

Debt Facts and Figures - Compiled 1st May 2009

Total UK personal debt

Total UK personal debt at the end of March 2009 stood at **£1,459bn**. This has slowed further to 2.2% in the last 12 months which equates to an increase of ~ £28bn (*the increase was ~£116bn in January 2008*).

Total secured lending on dwellings at the end of March 2009 stood at **£1,227bn**. This has slowed further by 0.4% to 2.0% in the last 12 months.

Total consumer credit lending to individuals at the end of March 2009 was **£232bn**. This has continued to fall to 3.2% in the last 12 months.

Total lending in March 2009 grew by £0.9bn; secured lending grew by £0.8bn in the month; consumer credit lending grew by £0.1bn (*total lending in January 2008 grew by £8.4bn*).

Average household debt in the UK is ~ **£9,280** (excluding mortgages). This figure increases to **£21,580** 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 ~ **£58,350** (including mortgages). **If you add to this the 2009 budget figure for public sector net debt (PSND) expected in 2013-14 then this figure rises to £116,200 per household.**

Average owed by every UK adult is ~ £30,475 (including mortgages).

Average outstanding mortgage for the 11.7m households who currently have mortgages now stands at ~ **£104,475**.

Britain's interest **repayments on personal debt were £69.0bn** in the last 12 months. The average interest paid by each household on their total debt is approximately **£2,760** each year.

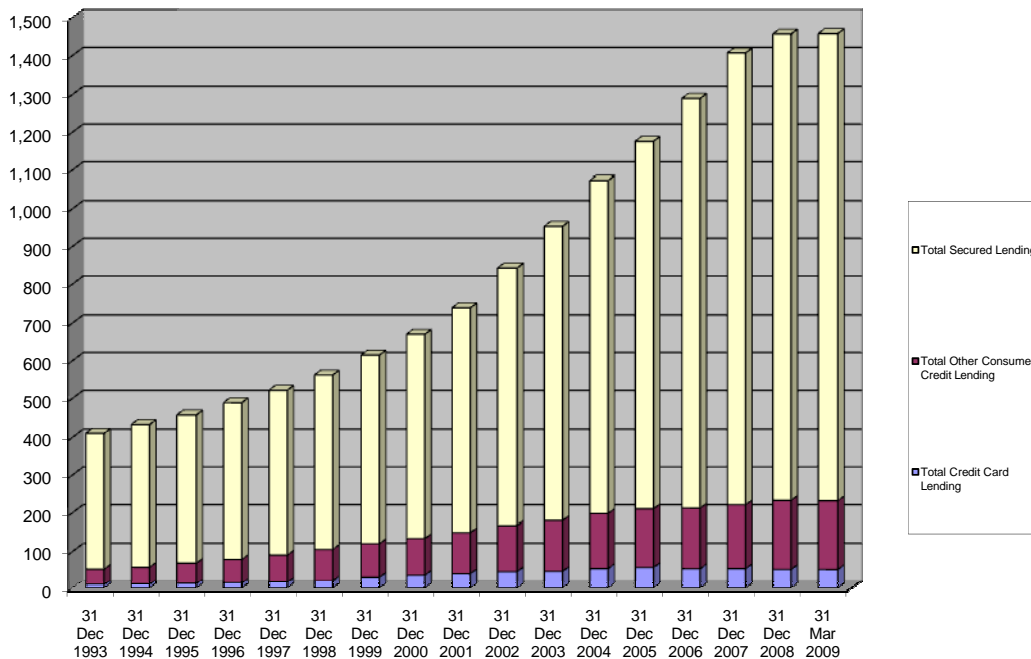
Average consumer borrowing via credit cards, motor and retail finance deals, overdrafts and unsecured personal loans has risen to **£4,850** per average UK adult at the end of March 2009.

During March 2009 Britain's personal debt increased by ~ **£1 million every 50 minutes**. In January 2008 Britain's personal debt increased by ~ **£1 million every 5.3 minutes**.

