** will be declared insolvent or bankrupt. This is equivalent to **1 person every 52 seconds during the working day.**
- 1,359 Consumer County Court Judgements (CCJs) were issued every day during Q2 2010 and the average judgement amount was £4,063.
- In the last 12 months consumers saved an average of £2.80 every day
- Citizen Advice Bureaus dealt with **9,000 new debt problems** every day in England and Wales
- The average cost of raising a child from birth to the age of 21 is £26 a day.
- **1,000 people are seeking some form of formal debt rescheduling every working day.**
- **230,137 unsolicited telephone calls** made to UK consumers daily by debt management and personal loan companies
- **103 properties were repossessed every day during Q2 2010**
- **362 people a day became unemployed for more than 12 months** during 3 months to end June 2010
- **1,666 people reported they had become redundant every day** during 3 months to end June 2010.
- £351,500,000 is the amount that the Government Public Sector net debt (PSDN) will grow today (**equivalent to £4,068 per second**).
- **£126,580,000** is the interest the Government has to pay each day on the UK's net debt of £927.4 bn. This is estimated to rise to £182m a day in 2015-16.
- 195 mortgage possession claims will be issued and 147 mortgage possession orders will be made today
- 363 landlord possession claims will be issued and 255 landlord possession orders will be made today.
- The UK population is projected to grow by 1,178 people a day over the next decade
- 23.0m plastic card purchase transactions will be made today with a total value of £1.101bn.
- 7.6m cash withdrawals will be made today with a total value of £492m
- The average car will cost £15.13 to run today

## Other key national statistics:

The UK economy has grown by 1.2% in the second quarter of 2010.

There were 5.9 million working age benefit claimants at February 2010. This is an increase of 115,000 in the year.

**UK base rate fell to a 315 year low when the official bank rate was reduced to 0.5% on 5<sup>th</sup> March 2009 and has been held at that level for 13 months in a row.**

There were 4,080 compulsory liquidations and creditors' voluntary liquidations in total in England and Wales in the second quarter of 2010 (on a seasonally adjusted basis). This was an increase of 0.5% on the previous quarter and a decrease of 19.1% on the same period a year ago. In the twelve months ending Q2 2010, **approximately 1 in 127 active companies (or 0.8%) went into liquidation**, which is a slight decrease from the previous quarter, when this figure stood at 1 in 120. Additionally, there were 1,311 other corporate insolvencies in Q2 2010 (not seasonally adjusted) comprising 302 receiverships, 777 administrations and 232 company voluntary arrangements. In total these represented a decrease of 14.3% on the same period a year ago.

In July 2010 the **public sector net debt (PSND) was £927.4 bn**, equivalent to **63.7%** of gross domestic product and **equivalent to ~ £36,802 per household**. **PSND has increased £128.3 bn in 12 months (equivalent to a growth of £4,068 per second or £5,091 per household)**. **Net borrowing for the month was £3.8 bn**. The interest paid on this debt by the Government in the year April 2010 to July 2010 was £15.4 bn which is equivalent to **~ £1,833 per household / annum**.

According to the **Coalition's June 2010 Budget report** the public sector net debt will peak at 70.3% of GDP in 2013-14, before declining to 67.4% of GDP in 2015-16. **The interest on this debt in 2015-16 is estimated at £66.5bn (equivalent to £182m a day)**.

The number of **unemployed people in the three months to June 2010 was 2.46 million (7.8%)**. **This is down 49,000** from the previous three months and up 23,000 (63 a day) over the year. **152,000 people (1,666 a day) reported they had become redundant** in the three months down 25,000 from the previous three months and down 116,000 from a year earlier.

**The number of people unemployed for more than 12 months increased by 33,000 (362 a day) over the quarter to reach 796,000**. The number of economically inactive people aged from 16 to 64 decreased by 49,000 over the quarter but increased by 172,000 over the year to reach 9.35 million in the three months to June 2010.

The claimant count in July 2010 was 1.46 million, down 3,800 on the previous month and down 120,400 on a year earlier. There is a gap of 1 million between the number of people who are currently unemployed and the number of people claiming Jobseeker's Allowance benefit.

