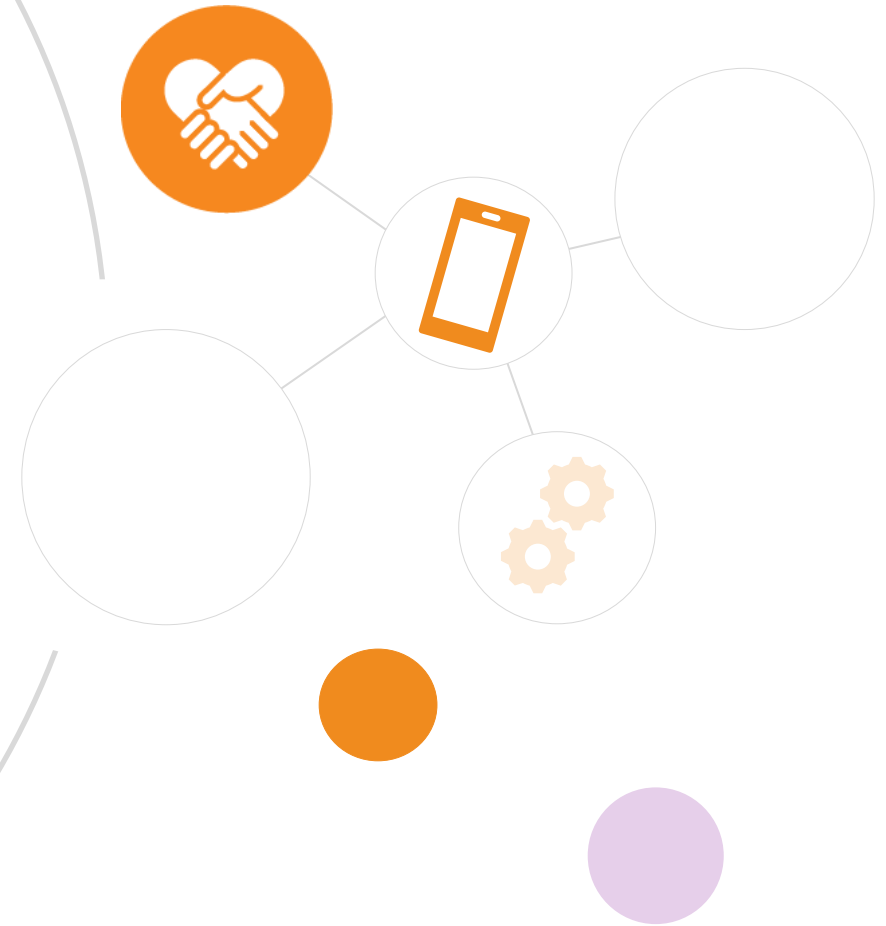


# Debt advice client insights

July 2021

Published August 2021



## Contents

### 1. Website trends

Page 4

### 2. Volumes

Page 5

### 3. Reasons for debt

Page 6

### 4. Debt and arrears types

Pages 7 - 8

### 5. Negative budgets and Universal credit

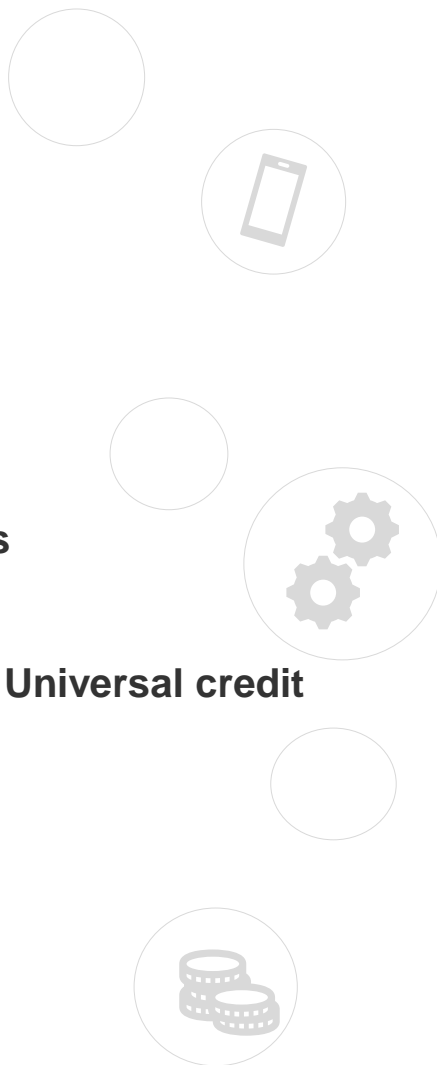
Page 9

### 6. Demographics

Pages 10 – 13

### 7. Methodology

Page 15



## Background

This report from StepChange Debt Charity provides insight into the demographic and debt characteristics of new clients who first sought debt advice in July 2021. This report also provides website traffic information as well as comparisons to previous months and years.

Previous monthly data reports can be found [here](#). Additionally, earlier this year the charity released the 2020 Statistics Yearbook, highlighting the debt and demographic situations of new clients who received full debt advice between January and December 2020. This document can be found [here](#).

## Executive summary

The trends and findings from StepChange debt advice data in July generally remain consistent with previous months and years, including before the pandemic.

