



## **DEBT STATISTICS**

**SEPTEMBER 2013 EDITION**

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Welcome to the September 2013 edition of Credit Action’s monthly Debt Statistics. The Debt Statistics provide a detailed overview of the level of debt in the UK as well as a range of other figures related to money, finance and the economy. We hope that you find them useful.

**We have omitted the Recent Headlines sections this month – if you miss them, please let us know ([office@creditaction.org.uk](mailto:office@creditaction.org.uk)) and they may return!**

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 we report *Key Statistics*. The *Key Statistics* are updated regularly when the latest data becomes available.

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STRIKING NUMBERS
<b>£54,110</b> was the average household debt (including mortgages) in July
<b>£164m</b> was the daily amount of interest paid on personal debt in July
<b>7,824</b> debt problems were dealt with by the CAB each working day over the year to March
<b>1,348</b> people were made redundant every day between April and June
<b>909,000</b> people had been unemployed for over a year between April and June
<b>£7.61m</b> of loans are written-off daily by UK Banks and Building Societies (based on Q2 2013 trends)
<b>Every 17 min 4 sec</b> a property is repossessed (based on Q2 2013 trends)
<b>Every 5 min 7 sec</b> someone is declared insolvent or bankrupt (based on Q2 2013 trends)
<b>£1.432 billion</b> was the daily value of all purchases made using plastic cards in June

# 1. UK PERSONAL DEBT

## TOTAL UK PERSONAL DEBT

Outstanding personal debt stood at **£1.426 trillion** at the end of July 2013.

- This is up from £1.421 trillion at the end of July 2012.

Outstanding secured (mortgage) lending stood at **£1.268 trillion** at the end of July 2013.

- This is up from £1.264 trillion at the end of July 2012.

Outstanding unsecured (consumer credit) lending stood at **£158.3 billion** at the end of July 2013.

- This is up from £157.3 billion at the end of July 2012.

## AVERAGE UK PERSONAL DEBT

Average household debt in the UK (excluding mortgages) was **£6,005** in July.

- This is up from a revised **£5,931** in June.

Average household debt in the UK (including mortgages) was **£54,110** in July.

- This is up from a revised **£54,014** in June.

The average amount owed per UK adult (including mortgages) was **£28,614** in July. This is up from a revised **£28,563** in June and was around **116%** of average earnings.

Average consumer borrowing (including credit cards, motor and retail finance deals, overdrafts and unsecured loans) per UK adult was **£3,176** in July. This is up from a revised **£3,136** in June.

The estimated average outstanding mortgage for the 11.3m households that carry mortgage debt stood at **£112,604** in July.

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

- This is equivalent to **£164 million** per day.
- This means that UK households would have paid an average of **£2,272** in annual interest repayments.