The Office for Budget Responsibility (OBR) budget forecast for the number of general Government employees estimates a reduction from 5.53m in 2010/11 to 4.92m in 2015/16. They estimate that for the whole economy employment will rise from 28.89m to 30.23m.

In the year to July, the consumer prices index (CPI) rose by 3.1%, down from 3.2% in June. **The Retail Prices Index rose by 4.8% in July 2010 down from 5.0% in June**.

New car registrations fell 13.2% in July following 12 successive monthly rises.

UK retail sales values increased 0.5% on a like-for-like basis and increased 2.6% on a total basis, from July 2009.

**Servicing Debt:** The Insolvency Service said there were 34,743 individual insolvencies in England and Wales (**381 people a day or 1 every 3.78 minutes**) in Q2 2010 on a seasonally adjusted basis. This was a decrease of 2.6% on the previous quarter and an **increase of 5%** on the same period a year ago.

However, there remains something of a 'debt iceberg' with many more people in unrecorded Debt Management Plans which are not included in today's statistics. According to estimates by R3 this could amount to 500,000 people, more than double the number in formal insolvency procedures. Below them, under the waterline are another 574,000 who are struggling financially but have contacted their creditors informally. More worrying are another group further down comprising of 961,000 individuals who are struggling with debts but have not sought help. This group could find themselves in formal insolvency procedures unless they take swift action.

According to new figures published by R3, the insolvency trade body, over 2 million (2,329,500) holidaymakers have had to borrow on average more than £1000 (£1,130) and will spend seven months paying it back.

Citizens Advice Bureaux across England and Wales in the 3 months ending June 2010 advised 0.5 million clients about 1.7 million new problems. Debt is still the largest advice category with 562,000 new debt problems (32% of all problems - including mortgage and rent arrears, benefit overpayment debts). Citizens Advice Bureaux in England and Wales are currently dealing with **~ 9,000 new debt problems every working day**.

41% of UK consumers feel worse off now than they did this time last year according to research by comparison site Gocompare.com.

Mortgage lenders took 9,400 properties into possession in Q2 2010 down from 9,800 in Q1 2010 according to the Council of Mortgage Lenders. This equates to **103 properties being repossessed every day or 1 property being repossessed every 14 minutes**.

In terms of payment difficulties, 178,200 mortgages ended Q2 2010 with arrears equivalent to at least 2.5% of the outstanding mortgage balance. This was 5% lower than at the end of Q1 2010.

The CML now expects 175,000 mortgages to end the year 2.5% or more in arrears, compared with the previous forecast of 205,000. A total of 39,000 repossessions are now forecast for 2010 as a whole, compared with the previous forecast of 53,000.

The FSA estimate that at the end of Q1 2010 there were **361,800 loan accounts in reportable arrears (> 1.5% of current loan balance)**, a decrease of 4% from Q4 2009. At the end of Q1 2010, loans in arrears represented 3.23% of the value of the residential loan book.

The CCCS centre, which specialises in dealing with the personal finances of the self employed, has helped over 6,500 people this year. However, only 1,600 were in a position to enter into a debt management plan (DMP) and repay their debts as over half of callers had a deficit budget and therefore no money to start repaying their debts.

Finance & Leasing Association statistics show that consumers used 8% less credit in the 12 months to June than in the 12 month period to June 2009.

Despite the nation officially being out of recession, a study by Clydesdale and Yorkshire Banks has revealed that the ongoing financial effects of the recession are having a disruptive impact on family relationships. The Banks' research found that as well as over one million families arguing more, almost two million families say that they feel under severe strain on a daily basis due to money worries and financial pressures.

A survey of 372 CCCS clients found that debt problems have a negative impact on people's close relationships, their health and their ability to carry out their jobs. Alarmingly, 83% of those surveyed said that their debt problems had a very negative impact on their lives. 37% of respondents said that a debt problem had adversely affected their relationship with their partner, 22% said it had affected their relationship with their children and 46% said that it had a very negative impact on their health

*CCCS Debt Remedy*, the charity's online debt counselling tool, had 86,444 unique users in the first three months of 2010, which is over half the total number of users for the whole of 2009. Last year, 152,872 people used it for help with their debts, almost two-thirds more than in 2008.

