

Statistics Yearbook

Personal debt in the UK



Foreword by Vikki Brownridge

It's been a turbulent few years for household finances across the UK to say the least. Households have had to navigate the headwinds of high energy bills, generationally high inflation and soaring interest rates, which have taken their toll and resulted in a significant degree of uncertainty for many.

Amidst this ongoing uncertainty, last year, unsurprisingly, saw a continuation of increased cost of living pressures for StepChange clients.

In 2023, the charity saw over 180,000 new clients complete their first debt advice session. To put this into perspective, that's the equivalent of one new client completing debt advice every three minutes. This underscores the urgency and demand for the vital support StepChange provides in helping clients navigate the complexities of problem debt.

It will come as no surprise to StepChange colleagues that the increase in the cost of living was the most common reason for debt among our clients. As highlighted in

this latest report, high credit card debts, energy debts, council tax arrears, rent and mortgage arrears continue to challenge the finances of StepChange clients.

And while debt can happen to anyone, we know that some people are more at risk of financial difficulty than others. The charity continued to advise clients with similar characteristics to previous years, notably, women, single parents, and younger age groups – who account for a disproportionate number of new clients.

Although we know that some client groups are at greater risk of problem debt, our latest data has illustrated how the type of households needing debt advice has diversified and evolved. For example, we advised an increasing proportion of homeowners and clients in employment.

We remain steadfast in our mission in campaigning to stop people falling into problem debt and helping them recover if they do. We will continue to empower those that experience problem debt to regain control of their financial futures, by putting them at the heart of everything we do.



Methodology

The statistics in this document, unless otherwise stated, are based on clients who completed a full debt advice session, for the first time, between January and December 2023. 183,403 clients completed a full debt advice session last year, and 180,265 provided sufficient debt and demographic information for inclusion in this analysis.

In 2022, 167,351 clients completed a full debt advice session for the first time, and 160,689 clients provided sufficient debt and demographic information for inclusion in this analysis. Advice sessions are completed through a telephony or online session, or through a combination of both channels.

In 2023 there has been a change to the methodology used to calculate the total number of clients completing a debt advice session in the year. The figures in this report therefore differ from figures used in previous Yearbook reports.

Previously, the data included in the Yearbook included any clients who had completed a debt advice session in a calendar year, including re-advised clients. Therefore, the data in previous Yearbooks would be from a client's most recent debt advice session.

Whereas the figures in this report now use data provided by clients during their very **first fully completed debt advice session**. A full debt advice session is defined as a client completing StepChange's advice process, by providing details about their budgeting, debts and arrears, and receiving a recommended debt solution at the end.

Note that figures are presented as rounded whole numbers throughout this report. As a result of rounding, some figures may not correspond with the sum of their individual figures or add up to 100%.



Why has the methodology changed?

This change in methodology provides a more accurate reflection of the experiences of all new clients at the same point in their debt advice journey. It also allows for a more accurate understanding of client circumstances, at the very beginning of their debt journey, before they take steps towards becoming debt free. This will help us learn more about what happens to clients before they proceed further through the debt advice process.

Key findings among new clients in 2023



183,403 new clients completed their first full debt advice session, equating to one new client every three minutes



Two in five (42%) clients who pay an energy bill are in arrears



A 'cost of living increase' is now the most common reason for debt, cited by one in four (25%) clients



One in three (33%) clients responsible for paying council tax bills are in arrears



One in three (32%) clients are in a negative budget



Over three in five (63%) new StepChange clients are women, which is consistently high, as per previous years



The average monthly surplus of clients fell by £16 between 2022 and 2023



Three in five (59%) clients are in some form of employment



Clients had an average unsecured debt amount of £14,654, which is eight percent higher than 2022