Striking numbers

1 in 33 people in work estimated to become unemployed in 2009
£58,350 average household debt (including mortgages)
£189m interest paid in UK daily
every 10 minutes a property is repossessed
3,000 people made redundant every day
1 person every 4.5 minutes declared bankrupt or insolvent
£84m interest daily amount the Government pays of our national debt

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 £1.16 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 the last 12 months consumers saved an average of £2.84 every day
- 2,262 Consumer County Court Judgements (CCJs) were issued every day in 2008
- **143 properties were repossessed every day during the last 3 months** to end December 2008. The Council of Mortgage lenders estimates this will increase to approximately **205 a day throughout 2009.**
- **Unemployment increased by 1,967 people every day** during 3 months to end February 2009.
- **3,000 people reported they had become redundant every day** during 3 months to end February 2009.
- The average house has decreased in value by £92 every day during the last 12 months.
- **£84m** is the interest the Government has to pay each day on the UK's net debt of £743.6bn. This is projected to rise to £118m a day (£43bn) in 2010 – 2011 financial year.
- 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
- £578m 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 0.5% on 5th March 2009. The cut means the Bank rate has fallen six times from 5% in October to the current level of 0.5%.

The latest PwC analysis into corporate insolvency numbers show that the downturn is showing no signs of abating as more than 5,483 companies became insolvent in the first three months of 2009. This represents a 14% increase on the previous quarter and a huge 57% increase of the same quarter of 2008.

At the end of March 2009 the **public sector net debt (PSND) was £743.6 billion**, equivalent to **50.9%** of gross domestic product and **equivalent to ~ £30,000 per household**. The interest paid on this debt by the Government in the financial year was £30.5bn which is equivalent to **~ £1,220 per household**.

According to the **UK 2009 Budget report** the public sector net debt (PSND), including unrealised losses from financial sector interventions, increases over the period to 2013-14 to £1,446bn (**equivalent to £57,840 per household**) and then stabilises at around 79% of GDP.

Real GDP in the UK economy during 2009 Q1 is estimated to have **declined by 1.9%** which means that **Britain has officially been in recession for nine months. The fall is the sharpest contraction in the economy since 1979 and the first time that the economy has shrunk by more than 1% in two successive quarters since records began in 1948.**

According to the UK 2009 Budget in April 2009, the world economy is forecast to contract for the first time in the post-war period, with **UK GDP forecast to drop 3½%**. As support from macroeconomic policy takes hold and credit conditions ease, the world and UK economies are forecast to recover. Recovery in the UK is forecast to begin in late 2009, with growth picking up through 2010 and the economy is forecast to grow strongly in 2011.

The IMF estimated in April 2009 that UK GDP will shrink by 4.1% in 2009 and 0.4% in 2010.

The number of **unemployed people increased by 177,000 (1,967 a day)** to 2.10m over the quarter to February 2009. This is the **highest figure in 12 years** since January 1997. **270,000 people (3,000 a day) reported they had become redundant** in the three months up 45,000 from the three months to November 2008 and up 162,000 from a year earlier.

Consumer Prices Index (CPI) annual inflation rose 2.9% in March, down from 3.2% in February. **Retail Prices Index (RPI) went into deflation at - 0.4% in March. This is the first time RPI has gone into deflation since March 1960.**

The FTSE stood at 4244 at close of play at the end of April. This was **1,845 points lower (- 30%)** than the same time last year. Also £1 was worth \$1.4818 dollars which is **50 cents lower (- 25%)** than the same time last year and £1 was worth \$1.1183 euros which is **15 cents lower (- 12%)** than the same time last year.

The new car market fell for the eleventh successive month in March. New car registrations fell 30.5% in March to 313,912 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 fell 1.2% on a like-for-like basis, and rose only 0.6% on a total basis, from March 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: A recent poll conducted by the Resolution Foundation found that nearly 3 million low earners now **worry 'all the time' about their personal finances**. This is double the number found in 2007. The poll also found that, today, nearly 90 per cent of low earners (people who live on annual household incomes of between £12,000 and £27,000) worry at least 'sometimes' about their personal finances.

New figures from Unbiased.co.uk show that as a nation, we have worked the first 83 days of this year just to earn enough money to service the interest on our debts and that Wed. 25th March was this year's Debt Freedom Day.

According to Unbiased.co.uk's Savings Brake research 2008 was the first year in their eight-year study where Brits paid off more non-mortgage debt than they took out in new borrowings.

According to YouGov's quarterly 'DebtTracker' undertaken in Feb. 2009, **only 37% of those who had 'fallen behind with many bills or credit commitments' sought debt advice in the previous 6 months**. 65% of all those struggling with bills and commitments who do not seek financial advice thought they did not 'need' advice on their financial problems.