However, between June and July, there have been some small changes in the demographics and debt types of the new client population. For example, there has been a small increase in the proportion of homeowners seeking advice, alongside a small increase in the proportion of clients with mortgages behind on mortgage payments.

Additionally, new findings reflect wider UK economic and labour market trends. For example, the charity has seen a small decrease in the proportion of clients in receipt of Universal Credit compared to last month, mirroring a fall in the number of adults in receipt of Universal Credit between April and July 2021 (DWP, 2021).

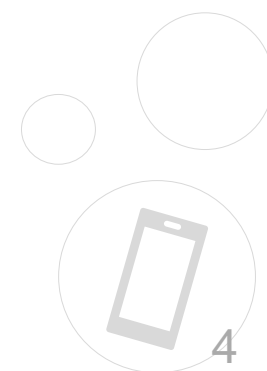
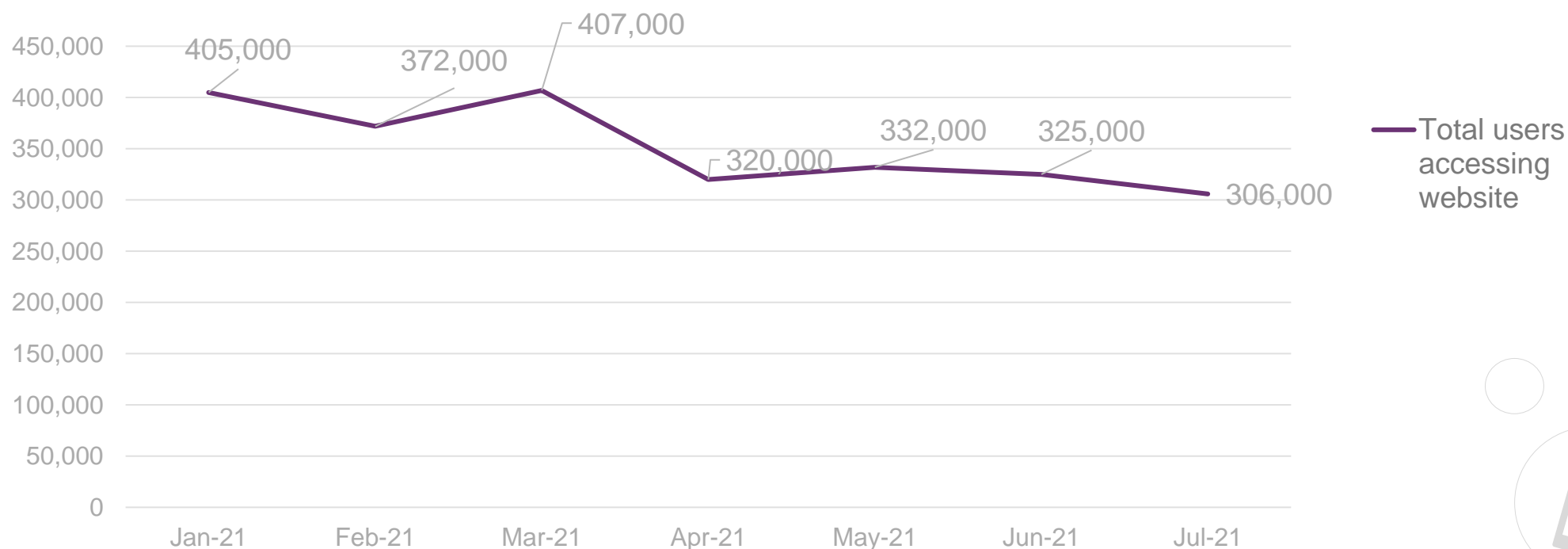
The charity also advised a growing number of adults in full-time employment, reflecting labour market statistics. This perhaps suggests a change in the demographic profiles of new clients seeking advice, highlighting that those in employment are also experiencing financial difficulty.