Almost two in four (37%) clients are in receipt of Universal Credit



Credit cards are the most common debt type, held by two in three (66%) clients



Nearly one in five (18%) clients receiving debt advice are homeowners

Number of new clients completing first time debt advice

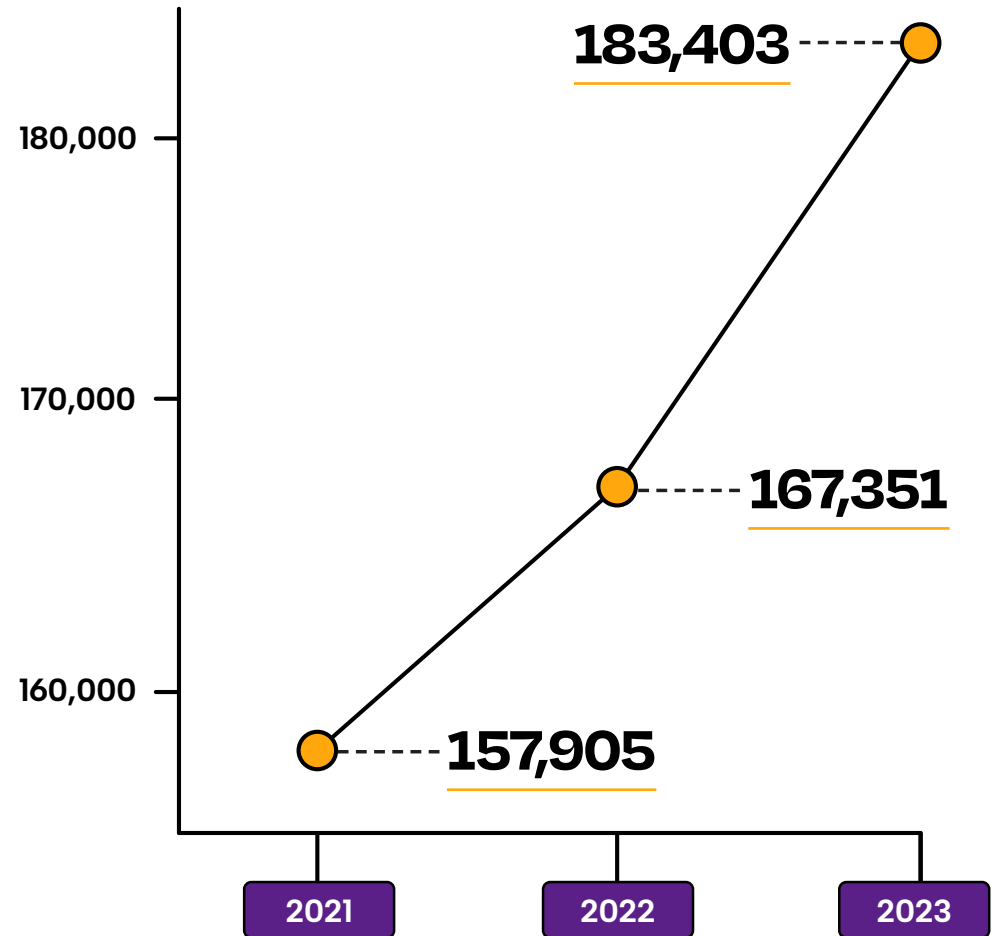
In 2023, over 180,000 new clients completed a full debt advice session for the first time. This is the equivalent to one new client every three minutes (172 seconds).

The total number of clients completing a debt advice session in the year differs from figures reported in previous years. This is due to a change in the methodology, please refer to the methodology note on page 3 for more details.

Between 2022 and 2023 the charity provided full debt advice to 16,000 more clients, which is an increase of 10% year-on-year.



Number of clients completing first time debt advice



Reason for debts

A 'cost of living increase' is now the most common reason for debt, cited by one in four (25%) new StepChange clients in 2023. This is up by seven percentage points compared to 2022, and 19 percentage points compared to 2021 (6%).

The next most commonly cited reason was a 'lack of control over finances', with around one in six (16%) clients citing this as a main reason for debt in 2023. This was the most common reason in 2022 and it reflects many different client circumstances. It is largely underpinned by clients feeling a diminished sense of control with regards to their financial situation.

Significant life events¹ represent some of the other most common reasons for debt, relating to various factors such as unemployment, health, relationship breakdown, a one-off expense, pregnancy or childbirth, bereavement, and so on. Just over one in three (36%) clients cited at least one significant life event as their main reason for debt in 2023.



Ten most common reasons for debt

| | 2022 | 2023 |
|-----------------------------------|------|------|
| Cost of living increase | 18% | 25% |
| Lack of control over finances | 18% | 16% |
| Unemployment or redundancy | 13% | 13% |
| Injury or health issue | 10% | 9% |
| Reduced income or benefits | 11% | 9% |
| Need credit to cover living costs | 7% | 7% |
| Separation or divorce | 6% | 6% |
| Irregular Income | 3% | 3% |
| Unexpected one-off expense | 3% | 3% |
| Pregnancy or childbirth | 2% | 2% |

¹ The sum for significant life events includes: unemployment or redundancy, injury or health issue, separation or divorce, unexpected one-off expense, pregnancy or childbirth, bereavement, gambling, drugs, alcohol, injury or illness, incapacity or disability, redundancy, retirement and drug use

Income, expenditure, and surplus levels

The average monthly income of clients has increased. With similar proportions of client demographics in 2022 and 2023, this increase could potentially be attributed to rises in client salaries and benefits uprating, or indicative of a shift that those on higher incomes are being pulled into debt and needing advice.