# 1. UK PERSONAL DEBT

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

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

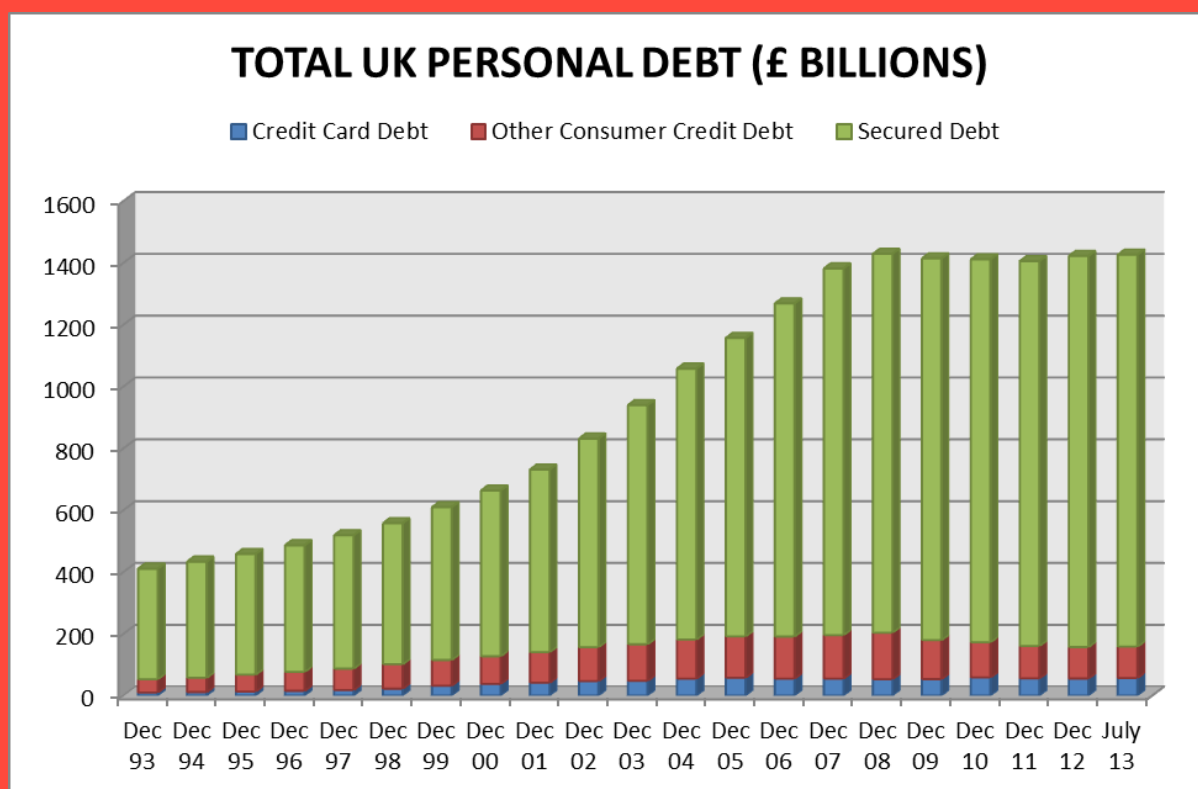
## NET LENDING AND WRITE-OFFS

Total net lending to individuals by UK Banks and Building Societies **rose by £1.3 billion** in July 2013.

- Net secured lending rose by £0.7 billion in the month; net consumer credit lending rose by £0.6 billion.

UK Banks and Building Societies **wrote-off £3.67 billion** of loans to individuals over the four quarters to Q2 2013.

- In Q2 2013 itself they wrote-off £694 million (of which £371 million was credit card debt) amounting to a daily write-off of **£7.61m**.



Based on Bank of England Data

## 2. EVERY DAY IN THE UK

Based on the latest available data, Credit Action estimates that:

- **282** people are declared insolvent or bankrupt every day (based on Q2 2013 trends). This is equivalent to one person **every 5 minutes 7 seconds**.
- **1,317** Consumer County Court Judgements (CCJs) are issued every day (based on Q2 2013 trends). The average value of a Consumer CCJ in Q2 2013 was **£2,766**.
- Citizens Advice Bureaux in England and Wales dealt with **7,824** new debt problems every *working day* during the year ending March 2013.
- It costs an average of **£29.02** per day to raise a child from birth to the age of 21.
- **84** properties are repossessed every day (based on Q2 2013 trends).
- An additional **77** people a day became unemployed for over 12 months during the year ending June 2013.
- **1,348** people a day reported they had become redundant between April and June 2013.
- Public Sector Net Borrowing (excluding financial interventions) was **£62 million** in July 2013, meaning that the Government borrowed an average of **£2m** per day during the month (equivalent to **£23** per second).
- **141** mortgage possession claims are issued and **113** mortgage possession orders are made every day
- **431** landlord possession claims are issued and **319** landlord possession orders are made every day.
- The UK population grew by **1,123** people a day between 2001 and 2011.
- **29.3m** plastic card purchase transactions were made every day in June 2013 with a total value of **£1.432 billion**.
- **8.93m** cash machine transactions were made every day in July with a total value of **£360m**.
- A new car in the £13,000 - £18,000 price bracket travelling 10,000 miles per year costs **£16.23** per day to run.
- It cost **£68.75** to fill a 50 litre tank with unleaded petrol in July.