However, the data for July continues to reflect the difficult financial situation that many households have been facing during the pandemic. Around one third (33%) of new clients were in receipt of Universal Credit, and three in ten (30%) had a negative budget at the time of advice.

## Website trends

In July 2021, 306,000 users visited the StepChange website for information or to receive full debt advice. This number has decreased slightly compared to previous months, and is down from a peak this year of 407,000 in March 2021. The number of new users is also slightly lower compared to July 2020 (323,000). As with previous months, the 'emergency funding' debt information page continues to be the most commonly visited, with almost 20,000 users accessing this information in July 2021. Commonly visited debt information pages in July also included the self-employed income calculator (12,000 visits) and information regarding statute-barred debts (8,300 visits).

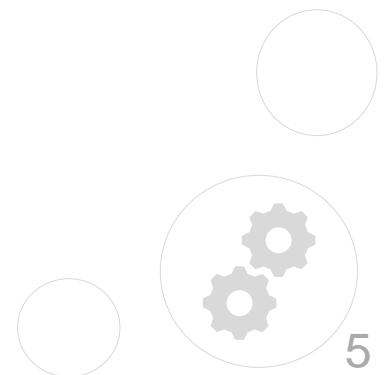
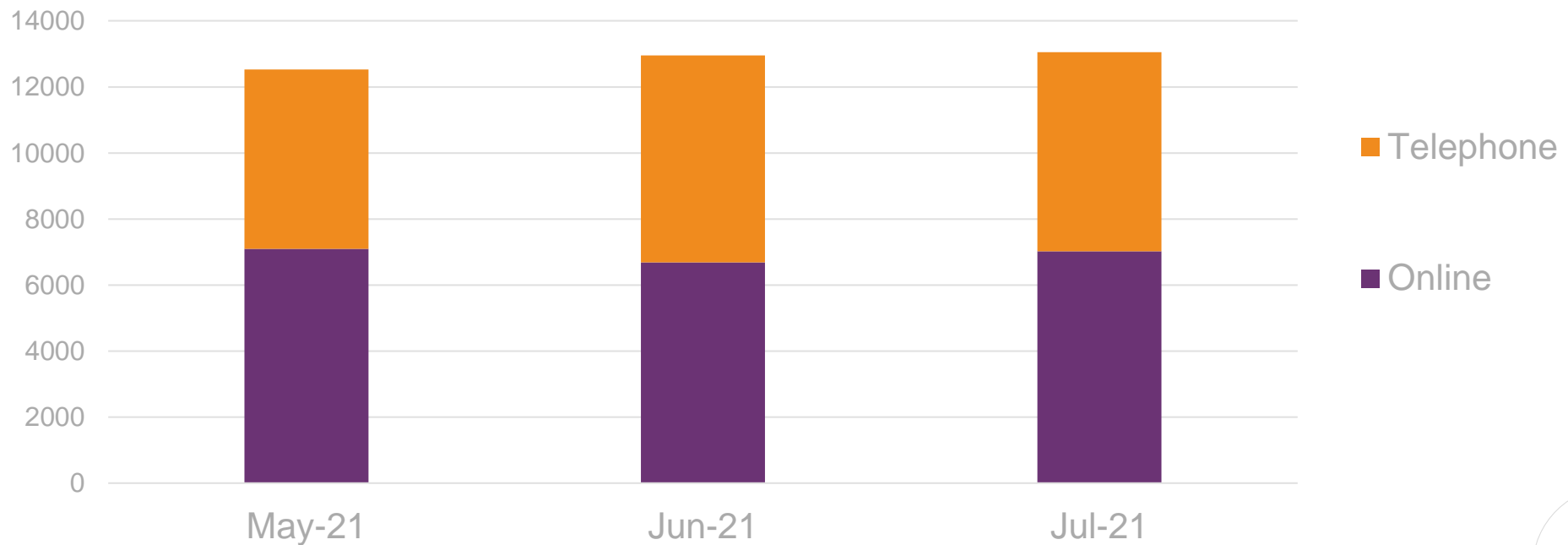
### Number of website users: January – July 2021