Total household wealth in the UK has increased by over five times in "real" terms (i.e. after allowing for retail price inflation) over the past 50 years, Halifax research shows. There has been an increase from £1,251 bn in 1959 to an estimated £6,316 bn in 2009 in today's prices. Net housing equity is £2,519 bn and net financial assets (such as savings, pensions and shares) is £3,797 bn.

The Department for Business, Innovation and Skills estimate that in the UK, one person in ten is struggling to manage his or her debts.

uSwitch estimate that every month, **5.4m adults (11%) spend more than they earn, 13m (26%) just break even** and 26m (53%) have less than £100 left in their bank account when all else has been paid.

**Plastic card / Personal Loans:** uSwitch estimate that 14 million consumers now use credit cards for day to day spending.

Confused.com estimate that 26% of credit card holders have been charged at least once in the last year for missing a minimum payment (costing an average of £12 per time), 8.5% have been charged three or more times in the last 12 months and 1.2% have been charged ten or more times in the last 12 months - that's over £100 each in charges.

There were 143.7m debit, credit or charge cards in circulation in the UK at the end of 2009 according to the UK Payments Council. **An average 266 plastic card purchases were made in the UK every second** during Q1 2010 using debit and credit cards (equal to £12,747 /second). 88 cash withdrawals were made every second (equal to £5,695 / second) from UK's 62,678 cash machines during Q1 2010.

There are **more credit cards in the UK than people** according to the UK Payments Council. At the end of 2009 there were 64.4m credit and charge cards in the UK compared with around 62m people in the country.

Total credit card debt in July 2010 was **£58.4bn**.

The average interest rate on credit card lending is currently **18.43%, which is ~ 18% above base rate (0.5%)**.

According to the BBA the proportion of balances bearing interest is 70%.

**Young people - the IPOD generation:** The average student starting university in 2010 is expected to graduate with £24,702 of debt.

The unemployment rate for 18 to 24 year olds increased 5,000 (0.7%) in the last 12 months to reach 724,000. **This means that 17.5% of all 18 to 24 year olds are unemployed.** 324,000 (45%) have been unemployed for > 6 months.

The proportion of 18-24 year olds not in education, employment or training (NEET) at the end Q2 2010 was 776,000 (16.3%). The proportion of 16-18 year NEETs stood at 198,000 (10.2%) at the end of Q2 2010. **The total of 16 – 24 classed as NEETS now stands at 874,000.**

The Association of Investment Companies (AIC) estimates £21,198 is the average amount of debt of 2011 graduate. They also say that 55% of students are worried they will not find a job on graduation and that 49% of students think it will take over a decade to repay their student debt.

Generational attitudes indicate more young people heading for debt disaster than older peers. Research from R3 shows among those struggling with debt, over a third (36%) of the 18-24 year olds surveyed have not contacted anyone for help as it is 'easier not to think about it' compared to just 9% of 55-64 year olds. 30% of 18-24 year olds cite they 'don't know where to go' as the reason for not contacting anyone for help. Moreover, across all age groups, 44% of those struggling with debts mistakenly believe that debt advice must be paid for.

Engage Mutual research shows that 68% give their children pocket money and that most British parents haven't reduced the amount they give, despite the credit crunch. Only 7% stated they are giving less than last year. On average mums and dads give £4.08 a week pocket money.

Children are becoming increasingly interested in their own finances and money management arrangements, according to research from Halifax. This increased awareness in financial matters has led children to believe that they should be responsible for their own money and financial arrangements at 13 years of age. 69% of children would like to receive financial education and advice from their parents at home, followed by 18% from teachers at school.

**Pensioners / Pensions:** The Money Sickness Syndrome report published by AXA shows that some nine million pensioners in the UK are enduring the harsh effects of financial worries in their later years as they face symptoms of finance-related stress including anxiety (43%), lack of concentration (22%), insomnia (24%) and feeling depressed (21%).

