Debt Facts and Figures - Compiled 2nd March 2009

Total UK personal debt

Total UK personal debt at the end of January 2009 stood at **£1,457bn**. This has slowed further to 3.1% in the last 12 months which equates to an increase of ~ £42bn *(the increase was ~£116bn in January 2008).*

Total secured lending on dwellings at the end of January 2009 stood at **£1,225bn**. This has slowed further by 0.6% to 2.8% in the last 12 months.

Total consumer credit lending to individuals at the end of January 2009 was **£233bn**. This has continued to slow to 4.6% in the last 12 months.

Total lending in January 2009 grew by £1.1bn; secured lending grew by £1.9bn in the month**;** consumer credit lending grew by £0.3bn (*Total lending in January 2008 grew by £8.4bn).*

Average household debt in the UK is ~ **£9,550** (excluding mortgages). This figure increases to **£21,750** 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 ~ **£59,730** (including mortgages).
Average owed by every UK adult is ~ £30,450 (including mortgages).
Average outstanding mortgage for the 11.7m households who currently have mortgages now stands at **~ £104,300.**

Striking numbers

1 in 33 people in work estimated to become unemployed in 2009

£59,730
average household debt (including mortgages)

£209m
interest paid in UK daily

every 10 minutes
a property is repossessed

2,831 people
made redundant every day

1 person every 4.5 minutes
declared bankrupt or insolvent

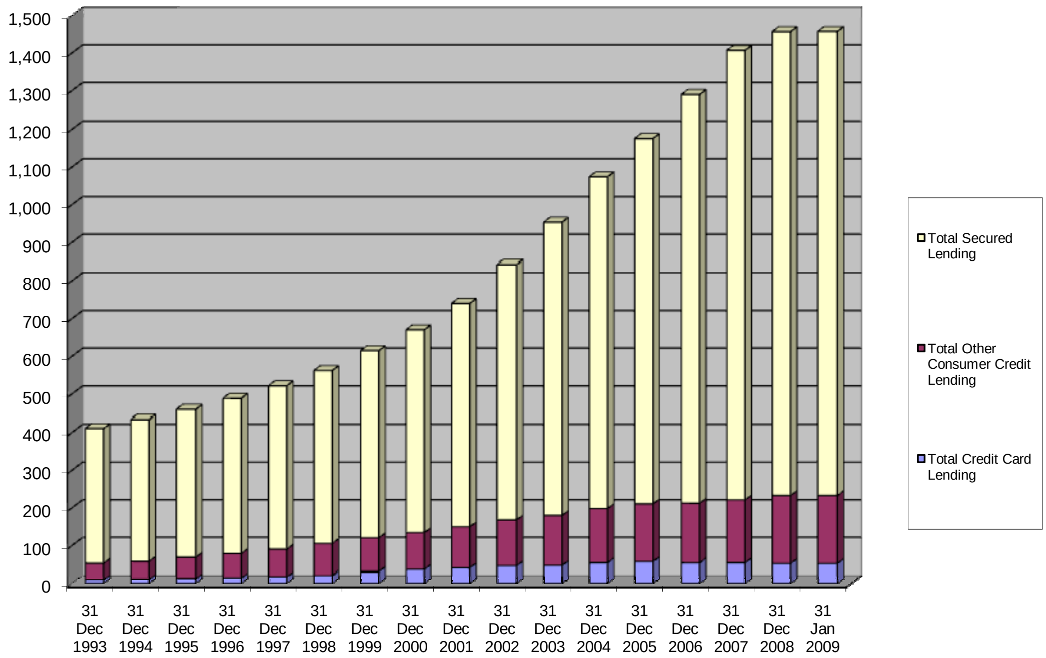
£91m interest
daily amount the Government pays of our national debt

Britain's interest **repayments on personal debt were £76.2bn** in the last 12months. The average interest paid by each household on their total debt is approximately **£3,124** each year.

Average consumer borrowing via credit cards, motor and retail finance deals, overdrafts and unsecured personal loans has risen to **£4,870** per average UK adult at the end of January 2009.