## Client volumes

Between June and July 2021 there has been a slight increase in the number of new clients who accessed full debt advice; 13,000 new clients received full debt advice in July 2021. However, the number of new clients receiving debt advice continues to be lower than levels before the start of the pandemic in March 2020. In July 2019, 25,000 clients received full debt advice.

### Number of new telephony and online clients: May – July 2021

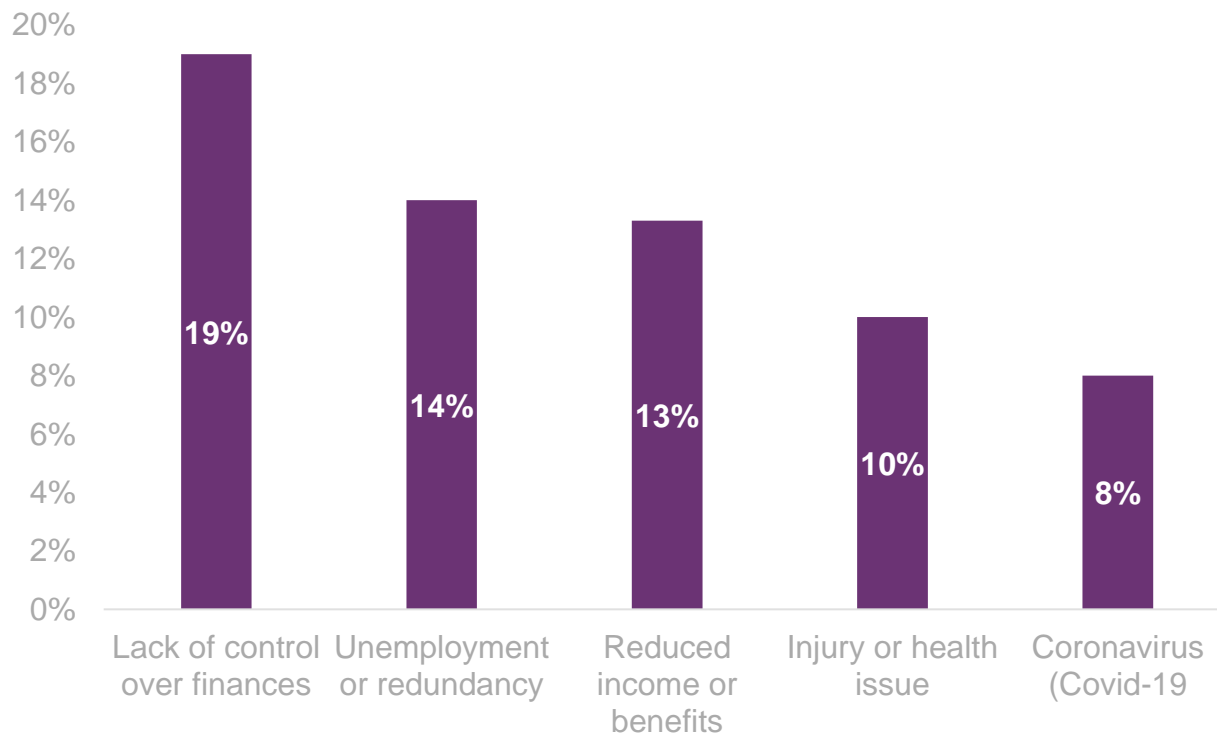


## Reasons for debt

In July, 'lack of control over finances' continued to be the single most commonly mentioned reason for debt among new clients, with one in five (19%) citing this. However, as with previous months, life events such as experiencing unemployment or redundancy, experiencing a reduction to income, or injury or a health issue also continued to be common reasons for debt mentioned by new clients.

There has been a small reduction in the proportion of clients citing Covid-19 specifically as a reason for debt, decreasing from 10% in June to 8% in July 2021.

### Most common reasons for debt\*: July 2021

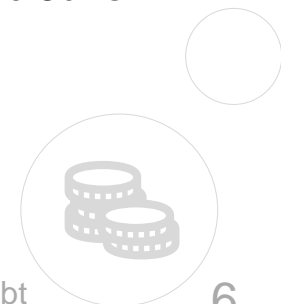


2020

The most common reasons for debt in 2020 were unemployment or redundancy (18%) and reduced income or benefits (15%)

2021

These top five reasons were also the five most common in between March and June 2021



\*clients can select multiple reasons for debt

## Debt types

There have been small increases in the proportion of new clients with credit card debts and personal loan debts in July. Credit cards still topped the list as the most common debt type, with 67% of new clients holding at least one credit card debt at the time of advice.

Half of clients (50%) had a personal loan debt at the time of advice, which is down slightly compared to the proportion of new clients in 2020 who held this debt type.

### Proportion of new clients with each debt type at the time of advice

	Full year 2020	May 2021	June 2021	July 2021
Credit card	67%	66%	66%	67%
Personal loan debt	52%	49%	49%	50%
Overdraft	39%	34%	35%	35%
Catalogue debt	35%	35%	36%	36%
Short-term high cost credit or payday loan	13%	11%	11%	11%
Store card	14%	12%	12%	12%

## Arrears types

There has been an increase in the proportion of clients with mortgage arrears, rising from 17% in 2020 to 19% in July 2021. The proportion of clients behind on their rent payments has fallen slightly from 27% in 2020 to 23% in July 2021.

Overall, similar proportions of new clients in July were behind on households bills when compared to previous months, and last year. Council tax continues to be the most common form of household bill arrears type.

### The proportion of new clients in arrears among those who have a responsibility for each bill type\*

	Full year 2020	May 2021	June 2021	July 2021
Council tax	36%	34%	35%	35%
Electricity	26%	26%	27%	27%
Gas	23%	22%	21%	22%
Water	32%	31%	31%	31%
Rent	27%	23%	24%	23%
Mortgage	17%	18%	18%	19%
TV license	7%	4%	3%	4%