Almost six million Britons fear their homes will be repossessed, according to research from Which? Homeowners are feeling the pinch with 62% of the working population fretful that they or their partner may lose their job, and over four in ten (43%) joint income households are anxious that they wouldn't be able to pay their mortgage.

The Consumer Credit Counselling Service (CCCS) said fewer people are in a position to repay their debts: in 2008 only about a third of clients (35%) were able to commit to a Debt Management Plan (DMP) compared with 42% in 2007 and 46% in 2006. Clients seeking help are becoming more affluent: 12% have net household incomes of more than £30,000 a year and nearly half (47.4%) of those seeking help were homeowners. Homeowners owe on average 83%

more than renters. The vast majority (90%) of CCCS client debts are on credit cards and personal loans, the average client owes over £14,000 on each of these items.

The FSA estimate that the **total number of secured loans on people's homes in arrears at the end of Q4 was 377,000** giving an increase of 36,000 or 10% since Q3, and representing a rise of 31% 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 for 2008 as a whole, numbers of new possessions reached 46,750 which is an increase of 68% on the 27,900 recorded for 2007. The numbers of new possessions have grown significantly since Q3 2007 and the number of new possessions in Q4 2008 was 13,028 which was 60% higher than a year earlier. This equates to **143 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**.

The total value of county court judgments (CCJs) against consumers in England and Wales was nearly £3 billion, the second highest total on record. The number rose by 4% to 827,900 in 2008, the second highest total ever, according to figures published by Registry Trust Ltd. This is equivalent to **2,262 every day in 2008**.

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**.

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.

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.

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.

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 73.4% in February 2009.

Total credit card debt in March 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 **17.6%, which is ~ 17.1% above base rate (0.5%)**.

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 2008 there were 71.3m credit and charge cards in the UK compared with around 60 million people in the country.

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: Research by Key Retirement Solutions has found that **1 in 3 pensioners still have an outstanding mortgage** with an average mortgage debt of £43,069 and average monthly mortgage payment of £205.

According to the Prudential 2009 retirement survey UK workers planning to draw their pensions in 2009 expect to get an average income of £17,779 a year, some £884 less than those retiring in 2008. Retirement will mean taking a £7,129 cut in income compared with the national average salary of £24,908 but some believe they will be considerably worse off.

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 phenomena 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.

Latest figures from Alliance Trust Research Centre show inflation rate facing over 75 year olds was 4.6% in March, 59% higher than the official rate of inflation of 2.9%. It was 3.79% for 65-74 year olds.

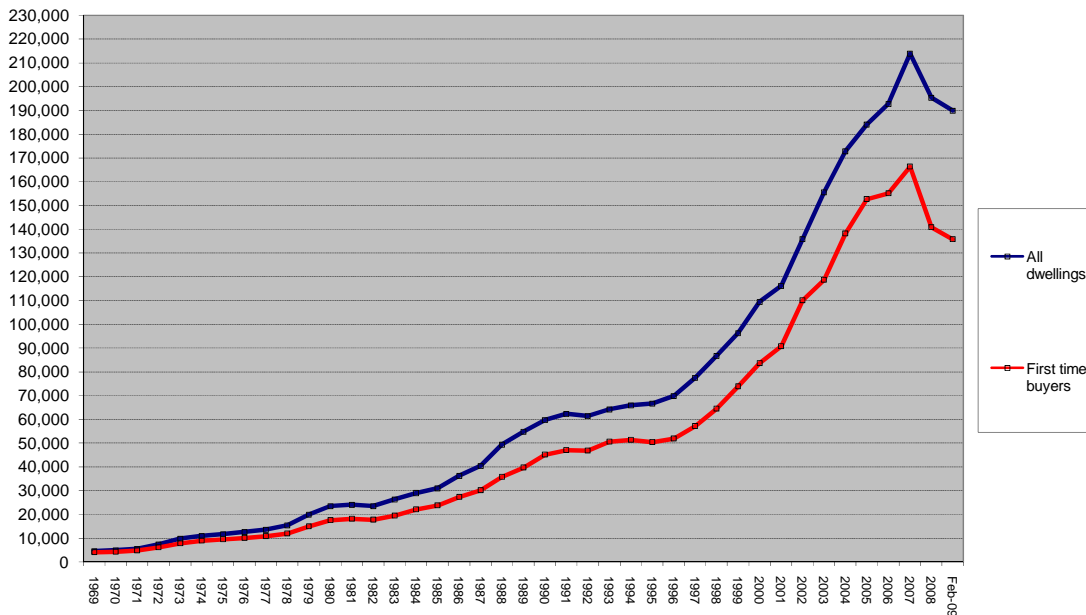
On average someone who requires care in a residential care home may expect to pay in the region of £25,000 per annum.