Between 2022 and 2023, the average monthly income, after tax and other deductions, among StepChange clients increased from £1,581 to £1,745. This represents an annual increase of 10%.

Average monthly income of new clients

| | 2022 | 2023 | Change |
|--------|--------|--------|--------|
| Mean | £1,581 | £1,745 | +10% |
| Median | £1,500 | £1,642 | +9% |

Although we have seen clients' average income levels increase, this sits alongside an even bigger increase in the average monthly expenditure of new clients. The average expenditure levels per client have increased by 12% year-on-year.

It is probable that this rise in expenditure is being driven mostly by high inflation rates straining client budgets.

Average monthly expenditure of new clients

| | 2022 | 2023 | Change |
|--------|--------|--------|--------|
| Mean | £1,492 | £1,666 | +12% |
| Median | £1,389 | £1,550 | +12% |

The average monthly surplus among new clients has fallen between 2022 and 2023, with the mean average decreasing by £16.

The fall in the average surplus may be related to clients' average expenditure levels outpacing the increase seen in their average income in the last year.

StepChange's recent report, *Bearing the Burden*², showed that the average monthly surplus/deficit for women was below £0 at -£30, which potentially reflects the disproportionate impact of cost of living pressures on women.

Average monthly surplus/deficit of new clients

| | 2022 | 2023 | Change |
|--------|------|------|--------|
| Mean | £69 | £53 | -23% |
| Median | £68 | £71 | +5% |

² <https://www.stepchange.org/policy-and-research/women-and-debt.aspx>

Negative budgets

In 2023, 32% of new clients had a negative budget. A negative budget describes a situation where a client's monthly expenditure is greater than their monthly income after proceeding through StepChange's advice and budgeting process.

The proportion of clients with a negative budget has increased by two percentage points compared to 2022.

Budget positions of new clients

| | 2022 | 2023 |
|-----------------|------|------|
| Negative budget | 30% | 32% |
| Positive budget | 69% | 68% |

The fall in the average surplus amount among clients over the past two years can be attributed to many different factors, such as an increase in monthly expenditure due to the increased cost of living, and an increase in the proportion of clients in receipt of Universal Credit, who are typically more likely to have a negative budget at the time of advice.

Social security

In 2023, almost half (48%) of new clients were in receipt of at least one form of social security, excluding clients whose sole type of social security is child benefit. This has remained consistent with the previous year (48% in 2022).

Almost two in five (37%) clients were in receipt of Universal Credit at the time of advice in 2023. This proportion has increased quite notably, by three percentage points, from 34% in 2022.

Proportion of clients in receipt of benefits

| | 2022 | 2023 |
|--|------------|------------|
| Universal credit | 34% | 37% |
| Child benefit | 33% | 33% |
| Child tax credit | 7% | 5% |
| DLA/ PIP (adult) | 12% | 13% |
| DLA/PIP (child) | 3% | 4% |
| ESA | 7% | 5% |
| Housing benefit | 7% | 6% |
| Income support | 1% | 1% |
| JSA (contribution) | <1% | <1% |
| JSA (income) | <1% | <1% |
| Other benefit | 2% | 2% |
| Working tax credit | 2% | 1% |
| Total: all clients in receipt of benefits incl. child benefit | 57% | 57% |
| Total: all clients in receipt of benefits excl. those with only child benefit | 48% | 48% |

Demographics

Client age

In 2023, the average age among new StepChange clients was 39, with three in five (58%) clients aged under 40, which is in line with trends found in 2022.

Clients aged between 25–44 are vastly overrepresented compared to wider UK population. For example, 25–44 year olds account for one in three (33%) of all UK adults, whereas in StepChange’s client base, they account for three in five (60%).

One in 25 (4%) clients StepChange advised were aged over 65, which is six times lower than the UK average (24%).

Age groups of clients

| | 2022 | 2023 | All adults: UK average ³ |
|-------------|------|------|-------------------------------------|
| 18–24 | 11% | 11% | 10% |
| 25–34 | 33% | 33% | 17% |
| 35–44 | 25% | 27% | 16% |
| 45–54 | 17% | 17% | 17% |
| 55–64 | 9% | 9% | 16% |
| 65 and over | 4% | 4% | 24% |

Employment

In 2023, three in five (59%) StepChange clients were in some form of employment, which is up by three percentage points compared to 2022 (56%).

Specifically, the proportion of StepChange clients in full-time employment increased and is now at 42% in 2023. The proportion of clients in part-time employment is 15%, having increased by one percentage point since 2022.