## 3. NATIONAL STATISTICS

### ECONOMY

The UK economy **grew by 0.7%** in the second quarter of 2013, according to latest estimates from the Office of National Statistics.

The Bank of England Base Rate is currently set at **0.5%** (since being established in 1694, the Rate has never been lower). It was reduced to this level on 5<sup>th</sup> March 2009, and has been held there for 53 months.

There were **5.7 million** working age benefit claimants at February 2013. This is a decrease of 186,000 in the year.

### UNEMPLOYMENT

The number of unemployed people in the three months between April and June 2013 was **2.51 million** (7.8%). This is down by 4,000 from the previous three months, and down by 49,000 from a year earlier.

- **123,000** people (**1,348 a day**) reported they had become redundant over the three months. This is down by 17,000 from the previous three months, and down by 28,000 from a year earlier.
- **909,000** people had been unemployed for over 12 months between April and June, up 7,000 from the previous three months, and up 28,000 (**77 a day**) from a year earlier.
- The number of economically inactive people aged between 16 and 64 fell by 10,000 over the three months, and fell by 105,000 over the year, to reach **8.99 million** in the three months to June 2013.

Public sector employment fell by **22,000** in the first quarter of 2013 to reach **5.697 million** overall.

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

## 3. NATIONAL STATISTICS

### PUBLIC SECTOR NET DEBT

In July 2013, public sector net debt (PSND) *excluding* financial interventions was **£1193.4bn**, equivalent to 74.5% of GDP. This compares to £1111.9bn (71.1% of GDP) at the end of July 2012.

Meanwhile, public sector net debt *including* financial interventions was **£2164.4bn**, equivalent to 135.1% of GDP. This compares to £2132.3bn (136.3% of GDP) as at the end of July 2012.

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

According to the March 2013 Budget, public sector net debt is forecast to peak at **85.6% of GDP** in 2016-17, before falling to 84.8% of GDP in 2017-18.

### CORPORATE INSOLVENCIES

Figures from the Insolvency Service show that there were **3,978** compulsory liquidations and creditors' voluntary liquidations in England and Wales in the second quarter of 2013 (on a seasonally adjusted basis).

- This was an increase of 10.5% on the previous quarter, and but down 2.1% on the same period a year ago.

In the twelve months ending Q2 2013, approximately **1 in 166** active companies (0.6% of all active registered companies) went into liquidation.

- This is down from 1 in 164 in the previous quarter.

Additionally, there were **974** other corporate insolvencies in Q2 2013 (not seasonally adjusted), comprising 192 receiverships, 622 administrations and 160 company voluntary arrangements.

- In total these have decreased 25.6% on the same period a year ago.

## 3. NATIONAL STATISTICS

### INFLATION AND RETAIL ACTIVITY

CPI (Consumer Prices Index) annual inflation stood at **2.8%** in July, down from 2.9% in June.

RPI (Retail Prices Index) annual inflation stood at **3.1%** in July. This is down from 3.3% in June.

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

There were 162,228 new car registrations in July, according to the Society for Motor Manufacturers and Traders.

- This is an increase of 12.7% compared to July 2012.



## 4. SERVICING DEBT

### KEY STATISTICS

Citizens Advice Bureaux across England and Wales dealt with **0.60 million** new enquiries in the three months between January and March 2013.

- Debt was the second largest advice category (behind Benefits) with 489,448 enquiries. This is a 16% decrease on the same period last year. Debt enquiries represented 30% of all problems dealt with between January and March 2013.
- Based on *annual* figures to the end of March 2013, Citizens Advice Bureaux in England and Wales are dealing with **7,824** debt problems every *working day*.
- CAB site the loss of specialist advice capacity and falling consumer credit debts for the reduction in debt advice cases.

According to the Council of Mortgage Lenders (CML), **7,700** properties were taken into possession in Q2 2013 (this is down from 8,000 in Q1 2013 and represents 0.07% of all outstanding mortgages).

- This equates to **84** properties being repossessed every day, or one property being repossessed **every 17 minutes 4 seconds**.
- In terms of payment difficulties, **157,700** mortgages ended Q2 2013 with arrears equivalent to at least 2.5% of the outstanding mortgage balance.
- CML's most recent forecast for 2013 anticipates that there will be a total of 35,000 repossessions in the year, with 160,000 mortgages in arrears of 2.5% or more by the end of 2013.