During January 2009 Britain's personal debt increased by **~ £1 million every 40.6 minutes**. In January 2008 Britain's personal debt increased by **~ £1 million every 5.3 minutes**.

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 increase by £1.45 today (a decrease from £11.11 a day in January 2008)
- **323 people today** will be declared insolvent or bankrupt. R3 estimate this will increase to **435 people a day throughout 2009** or **1 person becoming bankrupt or entering into an Individual Voluntary Arrangement (IVA) every 3.3 minutes.**
- In 2008 consumers saved an average of £5.15 every day
- 2,430 Consumer County Court Judgements (CCJs) will be issued
- **144 properties were repossessed every day during the last 3 months** to end September 2008. The Council of Mortgage lenders estimates this will increase to approximately **205 a day throughout 2009**.
- **Unemployment increased by 1,600 people every day** during 3 months to end December 2008.
- **2,831 people reported they had become redundant every day** during 3 months to end December 2008.
- **£91m** is the interest the Government has to pay each day on the UKs net debt of £703.4bn.
- 33,600 applications for credit have been turned down every day during the past six months.
- 285 mortgage possession claims will be issued and 319 mortgage possession orders will be made today
- 396 landlord possession claims will be issued and 304 landlord possession orders will be made today.
- 20.3m plastic card purchase transactions will be made today with a total value of £1.02bn.
- Citizen Advice Bureaus dealt with **7,241 new debt problems** every day
- The average car will cost £16.80 to run today
- £504m will be withdrawn from cash machines today.

Other key national statistics:

UK base rate fell to a 315 year low when the official bank rate was reduced by 0.5% to 1.0% on 5th February 2009. The cut means the Bank rate has fallen five times from 5% in October to the current level of 1%.

There were **4,607 Company insolvencies** (compulsory liquidations and creditors' voluntary liquidations) in total in England and Wales in the fourth quarter of 2008 (on a seasonally adjusted basis). This was an increase of 11.9% on the previous quarter and an **increase of 51.6%** on the same period a year ago. In the twelve months ending Q4 2008, approximately 1 in 150 active companies went into liquidation.

Additionally, there were 2,428 other corporate insolvencies in the fourth quarter of 2008 (not seasonally adjusted) comprising 261 receiverships, 2,018 administrations and 149 company voluntary arrangements. In total these represented an **increase of 220.3%** on the same period a year ago.

At the end of January 2009 the **public sector net debt (PSND) was £703.4 billion**, equivalent to **47.8%** of gross domestic product and **equivalent to £22,690 per tax payer.** The interest paid on this debt by the Government in the first 10 months of the financial year was £27.7bn which is equivalent to **£894 per tax payer.**

The Office for National Statistics has determined that the Royal Bank of Scotland Group plc and Lloyds Banking Group plc (previously HBOS plc and Lloyds TSB Group plc) will be classified in the public sector from 13 October 2008. This will add between £1 trillion and £1.5 trillion to the PSND. The total PSND would then be **between 118% - 148% of GDP** and equivalent to **between £55,000 - £72,000 per tax payer**.

The IMF said that advanced economies are suffering their deepest recession since World War II. Against this uncertain backdrop, output in the advanced economies is now expected to contract by 2 percent in 2009. The UK is predicted to plunge into the deepest recession of any industrialised country this year.

Britain has officially entered recession for the first time since 1991 as the **economy shrank by 1.5%** over the last three months. **The fall is the sharpest contraction in the economy since 1980** and was worse than the 1.2% predicted by economists. Manufacturing output decreased by 4.6% over the quarter.

The CBI predicts the recession will last throughout 2009. The economy is expected to contract by **3.3 per cent** and unemployment will reach close to **2.9 million** by the end of the year **(this equates to 1 person in 33 loosing their job and becoming unemployed during 2009).** After six quarters of negative growth, the economy is expected to stabilise early next year with the recovery building throughout 2010. In 2010, GDP growth is expected to be 0.0 per cent and unemployment will peak at just over 3 million (9.6 per cent) in the second quarter of 2010.