Employment status of clients

| | 2022 | 2023 |
|--|------------|------------|
| Full-time employed | 40% | 42% |
| Part-time employed | 14% | 15% |
| Zero-hour contract | 2% | 2% |
| Total: In employment | 56% | 59% |
| Not working due to illness or disability | 16% | 15% |
| Unemployed: looking for work | 11% | 11% |
| Unemployed: not looking for work | 8% | 8% |
| Retired | 3% | 3% |
| Carer | 3% | 3% |
| Student | 2% | 2% |

³ ONS Mid-2021 dataset on estimates of the population for the UK, England, Wales, Scotland and Northern Ireland

Ethnicity

2023 marks the first full calendar year that the charity has collected ethnicity data among new debt advice clients.

In 2023, the most common high-level ethnic group that StepChange advised was “White” with 87% of clients identifying in this way. Clients that identify as “White” are slightly overrepresented compared to clients from other ethnic groups.

Existing research highlights how people from minority ethnic groups can face greater exclusion across financial services in the UK⁴.

* England and Wales Average includes “Black Welsh”

** England and Wales Average includes “Asian Welsh”

⁴ Fair 4 All Finance, 2023. Levelling the Playing Field. <https://fair4allfinance.org.uk/resources/levelling-the-playing-field/>

⁵ ONS Census 2021 dataset on ethnic group by age and sex in England and Wales, filtered on those aged 18 and over

| Ethnicity of new clients: 2023 | UK | England and Wales | England and Wales Average ⁵ |
|---|------------|-------------------|--|
| White | 87% | 85% | 84% |
| English, Welsh, Scottish, Northern Irish or British | 82% | 81% | 76% |
| Irish | 1% | <1% | 1% |
| Gypsy or Irish Traveller | <1% | <1% | <1% |
| Any other White background | 4% | 4% | 7% |
| Mixed or Multiple ethnic groups | 4% | 4% | 2% |
| White and Black Caribbean | 1% | 2% | 1% |
| White and Black African | 1% | 1% | <1% |
| White and Asian | 1% | 1% | <1% |
| Any other Mixed or Multiple ethnic background | 1% | 1% | 1% |
| Black, African, Caribbean or Black British* | 5% | 5% | 4% |
| African | 3% | 3% | 2% |
| Caribbean | 1% | 2% | 1% |
| Any other Black, African or Caribbean background | 1% | 1% | <1% |
| Asian or Asian British** | 4% | 5% | 9% |
| Pakistani | 1% | 2% | 2% |
| Indian | 1% | 1% | 3% |
| Bangladeshi | 1% | 1% | 1% |
| Chinese | <1% | <1% | 1% |
| Any other Asian background | 1% | 1% | 2% |
| Other ethnic groups | 1% | 1% | 2% |
| Arab | <1% | <1% | <1% |
| Any other ethnic group | 1% | 1% | 2% |

Family composition

In 2023, half (49%) of all clients had at least one child, which is a two percentage points increase compared to 2022.

However, single adults without children represent the most common family composition type, with two in five (39%) clients in this cohort. This proportion has fallen by two percentage points year-on-year.

The new client population is vastly over-represented by single parent households compared to the wider UK population. For example, compared to just 6% of the wider UK population, almost one in three (27%) new clients in 2023 were single parents.

Family composition among new clients

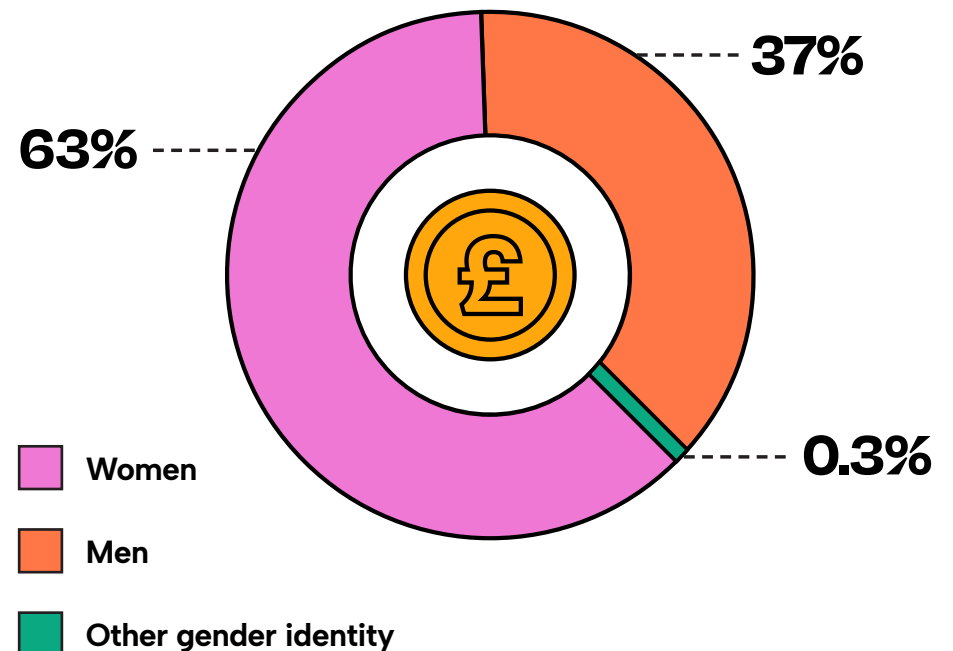
| | 2022 | 2023 | UK average ⁶ |
|---------------------------------------|------------|------------|-------------------------|
| Single with children | 26% | 27% | 6% |
| Couple with children | 21% | 22% | 22% |
| Total clients with children | 47% | 49% | 28% |
| Single without children | 41% | 39% | 36% |
| Couple without children | 12% | 12% | 35% |
| Total clients without children | 53% | 51% | 72% |