The number of people aged 50+ out of work is 391,000, which is a decrease of 0.4% over the last quarter and an increase of 5% (19,000) over last year. The number of people over 65 in work continues to rise – with an increase of 40,000 in the three months to the end of June to 823,000, a rise of 95,000 (13.1%) over the previous year.

The number of older workers trapped in long-term unemployment has hit a ten-year high after soaring 50% in the last year alone. Two in five 50-plus unemployed workers (43.3%) - a total of 169,000 people - have been out of work for over a year. 72,000 have been unemployed for more than 2 years

At February 2010, there were 12.7m people of state pension age claiming a DWP benefit, an increase of 256,000 since February 2009. Of these, 67% were claiming State Pension (SP) only.

**More than a third of equity release customers have used the extra cash to help clear their debts**, whilst almost half have put it towards essential house maintenance, according to research by Age UK.

The annual Scottish Widows UK Pensions Report reveals that pension savings have seen a dramatic drop since last year and are at the lowest level since 2006. Those saving adequately have decreased by 6% since last year down to 48% and a fifth (21%) of people who could and should be saving nothing at all.

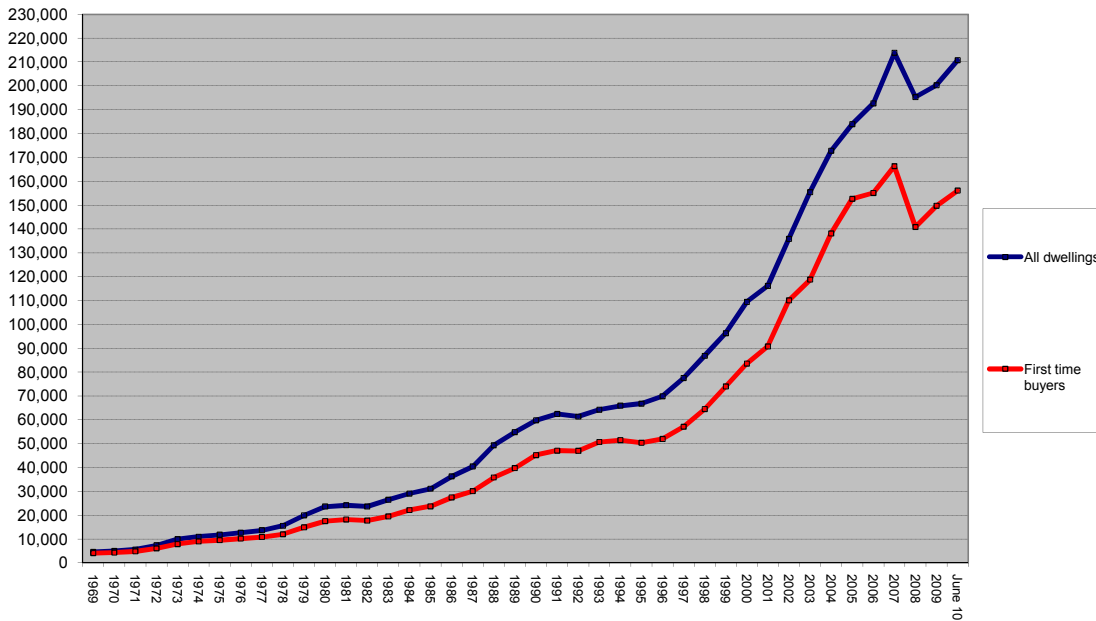
More than 33 million (68% of UK adults) intend to work beyond their current standard retirement age, according to Aviva's latest Real Retirement Report.

**There are 8.6m pensioner units in the UK** (single pensioners over state pension age or pensioner couples, married or cohabiting pensioners, where one or more are over state pension age). Pensioner units on average received £406 a week in gross income in 2008-09 compared with a gross income of £644 for the working age benefit units.

**There are currently 398,000 elderly people in residential care.** In the UK the average annual fee for a single room in a private residential home is £24,492, and for a nursing home it is £35,100.