The number of **unemployed people increased by 146,000 (1,600 a day)** to 1.971m over the quarter to December 2008. This is the **highest figure in 12 years** since August 1997. **259,000 people reported they had become redundant** in the three months up 104,000 from the three months to Sept. 2008 and up 148,000 from a year earlier.

Research conducted by Ipsos Mori at the turn of the year, finds that more than one in three companies (36%) plan to cut jobs in the first quarter of 2009 – double the proportion expecting to make job cuts at the time of the previous survey last autumn.

Consumer Prices Index (CPI) annual inflation slowed to 3.0% in January, down from 3.1% in December. Retail Prices Index (RPI) inflation slowed to 0.1% in January, down from 0.9% in December. This is the **lowest RPI annual inflation rate since March 1960.** The largest contribution to the slow down in the RPI came from housing costs, particularly mortgage interest payments and house depreciation. These are excluded from the CPI.

The FTSE stood at 3830 at close of play at the end of February. This was **2,246 points lower (- 37%)** than the same time last year. Also £1 was worth $1.4254 dollars which is **56 cents lower (- 28%)** than the same time last year and £1 was worth $1.1223 euros which is **19 cents lower (- 14%)** than the same time last year.

The new car market fell for the ninth successive month in January. New car registrations fell 30.9% in January to 112,087 units. The market is expected to decline by 19.3% in 2009 to 1.72 million units. This would be some 410,000 units off the 2008 total and almost 685,000 units down on 2007.

UK retail sales values rose 1.1% on a like-for-like basis, and 3.2% on a total basis, from January 2008.

The current Government estimate (31st March 2006) of the combined liability of the **unfunded public sector pension schemes is £650bn.** This liability is estimated to be in the order of £1,000bn today. The annual cost to the taxpayer of the unfunded schemes is projected to increase by 40% over the next twenty years, from 1.0% of GDP (£14bn) to 1.4% of GDP in 2027/8.

In 2001, UK bank customer lending was comparable to customer deposits. But by 2008 H1, the surplus of lending over deposits — the customer funding gap — was **£700 billion**.

Servicing Debt: The Insolvency Service said there were 29,444 individual insolvencies in England and Wales **(323 people a day or 1 every 4.5 minutes)** in the fourth quarter of 2008 on a seasonally adjusted basis. This was an **increase of 8.2%** on the previous quarter and an **increase of 18.5%** on the same period a year ago.

A survey carried out on behalf of R3, the insolvency trade body, shows that UK insolvency practitioners believe that personal insolvencies will peak at around 158,820 in 2009. This would be equivalent to **435 people a day** or **1 person becoming bankrupt or entering into an Individual Voluntary Arrangement (IVA) every 3.3 minutes.**

Citizens Advice debt clients owe an average of £16,971 - two thirds more than in 2001, and the equivalent of almost 18 times their total monthly household income. It will take them an average of **93 years to pay off the money they owe** at a rate they can afford. Citizens Advice Bureaux have seen debt enquiries double in the last ten years. Debt is now the number one issue advised on in bureaux, accounting for one in three of all enquiries, and CAB advisers are currently dealing with an average of **7,241 new debt problems every working day**.

85% of advisers surveyed by Turn2us reported an increase in the number of people coming to them in financial difficulty in the last six months and the vast majority (95%) expect to see a further rise in the six months to come. Redundancies are seen to be the main reason for the increase, with 90% of advisers stating that job losses have caused their client levels to grow.

One in six UK consumers responding to the PwC Credit Confidence survey **felt that they were unable to cover their current credit commitments.** This increased to nearly one in three when consumers were asked about their expected ability to meet their debt repayments in the future. The survey reveals very similar results between different socio-economic groups.

Almost two-thirds of Britons have seen their finances stretched by the credit crisis and recession, with 31% of households now so worried about the state of their finances that they are considering skipping essential repayments on credit cards, loans and mortgages.

Almost one third of British adults, or 10.3 million people, have been hit so badly by the economic downturn that they are relying on credit cards and other borrowing to pay for everyday living expenses, according to research from the Post Office. 2.6 million people are planning to spend more on their credit cards than last year in order to make ends meet.