Gender

StepChange has seen a high number of women seeking debt advice for more than a decade. This trend continues into 2023, with over three in five (63%) clients seeking debt advice being women, which is unchanged year-on-year.

StepChange’s 2023 report, Bearing the Burden⁷ revealed the difficult financial circumstances that women in debt face. This often includes facing lower income levels, additional expenditure due to childcare, and higher household arrears amounts.

Gender among new clients



⁶ONS (2022). Families and Households 2021. Office for National Statistics – Labour Force Survey (LFS)

⁷<https://www.stepchange.org/policy-and-research/women-and-debt.aspx>

Housing situation

In line with trends seen in previous years, the charity continues to advise a substantial proportion of clients who are renting. Around two thirds (64%) of clients are renting either privately or from a council or housing association.

There has been a slight increase in the proportion of homeowners completing debt advice, with the number of clients rising from 16% in 2022 to 18% in 2023. This is perhaps unsurprising given the increase in interest rates across 2023.

Housing situation among new clients

| | 2022 | 2023 |
|--|------------|------------|
| Renting – private landlord | 34% | 33% |
| Renting – council or housing association | 32% | 31% |
| Total clients renting | 66% | 64% |
| Own property outright | 2% | 3% |
| Mortgaged | 12% | 14% |
| Shared ownership (mortgage and rent) | 1% | 2% |
| Total clients who are homeowners | 16% | 18% |
| Other | 3% | 3% |
| Living with family | 13% | 13% |
| Board payment (not with family) | 2% | 2% |

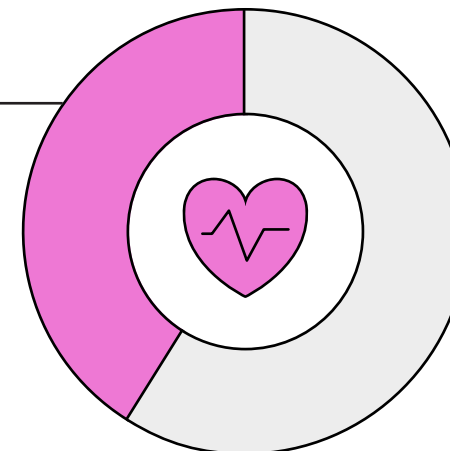
Clients in vulnerable situations

In 2023, 55% of clients disclosed that they had a vulnerability in addition to their financial situation. This proportion has remained consistent with 2022.

A vulnerability includes experiencing physical and mental health conditions, terminal illnesses, learning disabilities, sight or hearing difficulties, communication difficulties, addiction and other situations which can make dealing with problem debt harder. Clients can have multiple vulnerabilities and some vulnerabilities can be temporary.

In 2022 and 2023, new clients were most likely to experience a mental health vulnerability, with two in five (38%) clients disclosing this at the start of their debt advice journey.