**Housing:** According to the Department for Communities and Local Government (DCLG) the average house price in the UK in June 2010 now stands at **£210,775** (£217,911 in England). UK annual house price inflation increased by 9.9%. **Annual house price inflation in London increased by 14.8%.**

## UK Average House Prices £



The average Mortgage Interest rate is 3.63%.

**The cost of owning and running a home in the UK has declined by 6% over the past two years**, according to research by Halifax. Between April 2008 and April 2010, the average annual cost associated with owning and running a home fell by £544 from £9,564 to £9,020. In real terms (i.e. after allowing for retail price inflation), the cost of housing has fallen by 9%. Housing costs in the UK are now equivalent to 27% of gross average full-time earnings, down from 30% in 2008. Regionally, London (£11,762) and the South East (£10,457) have the highest average annual costs of owning and running a home. Housing costs are lowest in Northern Ireland (£7,331).

Gross mortgage lending totalled an estimated £13.6 billion in July, a 5% increase from £12.9 billion in June but down 3% from £14 billion in July 2009, according to new data from the Council of Mortgage Lenders.

Halifax said house prices increased by 0.6% in July. House prices in July were 4.9% higher on an annual basis as measured by the average for the latest three months against the same period a year earlier.

More surveyors reported a fall than a rise in house prices for the first time since July 2009 as demand from purchasers slipped back and the number of properties coming to the market continued to increase according to The Royal Institution of Chartered Surveyors (RICS). There were an average of 16.6 completed sales per surveyor during the last 3 months which is a decrease of - 0.1%.

Rightmove said newly marketed property was down by over £4,091 (1.7%) as over-supply coincides with holidaying buyers. Available stock per agent rises for sixth consecutive month; the highest August for fresh property for three years — 29,220 a week compared with 20,675 last year (+41.3%)

According to the NAEA the number of house-hunters registered per branch increased on average from 279 in June to 292 in July and the average number of properties available for sale per branch increased from 59 in June to 68 in July.

House purchase mortgage approval numbers in July were 33,698. The average loan approved for house purchase in July was **£148,500 which is 4.6% higher than a year ago**.

Existing home sales across the United States (including single-family, townhomes, condominiums and co-ops) decreased 27.2% over last month and fell 25.5% year on year in July 2010. The **average price increased 0.7% year on year** to \$182,600. RealtyTrac® said there were a total of 325,229 foreclosure filings — default notices, auction sale notices and bank repossessions — were reported on U.S. properties in July 2010, a 4% increase in total properties from last month and a 10% decrease in total properties from July 2009. The report also shows that one in 397 of all U.S. housing units received at least one foreclosure filing in July 2010.

**Housing First Time Buyers (FTB) & Buy-to-let:** The average house price in the UK in June 2010 for first time buyers now stands at **£156,103** which is an **annual increase of 10.3%**.

As at the end of June, there were 1.26 million buy-to-let mortgages outstanding, worth a total of £149 bn. By value, buy-to-let mortgages accounted for 12% of all mortgages, the highest proportion since records began.

There were 52,200 loans (worth £6.2 billion) to first-time buyers from April to June, up from 43,400 (worth £5 billion) from January to March, according to data from the Council of Mortgage Lenders.

The typical first-time buyer deposit in June was **24% (£39,067)**. The average first-time buyer borrowed 3.28 times their income and the average first-time buyer loan was £123,711.

The lettings market remains buoyant, as increased tenant demand and a shortage of properties pushes rents higher, according to the latest RICS Residential Lettings Survey.

**A fifth of private-residential landlords (21%) have had tenants in rent arrears over the last three months**, according to research published by the National Landlords Association (NLA). The average amount of outstanding rent arrears is £799.

The dearth in available rental properties is worsening, according to research from the Association of Residential Lettings Agents (ARLA). 70% of ARLA member offices say that there are more tenants than available properties.

**Money Education:** AXA estimate the number of adults afflicted by Money Sickness Syndrome has doubled since 2006. **87% of people have suffered from financial stress. More than one in 10 suffers from financial stress all the time**, over a quarter frequently and one third sometimes. Over the past 12 months 63% of adults have felt their financial stress increase. The hardest hit were those in junior managerial and supervisory jobs, with 66% complaining of rising stress levels over money in the last year. However, one in five (21%) of high-level managers and professionals complained of suffering constant money-related stress.