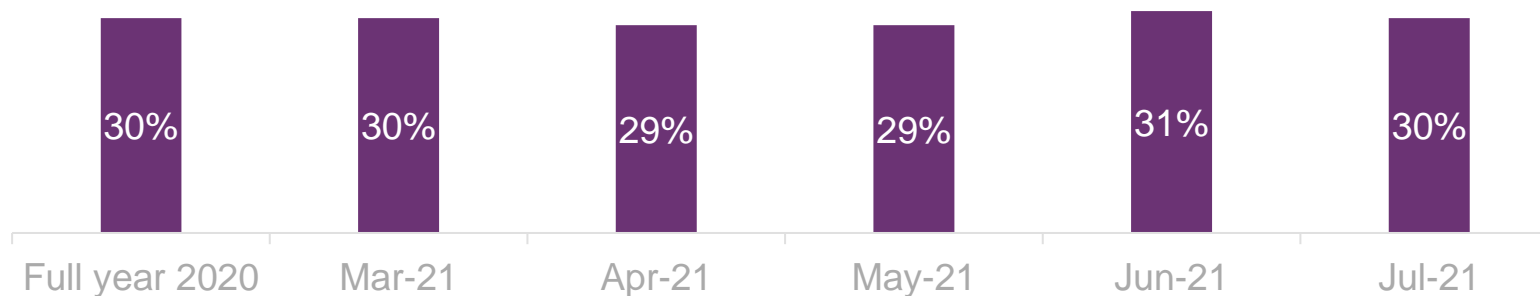


## Negative budgets and Universal Credit

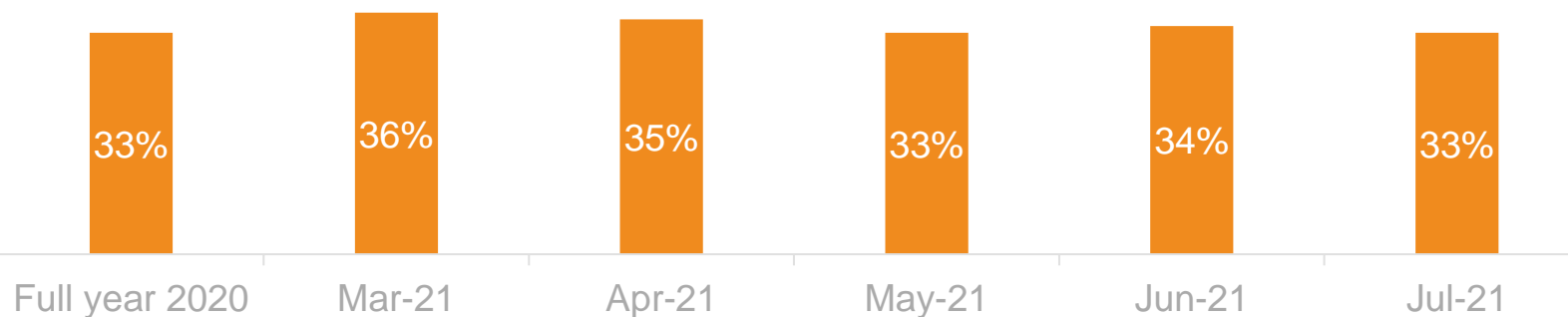
The proportion of new clients with a negative budget (where a client's monthly outgoings exceeds monthly income after proceeding through StepChange's budgeting and advice process) has remained fairly consistent throughout the pandemic.

The proportion of new clients in receipt of Universal Credit has decreased marginally between June (34%) and July (33%). This reflects a fall in the overall number of UK adults in receipt of Universal Credit between April and July 2021 (DWP, 2021). However, 5.9 million UK adults were in receipt of Universal Credit in July 2021, almost double the number shortly before the start of the pandemic in March 2020.