Any mental health vulnerability (38%)

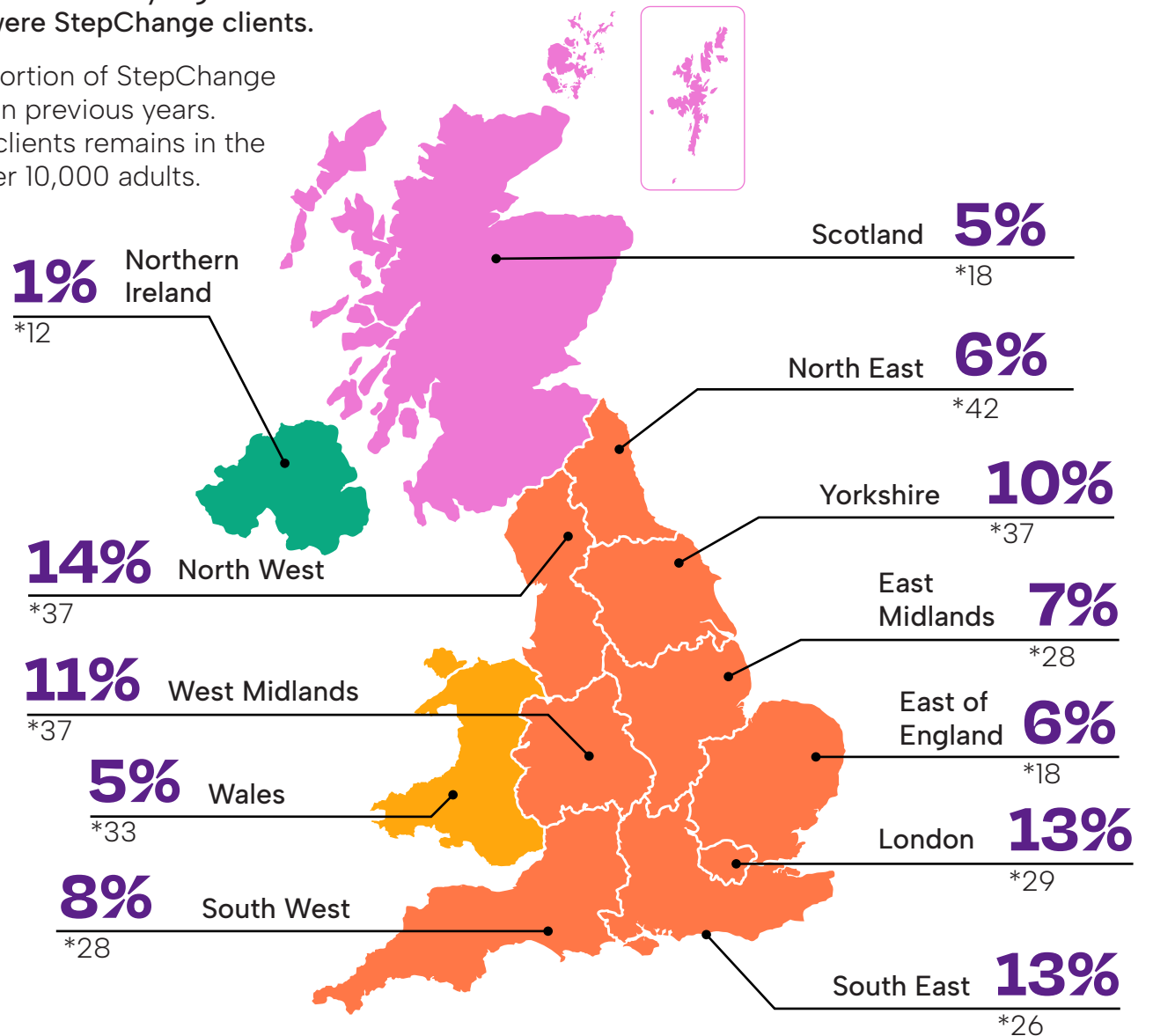


Location

In 2023, around 29 per 10,000 adults were StepChange clients in the UK. In line with previous years, the demand for our debt advice was notably higher in the North West of England where 37 per 10,000 adults were StepChange clients.

The North West of England also has the highest proportion of StepChange clients, which is again in line with trends we've seen in previous years. Although, the highest concentration of StepChange clients remains in the North East of England with 42 StepChange clients per 10,000 adults.

| Nation or English region | 2023 | Clients per 10,000 of local population ⁸ |
|--------------------------|-------------|---|
| North West | 14% | 37 |
| London | 13% | 29 |
| South East | 13% | 26 |
| West Midlands | 11% | 37 |
| Yorkshire | 10% | 37 |
| South West | 8% | 28 |
| East Midlands | 7% | 28 |
| East of England | 6% | 18 |
| North East | 6% | 42 |
| England | 88% | 30 |
| Wales | 5% | 33 |
| Scotland | 5% | 18 |
| Northern Ireland | 1% | 12 |
| UK | 100% | 29 |



*per 10,000 of local population

⁸ONS Mid-2021 dataset on estimates of the population for the UK, England, Wales, Scotland and Northern Ireland, filtered on those aged 18 and over