The Financial Conduct Authority estimates that at the end of Q1 2013 there were **296,363** mortgage loan accounts in reportable arrears (i.e. arrears of over 1.5% of current loan balance), a drop of less than 0.5% from the previous quarter, and a fall of 2.2% compared to the start of 2012 (when there were 302,976 accounts in reportable arrears).

- At the end of Q1 2013, loans in arrears represented **2.39%** of the value of the residential loan book.

The Insolvency Service said there were **25,717** individual insolvencies in England and Wales in Q2 2013. This is equivalent to **282** people a day or, one person **every 5 minutes 7 seconds**.

- This was a rise of **2.8%** on the previous quarter and a fall of **6.1%** on the same period a year ago.
- This was made up of 6,469 bankruptcies (down 20.1% compared to Q2 2012), 7,132 Debt Relief Orders (down 10.4% compared to Q2 2012) and 12,116 Individual Voluntary Arrangements (up 6.8% compared to Q2 2012).
- The number of Debt Relief Orders was higher than total bankruptcies for the fourth consecutive quarter, while Bankruptcy Orders have been lower than Individual Voluntary Arrangements for the last nine quarters.

## 5. PLASTIC CARDS AND PERSONAL LOANS

### KEY STATISTICS

During June 2013 an average of **340** purchases were made in the UK every second using debit and credit cards, based on figures from the UK Cards Association.

- An average of **£16,578** was spent every second using debit and credit cards.
- On a daily basis, purchases using plastic cards were worth **£1.432 billion** during June.

Meanwhile, data from LINK shows that, on average, **103** cash machine transactions (including balance enquiries and rejected transactions) were made every second in July 2013.

- In total, cash machine transactions were worth an average of **£4,169** per second in July.
- 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 July 2013 was **£57.2bn**.

- The average interest rate on credit card lending was **17.32%** in July. This is **16.82%** above the Bank of England Base Rate (0.5%).
- British Bankers Association figures show that 62.5% of credit card balances are bearing interest.

## 6. YOUNG PEOPLE

### KEY STATISTICS

**778,000** economically active 18-24 year olds were unemployed between April and June 2013. This was up by 9,000 (1.2%) compared to the previous three months.

- This meant that **19.2%** of all economically active 18-24 year olds were unemployed between April and June.
- **377,000** (48.5%) had been unemployed for over 6 months.
- **250,000** had been unemployed for over 12 months. This is a rise of 5,000 (2.1%) over the previous 3 months, and a rise of 14,000 (5.9%) from a year earlier.

The number of 18-24 year olds not in education, employment or training (NEET) in England at the end Q2 2013 was **852,000** (17.8%).

- The number of 16-18 year olds classed as NEET stood at **168,000** (9.1%) at the end of Q2 2013.
- The overall number of 16-24 year olds NEETs was **935,000** (15.5%).

## 7. OLDER GENERATIONS AND PENSIONS

### KEY STATISTICS

**425,000** people aged over 50 were unemployed between April and June 2013. This is up 19,000 (4.7%) from the previous three months, and up 22,000 (5.3%) from a year earlier.

- **45.7%** of unemployed workers aged over 50 - a total of **194,000** people - have been out of work for over a year. 117,000 have been unemployed for more than two years.
- **1,010,000** people aged over 65 were *in work* between April and June, which is up 30,000 (3.0%) from the previous three months, and up 78,000 (8.4%) from the previous year.

At February 2013, there were 12.8m claimants of State Pension (SP), a rise of 122,000 on the year.