### Proportion of new debt advice clients with negative budgets



### Proportion of new debt advice clients in receipt of Universal Credit



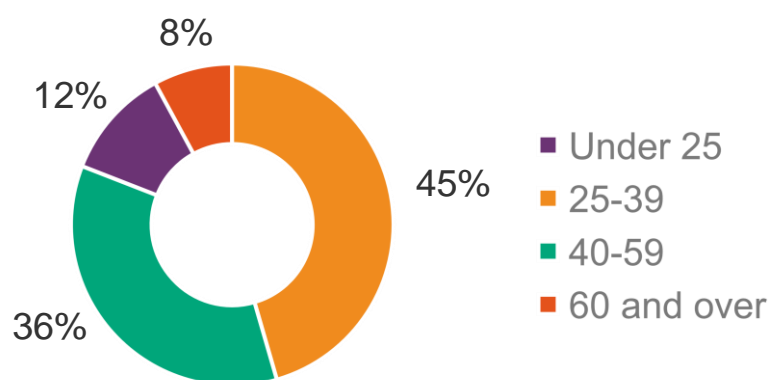
## Demographics

Despite a fall of one percentage point, the charity continues to advise a disproportionate number of women; in July 2021, three in five (61%) new clients were women. The charity also continued to advise a disproportionate amount of clients aged under 40 compared to the UK general population: 57% of all new clients were aged between 18 and 39 compared to one third (34%) of all UK adults.

### Gender split: New debt advice clients, May-July 2021

	Full year 2020	May 2021	June 2021	July 2021
Female	60%	60%	62%	61%
Male	40%	39%	38%	39%
Other gender identity	<1%	<1%	<1%	<1%

### Age: New debt advice clients, July 2021



## Demographics continued - housing tenure

There has been a small increase in the proportion of homeowners between June and July. In July, 13% of new clients held a mortgage, and 2% owned their homes outright.

However, new StepChange clients continue to most likely be renters, including 35% who rent in the private rented sector. This was the most common housing type among new StepChange clients in July 2021.