The average level of debt held by Consumer Credit Counselling Service (CCCS) clients when commencing a Debt Management Plan (DMP) is now £25,791 and their average income is £18,032 per annum.

MoneyExpert.com estimates that over **902,000 cash-strapped homeowners have missed a mortgage payment** deadline in the past six months, representing around 8% of all outstanding mortgages. This represents a 95% year-on-year increase and effectively means that one in every 12 mortgage customers has skipped a bill in the past six months.

The number of people failing to keep up with gas bills has shot up by a third in the last year according to MoneyExpert.com. The number of people missing payments on gas bills jumped to over 1.6 million in the six months to January 2009.

The FSA estimate that the **total number of secured loans on people's homes in arrears at the end of Q3 was 340,000** giving an increase of 30,000 or 10% since Q2, and representing a rise of 24% on a year earlier. By the end of 2009 the Council of Mortgage Lenders expects **500,000 households to be more than three months in arrears**.

The FSA said the numbers of new possessions have grown significantly since Q3 2007, with 13,161 new cases in Q3 2008 (after 11,078 in Q2) being **92% higher than a year earlier**. This equates to **144 properties being repossessed every day or 1 property being repossessed every 10 minutes.** The Council of Mortgage Lenders (CML) estimate these will increase to approximately **205 a day in 2009 as they anticipate the number of repossessions to be around 75,000.**

Research from Mintel shows that over 5 million adults have already been 'Hard Hit' by the economic downturn and are seriously struggling to make ends meet. This equates to no less than one in every ten British adults (11%). And according to the research, things are only set to get worse, with a further 16% 'Fearing for the future' because they are worried about their long term financial security.

On top of this, more than half the population (52%) are now 'Feeling the Pinch'. This group may well be coping financially, but they admit that life is certainly getting harder. But it cannot be ignored that 21% are 'Comfortable and Confident' and do not feel that their finances have really been badly affected by the worsening economy.

Calls to the National Debtline, have increased by 40% since 2007, and demand for Business Debtline, the service specifically for business, has doubled comparing autumn 2008 with autumn 2007.

Sainsbury's Finance estimates that as many as 250,000 personal loans, with a combined value of £2.93 billion, could be taken out for debt consolidation during the first three months of 2009.

Consumer county court judgments in England and Wales rose by 17.4 percent year-on-year in Q3 2008 to 223,519, their highest level since Q1 2007. This is equivalent to **2,430 every day.**

According to research from CreditExpert.co.uk, 36 million (75 per cent) UK adults have put or are planning to put on hold key life plans for 2009, such as moving jobs and having a baby. Furthermore, over half (55 per cent) of all adults are feeling anxious about reaching their goals in life, mainly due to concerns over affordability.

Research from Scottish Widows, reveals that the cost of running a home means that almost half (47%) of households are having to rely on more than one breadwinner to maintain a comfortable standard of living. This increases when it comes to those with dependent children, 61% of households with children are reliant on two incomes, forcing both parents out to work.

The number of people suffering from serious debt problems is much higher than official figures suggest, a survey by R3 has found. 600,000 UK residents say they are currently repaying debts under a Debt Management Plan (DMP). A DMP is an unofficial, but formalised agreement between an individual who is in financial strife and their creditors which does not show up in the government's official quarterly insolvency statistics.

The number of people who spend more than they earn each month has risen to nearly 5.3 million according to Legal and General.

Plastic card / Personal Loans: MoneyExpert.com estimate that 3.5m credit card applicants have been turned away by wary providers in the last six months and around 1.6m seeking unsecured personal loans have been turned down in the same period. Looking at all forms of credit, including secured loans against houses, hire purchase agreements, and car finance, the last six months has seen an incredible 6.25m applications rejected. That equates to more than 33,600 rejections a day.

According to the BBA the proportion of credit card balances bearing interest was 72.5% in December 2008.