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 February 2009 now stands at **£189,813** (£195,657 in England). UK annual house price inflation fell by – 12.3%. Annual house price inflation in London fell by – 12.2%.

UK Average House Prices £



The average Mortgage Interest rate has dropped to 3.83%.

Council of Mortgage Lenders research suggests that about **900,000 home-owners currently have some degree of negative equity**, although the majority of these - around two thirds - face only modest shortfalls of less than 10% (equating to around £6,000 for those first-time buyers with negative equity, and £8,000 for other home-buyers). A further 565,000 homeowners have just 5% equity, and in total **an estimated two million UK mortgage borrowers** would not be able to raise a 10% deposit from their equity should they decide to sell their house.

CML estimates that home-owners still have around £2.1 trillion of un-mortgaged housing equity and £1.2 trillion in mortgage loans.

The Halifax said that house prices fell by 1.9% in March. House prices in March were 17.5% lower on an annual basis. This is equivalent to a fall of **£92 / day**.

Rightmove said for the third consecutive month new sellers have raised their average asking prices, this month by 1.8% (£3,996).

House purchase mortgage approval numbers in March were 26,097 which were **58% lower than 2 years ago** (March 2007). The average loan approved for house purchase in March was **£128,600**, some **18.6% lower** than a year earlier.

Existing home sales across the United States (including single-family, townhomes, condominiums and co-ops) fell 7.1% year on year in March 2009 and the **average price dropped 12.4% year on year** to \$175,200. RealtyTrac® said foreclosure filings — default notices, auction sale notices and bank repossessions — were reported on 341,180 U.S. properties during March, a 46% increase from March 2008. One in every 159 U.S. housing units received a foreclosure filing during the 1st quarter of 2009.

Gross mortgage lending was an estimated £11.5 billion in March, a 16% rise from £9.9 billion in February but a 52% decline from £24.2 billion in March 2008 according to the Council of Mortgage Lenders.

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 February 2009 for first time buyers now stands at **£135,702** which is an **annual decrease of – 15.1%**.

The typical first-time buyer deposit in February was **25% (£31,667), the largest amount on record**. The average first-time buyer borrowed 2.95 times their income and the average first-time buyer loan was £95,000.

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: Research from Mintel shows how fear of the recession is driving consumer behaviour more than an actual change in circumstances. The research found around **a third of adults (30%) in Britain admitting they have cut back on spending mainly through fear of what may happen** to their personal financial situation.

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: Almost **a third (32%) of the British population does not have money set aside to help them cope if an emergency were to arise**. The average amount each person believes they would need to cope in an emergency is £5,368.70 – the approximate equivalent of four months' of the average person's take-home income, according to the latest NS&I (National Savings and Investments) Savings Survey.

According to uSwitch the average household disposable income in 2008 increased almost £500 a year giving consumers more cash in their pocket - a trend set to continue throughout 2009.

Britons have saved an average of £86.35 each month over the last year, ending on a high of £90.12 (~6.48% of the population's average take-home income) during the winter months ending February 2009, according to the latest Savings Survey from NS&I.

Prioritising spending and setting a clear budget could help people reduce unnecessary outgoings, whilst freeing up some additional disposable income to set aside in savings. This winter **30% of the British population confessed that they had spent more than they would ideally like**, while 15% said that they do not know how much they should be spending each month. Reviewing income and outgoings may be particularly worthwhile for the **54% of the population that stated that they can't afford to save**, as their outgoings prevent them from setting more money aside.

Almost a quarter of people (24%) say they didn't have savings two years ago and they still don't. More than a third of people (36%) say they have less money in savings now than two years ago, according to a poll conducted in March 2009 by moneysupermarket.com.

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.

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.****

Extracts of these debt statistics and figures may be reproduced subject to the following conditions;

- *No commercial or financial gain is made from the reproduction.*
- *Acknowledgement of Credit Action as the provider of the information is mentioned in the reproduction.*

Where the above criteria cannot be realised, application should be made to Credit Action.