## 8. HOUSING MARKET

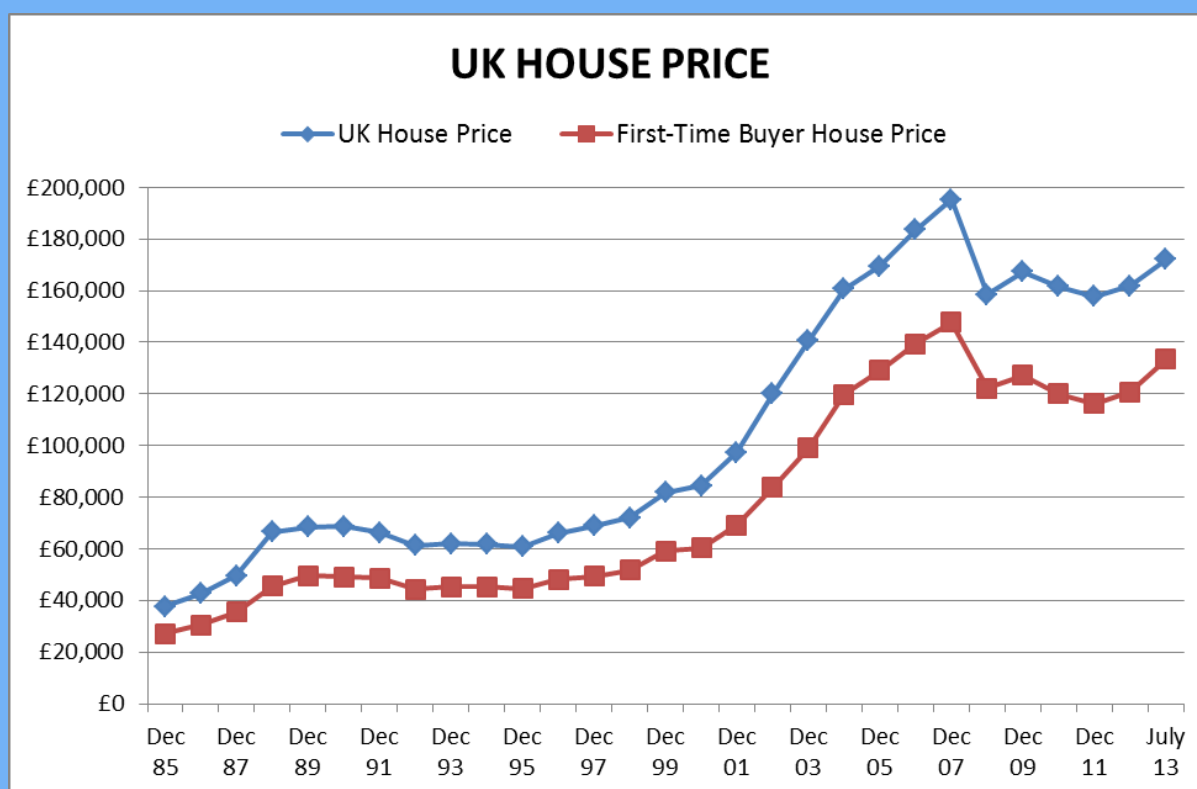
### KEY STATISTICS

According to the Office of National Statistics the average house price in the UK in June 2013 stood at **£242,000** (£251,000 in England).

- Average UK house prices increased by 0.4% over the month to June 2013, compared with an increase of 0.3% in June 2012 (seasonally adjusted).
- Over the year to June 2013, UK house prices **increased by 3.1%**.
- Average house prices in London **increased by 8.1%** in the year to June 2013.

Nationwide estimate that house prices rose 0.6% during August 2013, and rose 3.5% compared to August 2012.

Halifax said that house prices rose by £1552 in July 2013. This is a monthly rise of 0.9%. Prices rose 2.1% over the quarter and rose 4.6% over the year.



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

## 8. HOUSING MARKET

The average Mortgage Interest rate was 3.33% at the end of July.

According to the Council of Mortgage Lenders, gross mortgage lending in July totalled an estimated £16.6 billion. This is a rise of 12% compared to June's gross lending total (£14.8 billion) and a rise of 29% from July 2012 (£12.9 billion).

- This is the highest monthly estimate for gross mortgage lending since October 2008 (£18.6 billion).

The July RICS Residential Market Survey reports a continuing improvement in market sentiment, with new buyer enquiries rising to 53.