Total credit card debt in January 2009 was **£53.0bn.** The UK collective credit limit on credit cards is **£158bn, which is an average credit card limit of £5,129 per person.**

The average interest rate on credit card lending is currently **17.91%,** which is ~ 17.0% above base rate (1.0%).

There were 146.3m debit, credit or charge cards in circulation in the UK at the end of 2008 according to APACS. **An average 235 plastic card purchases were made in the UK every second** during 2008 using debit and credit cards (equal to £11,786 /second). 92 cash withdrawals were made every second (equal to £6,200 / second) from UK's 64,000 cash machines during 2008.

There are **more credit cards in the UK than people** according to APACS. At the end of 2007 there were 73m credit and charge cards in the UK compared with around 60 million people in the country.

Since January 2007 the level of credit card debt held by CCCS clients has increased by almost 19 percent, mainly in the past few months. CCCS counsellors are now dealing with almost 50,000 credit card related debts every month, 3.5 times more than three years ago.

Young people - the IPOD generation: Research by Reform and Chartered Insurance Institute reveals that **50% of the 18 – 34-year olds** surveyed had debts (excluding mortgages) up to £10,000 and **20% had debts (excluding mortgages) greater than £10,000.** Nearly a third of IPODs have no savings at all.

FSA research shows that one-in-three students are constantly overdrawn; two-in-five students admit to being completely disorganised about their money; and one-in-three never check their bank statements or, if they do, they only check the final balance.

The annual survey by Push, the UK's leading independent resource for prospective students, has found that **student debt now tops £4,500 for each year of study – a hike of 9.6% since last year.** Students who started at university last year can expect to owe over £17,500 by the time they leave and new students should reckon on nearly £4,000 more than that. The national average projected debt on graduation now stands at £14,161.

The average pocket money in 2008 is £6.13 per week, versus £8.01 in 2007. Three in ten children (30%) save some of their pocket money each week.

Pensioners / Pensions: A Daily Telegraph survey found that almost one in ten adults are having to contribute to their parents' upkeep. Financial experts and politicians noted that a 'sandwich generation' of adults squeezed between their parents and children has become one of the most striking phenomenons of the credit crisis.

Fairinvestment.co.uk has found that, on average, 39% of Brits do not have a pension plan in place and 20% of Brits with a pension have had to reduce their contributions or stop paying into it since the credit crunch began.

Life Trust Insurance research has found of those aged 45 to 54, nearly a third expected to be forced to delay retirement with just under a fifth (19%) planning to extend their working lives by five years of more. For the over 55s a staggering 41% said they would be delaying retirement with 15% expecting this to be for five years or more.

Latest figures from Alliance Trust Research Centre show inflation rate facing over 75 year olds was 5.4% in January, 80% higher than the official rate of inflation of 3.0%. It was 4.0% for 65-74 year olds.

The Office for National Statistics (ONS) estimates that in December 2008 there was a deficit of £194.5 billion in the aggregate funding position of defined benefit (DB) occupational pension schemes, mainly in the private sector.

Households headed by someone aged 75 or over spent nearly 40% of their average weekly expenditure of £218 on food, domestic energy bills, housing and council tax in 2007, according to figures from ONS. This decreases to 30% for households headed by someone aged 65 to 74.