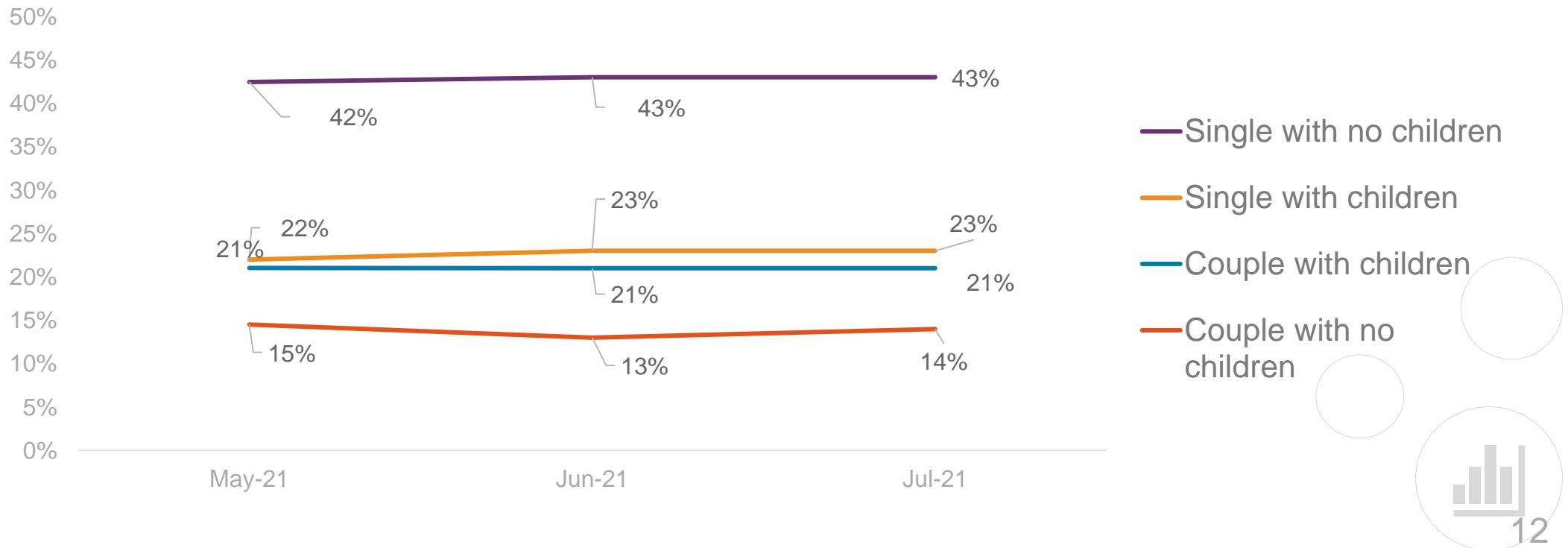
### Housing tenure among new clients

	Full year 2020	May 2021	June 2021	July 2021
Board payment (not with family)	3%	3%	2%	3%
Living with family	15%	13%	13%	13%
Mortgage	12%	14%	12%	13%
Other	2%	3%	2%	2%
Owns property outright	3%	3%	2%	2%
Renting - Council or Housing Association	31%	30%	32%	31%
Renting - private landlord	34%	35%	34%	35%
Shared ownership (mortgage and rent)	1%	1%	1%	1%

## Demographics continued - family composition

There has been limited change in the family types among new StepChange clients over recent months. Single adults with no children remained the most common family composition type in July (43%), however this proportion has increased substantially compared to before the pandemic. In 2019, 36% of clients were single adults with no children. The charity also continues to advise a disproportionate amount of single parents compared to the wider UK population; almost one quarter (23%) of new clients in July were single parents compared to 6% of the wider UK adult population.

### Family composition: May – July 2021



## Demographics continued - employment

The proportion of clients in full-time employment increased slightly between June (38%) and July (39%). Overall, a similar proportion of clients were in a form of employment in July (55%) compared to June (55%).


### Employment status: July 2021

Employment type	%
Carer	3%
Full-time employed	39%
Not working due to illness or disability	15%
Part-time employed	14%
Retired	3%
Student	2%
Unemployed: looking for work	13%
Unemployed: not looking for work	8%
Zero hour contract	2%

Recent labour market data suggests higher levels of employment in the UK over recent months.

Data from the Office for National Statistics shows that the number of employees on payroll has increased between June and July 2021, however remains lower than levels found before the pandemic (ONS, 2021).

In July 2021,  
55% of new  
clients were in  
employment



## What's next?

The findings in July highlight small changes among the new StepChange client population, for example increases in the proportion of homeowners, and in the proportion of new clients in full-time employment.