Aviva's Feel-Good Insight Study, produced in conjunction with a leading psychologist at City University, London, indicates a **strong link between financial behaviour and self esteem - but proves money doesn't buy happiness**. In short, those with sensible financial plans in place are happier overall and have a stronger sense of "financial wellbeing", regardless of their salary.

Research by NatWest's 2010 MoneySense Research Panel reveals that the recession has had a profound, and encouraging, impact on the attitudes, beliefs and behaviours of British teenagers around money. It shows that, compared to 12 months ago, they are now significantly more considered now in how they plan, budget, spend and save. As many as 67% of young people surveyed thought their money management skills had improved from last year.

In a disturbing reflection of attitudes towards planning and financial literacy in the UK, **more than a quarter of Brits are relying on winning the Lottery to help improve their financial situation**. This is compared to just one in 20 who will seek professional help to improve their finances, according to a YouGov survey commissioned for Financial Planning Week 2009. The survey also found that:

- More than half of Brits said they were struggling to some degree to keep up with bills and credit commitments at the moment. However, on a positive note, only five per cent were actually falling behind.
- 43% of people often or sometimes struggle to make it to the next payday.
- **Only a quarter of people (26%) have a budget they follow regularly**
- Only 31% have made a Will, with 49% of those without one saying it's because they've just not got round to doing it yet

**Spending:** uSwitch estimate that 4 m British women are in the grips of shopaholicism, resulting in unsecured debts of £13 bn. Shopaholics have an average personal shopping debt of £3,353 - nearly three times the national average of £1,147. 74% use a combination of credit cards, storecards, overdrafts and loans to feed their addiction and 41% will ignore their overdraft limit to purchase a 'must have' item.

PayPal estimate that one in every £10 will be spent online by 2012

According to Defra **17% of all the food purchases that could have been eaten were wasted in 2008**.

Brits fork out more than £18,500 a year on bills according to Confused.com. Each month, the average household parts with £1,541.91 on utility bills, rent or mortgage payments, the weekly shop and other bills. That's a total of £18,502.86 a year or £962,148.72 between the ages of 18 and 70. The study revealed that the cost of living has risen by £642.12 in the past 12 months, from £17,860.74 last year.

Research by Santander Cards reveals that the bride and groom aren't the only ones splashing out on the big day, with the average guest spending an astonishing £380 in the run up to and during the day, equating to a national spend of £10.45 billion.

Figures from moneysupermarket.com show that Britons use an average of 2.4 million discount vouchers for goods and services every day - an increase of 25% on last year.

The annual survey from insurance and investment group LV= on the Cost of a Child, now in its seventh year, shows that, for the first time, parents are likely to have to shell out more than £201,000 on raising a child from birth to the age of 21. This equates to £9,610 a year, £800 a month or £26 a day.

**The average new family car now costs £5,523 annually to keep on the road, equating to £106 per week or 46p per mile.**

Weddingplan estimates that couples looking to get married in 2009 can expect to pay a huge £21,089 on their big day.

**Savings:** 50% of the British population are now committed to a monthly saving habit. **Britons are saving more of their monthly income than at any other time over the past two years.** The latest NS&I Savings Survey shows that although the economic environment remains challenging, the proportion of income that people are setting aside (6.90%) has returned to levels not seen since before the start of the economic downturn. Britons are now saving £85.21 each month, up from £81.94 last quarter. Take-home income has continued to decline, falling to £1,235.00 from £1,310.10 last quarter, suggesting that savings have become more of a priority

56% of Brits who responded to a poll by moneysupermarket.com revealed that they have dipped into their savings accounts when they hadn't planned to.

Research from Aviva estimates that without further borrowing, the average British household could get their hands on only £914 of disposable cash, less than two weeks of the average weekly household expenditure of £471. One in four (24%) of British households say they could only access £100 without further borrowing.

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