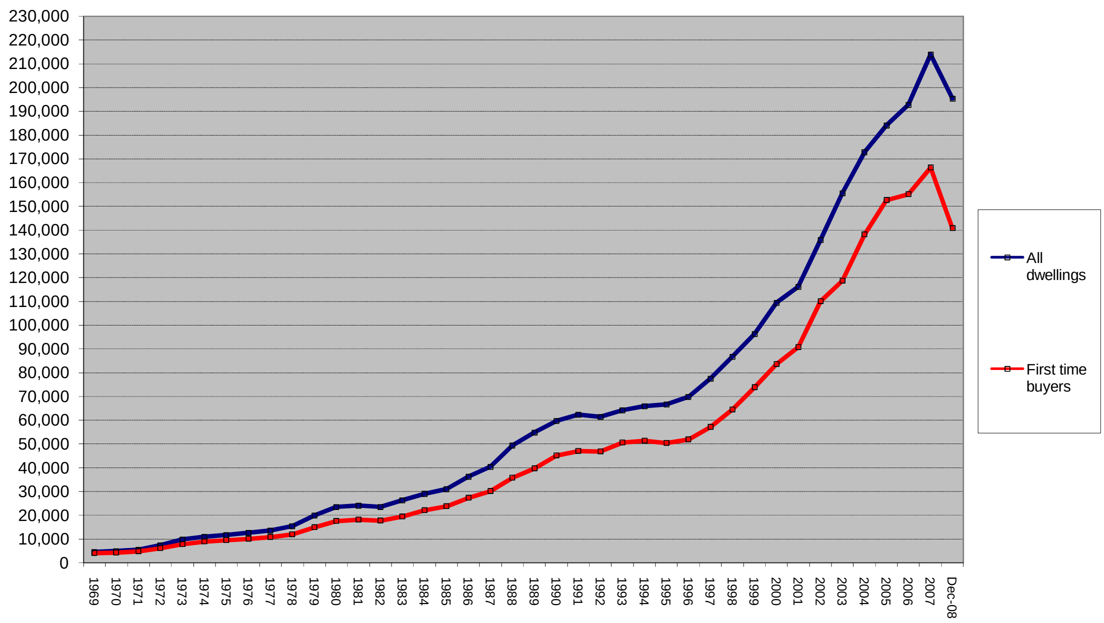
On average someone who requires care in a residential care home may expect to pay in the region of £25,000 per annum.

Research from Lincoln Financial Group reveals that 41% of Brits are resigning themselves to the fact that they will have to work either full or part time during their retirement to fund and maintain the lifestyle they want. Lincoln's research also reveals that 11% people are convinced they will not have enough money to last them to the age of 70, let alone longer.

For the first time ever, there are more people of state pensionable age than under-16s.

Housing: According to the Department for Communities and Local Government (DCLG) the average house price in the UK in December 2008 now stands at **£195,317** (£201,676 in England). UK annual house price inflation fell by – 10.2%. Annual house price inflation in London fell by – 9.6%.

UK Average House Prices £



The average Mortgage Interest rate has dropped to 4.35%.

Five million UK homeowners will have fallen into negative equity by the end of 2009, according to UK research house GfK NOP, with 700,000 of those at risk already heavy debt holders. They estimate that 3.8 million are already very close to or currently in negative equity.

Lloyds banking group results showed that at 31 December 2008 that **1 in 6 borrowers (> 543,000) were now in negative equity**. 15 per cent of balances had an indexed loan-to-value ratio in excess of 100 per cent (HBOS had 16.8% and Lloyds TSB had 15%). An additional 13% of loans had a loan-to-value ratio between 90% and 100%.

The Council of Mortgage Lenders said there were 516,000 house purchase loans in 2008, a decline of 49% from 2007 and the lowest level of activity since 1974.

The Halifax said that house prices increased by 1.9% in January. House prices in January were 17.2% lower on an annual basis. This is equivalent to a fall of **£88 / day**. The Nationwide said that the price of a typical house fell by 1.8% in February.

Rightmove said 9 out of 10 home movers say 'bad time to sell', yet falsely optimistic New Year sellers still follow seasonal trend and raise asking prices by 1.2%.

House purchase mortgage approval numbers in January were 23,376 which was **43% lower than January 2008.** The average loan approved for house purchase in January 2009 was **£119,200**, some **22.8% lower** than a year earlier.

NAEA figures showed that the average selling price across all types of property was 8.7 per cent lower than the original asking price.

Existing home sales across the United States (including single-family, townhomes, condominiums and co-ops) fell 8.6% year on year in January 2009 and the **average price dropped 14.8% year on year** to $170,300. RealtyTrac® said foreclosure filings — default notices, auction sale notices and bank repossessions — were reported on 274,399 U.S. properties during January, a 18% increase from January 2008. One in every 466 U.S. housing units received a foreclosure filing in January.