There has also been a reduction among the proportion of new clients in receipt of Universal Credit. This could be indicative of a new demographic of clients seeking advice, however it is not yet clear whether this is part of a longer term trend.

However, in July the charity mostly saw similar over-represented groups among new StepChange clients as previous months; namely women, renters and younger age groups.

Although the number of new client seeking advice remains lower than pre-pandemic levels, the situations of StepChange clients highlight the difficulty that many households across the UK are facing.

Most new clients continue to report experiencing difficult life events such as unemployment or redundancy, illness or a relationship breakdown, which has led to problem debt.

The next data report will be published at the end of September 2021, which will highlight the experience of new clients who first received full debt advice in August.

## Notes on the methodology

This data is based on the 13,000 clients who first sought debt advice from the charity between 1 – 31 July 2021. All new clients accessed debt advice either through the charity’s telephony service, or online channel.

All comparisons to 2020 are based on clients who accessed debt advice through the charity’s new debt advice system, Pulse. More details about this system and the data in 2020 can be found in the 2020 Statistics Yearbook, which can be found [here](#).

Arrears types methodology (page 8): The number of clients in arrears on each household bill type is a percentage of the total count of clients who are responsible for paying that bill type. All household bill arrears figures in this document use this methodology.

## References

[Office for National Statistics \(2021\). Labour market overview: August 2021.](#)

[Department for Work and Pensions \(2021\)., Universal Credit statistics, 29 April 2013 to 8 July 2021.](#)

If you require further information about this report, please contact [policy@stepchange.org](mailto:policy@stepchange.org)

If you think you might need debt advice, support with budgeting, or managing persistent debt, StepChange can help with expert advice. Visit [www.stepchange.org](http://www.stepchange.org) or call 0800 138 1111 Mon-Fri 8am-8pm, Sat 8am-4pm and take the first step towards taking back control of your finances.



[www.stepchange.org](http://www.stepchange.org)



0800 138 1111 (Freephone)