Arrears and unsecured debts

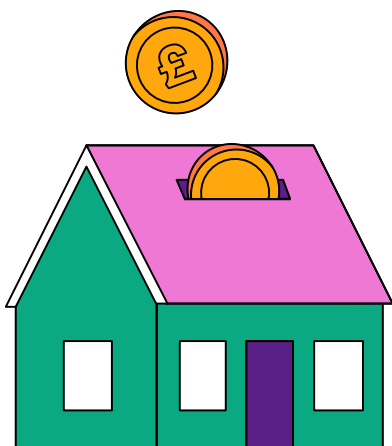
Household bills arrears

Over the last year, the overall proportion of new clients in arrears on essential bills between 2022 and 2023 has stayed the same. However, the average amount that clients have fallen behind on bills, particularly energy, has increased substantially.

For example, the average amount of electricity arrears has increased by £268 between 2022 and 2023, despite the proportion of clients in arrears falling.

Also, the average energy arrears amount, among clients who have a responsibility for paying this bill type, has increased by 23% (£341) between the same time period.

The average arrears amount for the various types of essential household bills⁹ now stands at £3,124, up from £2,833 per client in 2022, representing a 10% year-on-year increase.



Average household arrears and amounts

| Essential household bills type | % in arrears | | Average amount of arrears | |
|--------------------------------|--------------|------------|---------------------------|---------------|
| | 2022 | 2023 | 2022 | 2023 |
| Dual Fuel | 52% | 52% | £1,398 | £1,761 |
| Electricity | 29% | 26% | £1,241 | £1,509 |
| Gas | 25% | 24% | £865 | £1,121 |
| Total Energy | 41% | 42% | £1,485 | £1,826 |
| Council tax | 35% | 33% | £1,659 | £1,726 |
| Water | 28% | 23% | £1,059 | £1,131 |
| Rent | 22% | 20% | £1,719 | £1,828 |
| Mortgage | 16% | 16% | £5,875 | £6,054 |
| TV Licence | 4% | 3% | £108 | £106 |
| Total household arrears | 50% | 50% | £2,833 | £3,124 |

⁹Essential household bills include the following bill types: dual fuel, electricity, gas, council tax, water, rent, mortgage, TV licence, and ground rent/service charges

Unsecured debts

In 2023, the average number of unsecured debts¹⁰ held per client has remained unchanged year-on-year at six.

Despite this, the mean average unsecured debt amount held per client has increased by eight percent between 2022 and 2023, which equates to just over £1,000.

The unsecured debt levels seen in 2023 are the highest levels since a decade ago¹¹, where the mean average unsecured debt amount per client was just shy of £16,000 in 2013.