- House price expectations amongst surveyors continue to improve, with an average rise of 2% predicted during the next 12 months. Over the next 5 years prices are now expected to rise by 4% a year, at the start of 2013 these figures were 0.6% and 3.4% respectively.

Hometrack's monthly survey of agents and surveyors showed that demand for housing rose 1.1% in August, compared to a fall in August during each of the last 3 years.

- The supply of homes for sale increased by 0.8% in August, following a 2.4% increase in July.
- House prices grew by 0.4% in August, up on the rise of 0.3% in July.
- The strongest market conditions are in London and the South East where there is the greatest mis-match between supply and demand.
- Hometrack say that the average time on the market has fallen to 8.1 weeks – the lowest for 6 years.

## 8. HOUSING MARKET

Rightmove said new seller asking prices fell by 1.8% in August, standing at an average of £249,199. Prices rose 5.5% compared to August 2012, with the greatest annual rise being 10.2% in the Greater London area.

There were 37,200 loans for house purchase approvals in July, according to the British Bankers Association (BBA), this is 31% higher than July 2012. The average loan approved for house purchase fell to £158,400.

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 6.5% during the month of July.

- The average price increased 13.7% year on year to \$213,500. This marks 17 consecutive months of year-over-year increases which last occurred from January 2005 to May 2006.
- Meanwhile, RealtyTrac® said that a total of 130,888 foreclosure filings — default notices, auction sale notices and bank repossessions — were reported on U.S. properties in July 2013. This is a 2% increase from the previous month and a 32% decrease from July 2012.

## 8. HOUSING MARKET

### FIRST-TIME BUYERS AND BUY TO LET

The Office of National Statistics say that the average house price for first time buyers was **£182,000** in June 2013, which is an annual increase of 3.9%.

The typical first-time buyer deposit in June 2013 was **20% (around £34,585)**. The average first-time buyer borrowed 3.33 times their income and the average first-time buyer loan was an estimated **£138,340**.

The Council of Mortgage Lenders say that 40,000 buy-to-let mortgages were advanced in Q2 2013, worth a total of £5.1bn (this compares with £4.2bn in the previous quarter). BY the end of Q2 2013, there were 1.48m buy-to-let mortgages in the UK, accounting for around 13.3% of the total estimated stock.

According to the July 2013 RICS Residential Market Survey, both tenant demand and new landlord instructions are increasing with the former outstripping the latter. This has pushed rent expectations higher, however there are signs of resistance to rent increases and only 13% of respondents expect rents to rise over the next 3 months.



## 9. SPENDING

### KEY STATISTICS

The AA calculate that in August 2013 the average price of unleaded petrol rose by 1.7ppl (pence per litre) to 137.5ppl.

- This meant it cost **£68.75** to fill a 50 litre unleaded tank.
- The average price of diesel rose by 1.7ppl to 141.9ppl.
- The UK had the ninth highest petrol price and the third highest diesel price in Europe.

According to the AA, it costs **59.25** pence per mile to run a car. This is based on buying a new petrol car in the £13,000 - £18,000 price bracket, replacing it after 4 years and averaging 10,000 miles per year.

- Do 30,000 miles per year in a car that cost less than £13,000 and the cost falls to 31.47ppm
- Do 5,000 miles per year and spend £25,000 - £32,000 on the vehicle and the cost soars to 155.14ppm.

An annual report by LV has calculated that the cost of raising a child to their 21<sup>st</sup> birthday now stands at a record **£222,458**. This is up 2.0% compared to last year, and has increased 58.4% since the study first began in 2003.

- Education and childcare represent the biggest areas of expenditure, costing parents £72,832 and £63,738 respectively over the course of their children's childhoods.
- The cost of education (including uniforms, after-school clubs and university costs) increased 123.5% since 2003, while the cost of childcare has risen by 60.9%.
- LV predict that the cost of raising a child to 21 will reach £350,000 by 2023.

# NOTES

Credit Action's Debt Statistics are compiled on a monthly basis by Liz Dunscombe. Email [lizdunscombe@creditaction.org.uk](mailto:lizdunscombe@creditaction.org.uk) for information and enquiries.

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

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