The latest RICS Housing Market Survey shows that completed sales per surveyor (over the last three months) fell to 9.9, which is the lowest level on record (this series was first introduced in 1978).

Gross mortgage lending declined to an estimated £12.4 billion in January, an 8% fall from £13.5 billion in December and a 52% fall from January 2008, according to the Council of Mortgage Lenders. A slight decline is typically experienced between December and January. However, this is the **lowest monthly total since April 2001.**

Research by Liverpool Victoria reveals a worrying 'mortgage gap'. Nearly half of the UK's 2.9m interest-only mortgages (1.3m mortgages with a total value of £74bn) have no specified investment vehicle in place to pay off the capital on the loan.

Housing First Time Buyers (FTB) & Buy-to-let: The average house price in the UK in December 2008 for first time buyers now stands at **£140,857** which is an **annual decrease of – 13.0%.**

First-time buyers typically had a deposit of 22% in December, the highest proportion in 34 years of available data. The average first-time buyer borrowed 3.1 times their income.

At the end of 2008, 2.32% (26,800) of buy-to-let mortgages were over 3 months in arrears (without a receiver of rent in place), while a further 0.23% were over 3 months in arrears with a receiver of rent in place. This is a 357% increase from the end of December 2007.

The National Landlords Association (NLA) has received over 30,000 individual telephone calls on its advice line in the past 12 months. 74 per cent of calls were from landlords seeking advice on how to deal with tenancies when rental arrears start to build.

Nearly half of all first-time buyers under 30 are receiving assistance with their deposit – most likely from parents or grandparents.

Money Education: Instead of making the traditional new year's resolutions of losing weight or drinking less, many Britons intend to get their money matters in order in 2009, it has been suggested. Research conducted by Halifax Credit Cards has found that of those making resolutions, 57 per cent wanted to review their finances.

According to research from CreditExpert.co.uk, the economic downturn may have broken the taboo of talking about money. The research reveals that more than half of us (53 per cent of UK adults) admit that we are now far more likely to discuss our personal finances today with other people than we were a year ago.

Spending: The annual survey from Liverpool Victoria on the Cost of a Child shows that parents could spend £193,772 on raising a child from birth to the age of 21. This is equivalent to £9,227 a year, £769 a month or £25 a day.

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

The average family car now costs £6,133 a year to keep on the road, an increase of 19% (£1000) year-on-year.

Petmeds.co.uk estimate that the cost of keeping a pet has increased by £7.6million a week in the past two years, with UK adults now spending £93.6 million a week on their animals.

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

Savings: The credit crisis has made 64% of Brits change their attitudes towards spending in the last 12 months. The average British consumer has saved £1,882 in 2008, but is planning to increase this to £2,605 this year, reveals smile.co.uk, the online banking arm of The Co-operative Bank.

Fairinvestment.co.uk estimate that 47% of UK savers have been forced to dip into their savings since the onslaught of the credit crunch, while 14% have either stopped saving or reduced the amount they save.

Nationwide's savings research shows that more than half of consumers think now is a bad time to save. It also shows that less than half (46%) of consumers save regularly, 31% save occasionally and nearly as many as one in four (23%) save nothing at all.

35% of savings accounts across the market currently pay 0.5% AER or less and 16% offer 0.1% AER or less.

Nearly a third of adults would face financial disaster within two months if they lost their jobs, according to research for MoneyExpert.com. Half of them (15%) believe they would only last a month.

As many as 14 million people say they cannot afford to set aside money for savings. However, a financial experiment conducted by AXA reveals that in just three months Britons can train themselves to save without substantially affecting their lifestyle. The research indicates that Britons treat money left in their current account after bills have been paid as the amount they need to live on and set their standard of living accordingly. If money is paid into a savings account on pay day the research demonstrates that they change their spending patterns and establish a new standard of living based on their remaining disposable income.

Compiled monthly by Richard Talbot. richardtalbot@creditaction.org.uk. *If you would like to receive regular monthly updates of these statistics then please register using the "Register to receive Debt Statistics" link at http://www.creditaction.org.uk/debt-statistics.html Note: new / changed statistics are at the start of each section.*