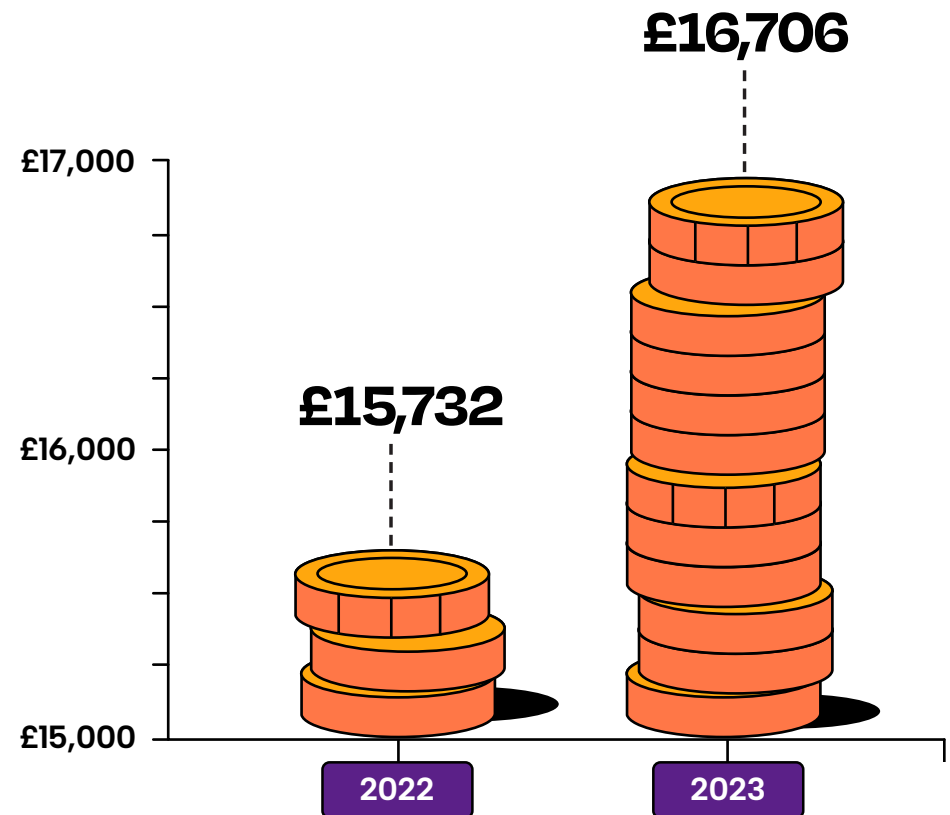
Average unsecured debt amounts

| | 2022 | 2023 |
|--------|---------|---------|
| Mean | £13,563 | £14,654 |
| Median | £8,312 | £8,874 |

Average arrears and unsecured debt amount at advice

| | 2022 | 2023 |
|--------|---------|---------|
| Mean | £15,732 | £16,706 |
| Median | £10,100 | £10,528 |

The mean average arrears and unsecured debt amount total¹² in 2023 is £16,706, which is six percent higher than 2022.



¹⁰ Unsecured debts account for all debts recorded at the time of advice, other than arrears on essential household bills, such as council tax, utility bills and rent, and secured lending against a property

¹¹ Note that previous Statistic Yearbook reports used a different methodology <https://www.stepchange.org/Portals/0/documents/media/PersonalStatsYearbook2013.pdf>

¹² This total includes all unsecured and secured debts and arrears recorded at the time of advice

Unsecured debts

Credit cards have long been the most common debt type held by StepChange clients, held by two in three (66%) in 2023. In 2023, the average amount of credit card debt per client had increased by eight percent, when compared to 2022.

The average amount of personal loan debts also saw quite a notable increase between 2022 and 2023, up by 11%.

The increase in debt amounts may be related to both the sharp rise in interest and inflation rates seen in 2023, which may have accelerated client's debt accumulation.

Most common unsecured debt types

| | % with debt type | | Average amount of debt | |
|---------------|------------------|------|------------------------|--------|
| | 2022 | 2023 | 2022 | 2023 |
| Credit card | 64% | 66% | £6,362 | £6,898 |
| Personal loan | 45% | 45% | £8,049 | £8,934 |
| Overdraft | 33% | 32% | £1,426 | £1,489 |
| Catalogue | 34% | 32% | £1,819 | £1,804 |
| Store card | 12% | 12% | £1,110 | £1,118 |
| Payday loan | 10% | 8% | £1,309 | £1,398 |

Debts owed to family and friends

In 2023, one in six (16%) clients reported that they owed money to family or friends. The average debt amount for this stood at £3,328, which is a seven percent increase of £206 since 2022.

Average debt owed to family and friends

| | 2022 | 2023 |
|------------------------------------|--------|--------|
| % with debt to family and friends | 17% | 16% |
| Average debt to family and friends | £3,122 | £3,328 |

Conclusion

The Statistics Yearbook report provides insight into the demographic and financial landscape of new clients seeking debt advice. In 2023, there has been a significant rise in the number of new clients completing their first debt advice session with StepChange.

There has been a notable shift in the main reasons for debt cited by clients, with a 'cost of living increase' emerging as the most common, affecting one in four clients. The substantial rise in the proportion of clients citing a 'cost of living increase' has been accompanied by a higher proportion of clients in a negative budget, as well as a depleting average surplus.

Alongside this, the average amounts of arrears on household bills held by clients have also increased quite substantially, placing further strains on clients' budgets, as they try to make ends meet. This demonstrates some of the mounting pressures on clients as they try to take steps towards dealing with their debts.

Clients have also seen their average debt amounts increase in the last year. Two in three clients have credit card debts and have seen the average amount for this increase by around eight percent.

There have also been a few noteworthy changes in the clients coming to StepChange for debt advice. The proportion of clients in full-time employment, and clients who are homeowners have increased. This potentially highlights the diversification of debt problems as the pool of people being impacted has now widened.

However, the charity continued to provide advice to a disproportionate number of renters, single parents, women, and clients in younger age groups. These trends have existed for several years. This includes throughout periods of higher interest rates, the increased cost of living and the Covid-19 pandemic over recent years.

We will continue to monitor the everchanging debt and demographic profiles of new StepChange clients to see the impact this may have on their debt problems.



Editor: Asiya Uddin

For more information, visit the StepChange Debt Charity website.

For help and advice with problem debts call (Freephone)
0800 138 1111 Monday to Friday 8am to 8pm and Saturday
8am to 2pm, or use our online debt advice tool

Get in touch:



0800 138 1111 (Freephone)



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