

# Debt advice during coronavirus

July 2020

# Contents



## Website trends

Pages 5 - 6



## Volumes

Pages 7 - 9



## Household bills

Pages 10 - 11



## Income and surplus levels

Pages 12 - 13



## Client demographics

Pages 14 - 18



## Debt types

Page 19

# Background

This report from StepChange Debt Charity provides insight into the demographic and debt information of new clients who first sought debt advice in July 2020. It also provides website traffic information as well as comparisons of all new data to 2019. Please see our [methodology note](#) for further details.

This is the third report in the series outlining our latest data during the pandemic. Previous reports can be found [here](#).

We will be releasing a new report with the latest client data on a regular basis. Our next report, which will highlight data from August, is due for release towards the end of September.



# Executive summary – July 2020



In July 2020, StepChange Debt Charity provided full debt advice to **over 14,000 new clients** across our telephone and online channels. This follows an upwards trend in volumes over recent months, however volumes are still lower than levels we would otherwise expect. In July 2019, 25,400 clients sought debt advice.



Temporary forbearance measures continued to provide respite for many at risk of problem debt in July. However, it is likely that we will start to see a greater increase in volumes as payment holidays, the furlough scheme, the ban on evictions and a halt on bailiff action come to an end over the coming months.



Many of our client statistics are similar to levels found in 2019, suggesting that those who were 'debt vulnerable' before the pandemic are still those most at risk. For example, in July, we advised a disproportionate amount of women, younger age groups and renters.



These demographic groups have been identified elsewhere as potentially most at risk of financial detriment due to coronavirus<sup>12</sup>.

<sup>1</sup>Institute for Fiscal Studies (April 2020), Sector shutdowns during the coronavirus crisis: which workers are most exposed?, <https://www.ifs.org.uk/publications/14791>

<sup>2</sup>Resolution Foundation (May 2020), Coping with housing costs during the coronavirus crisis, <https://www.resolutionfoundation.org/publications/coping-with-housing-costs-during-the-coronavirus-crisis/>

# Executive summary – July 2020



Our website stats for July also show a continued increase in the proportion of younger age groups seeking information. In July 2019, just 5% of website users were aged between 18-24. In July 2020, this has since increased to 17% and over half of all website users were aged under 35.



We have also seen a substantial increase in traffic to the “redundancy and debt” web page. This was the third most visited web page in July 2020, behind “emergency funding” and “self-employed income calculator”.



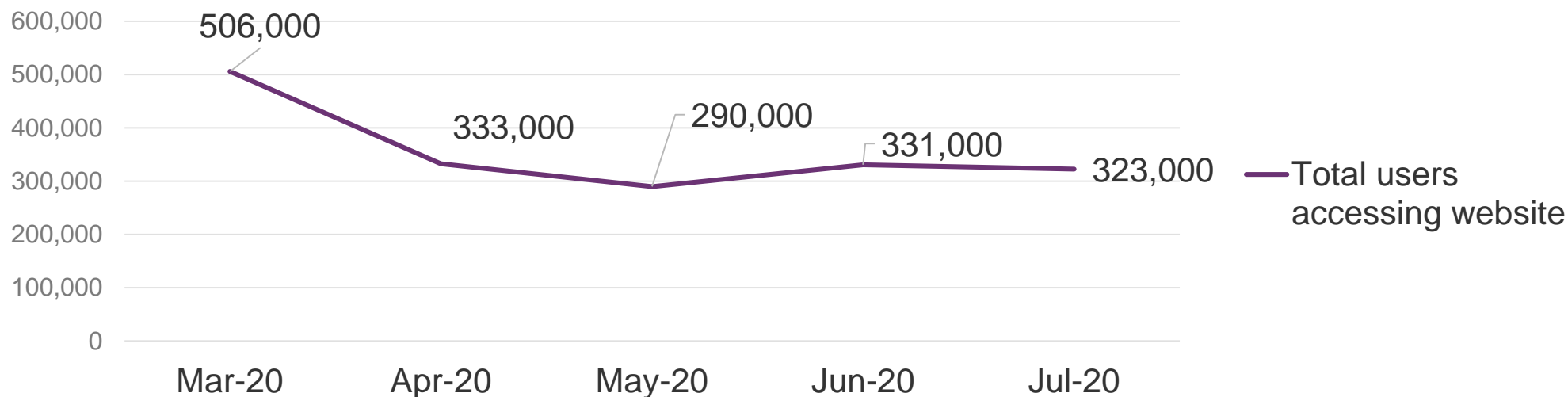
Redundancy and unemployment also remained as the most common reason for debt in July, with 17% of all new telephone clients citing as their main reason for debt. Coronavirus follows closely behind as the second most common reason for debt among new telephone clients (16%).



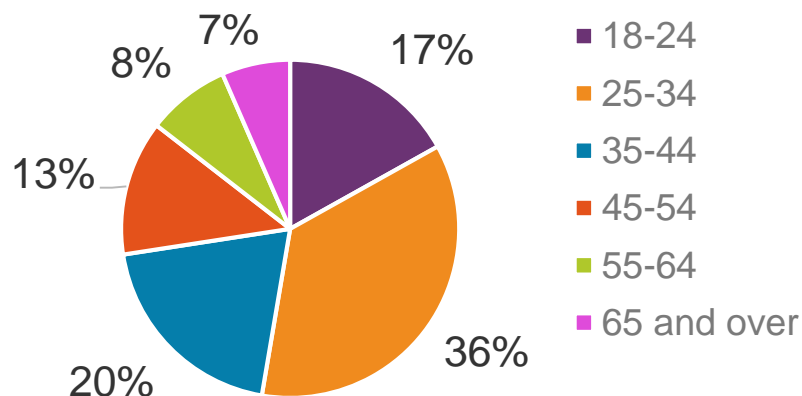
Credit cards continue as the most common type of debt in July, with more than three in four new (77%) online clients, and three in five (62%) new telephone clients holding at least one credit card debt at the time of advice. We’ve also continued to see increases in the proportion of clients with utility arrears, and have noted a small increase in the proportion of clients with rent arrears.

# Website trends

## Website users – March – July 2020



## Age of website users – July 2020 (total page views)

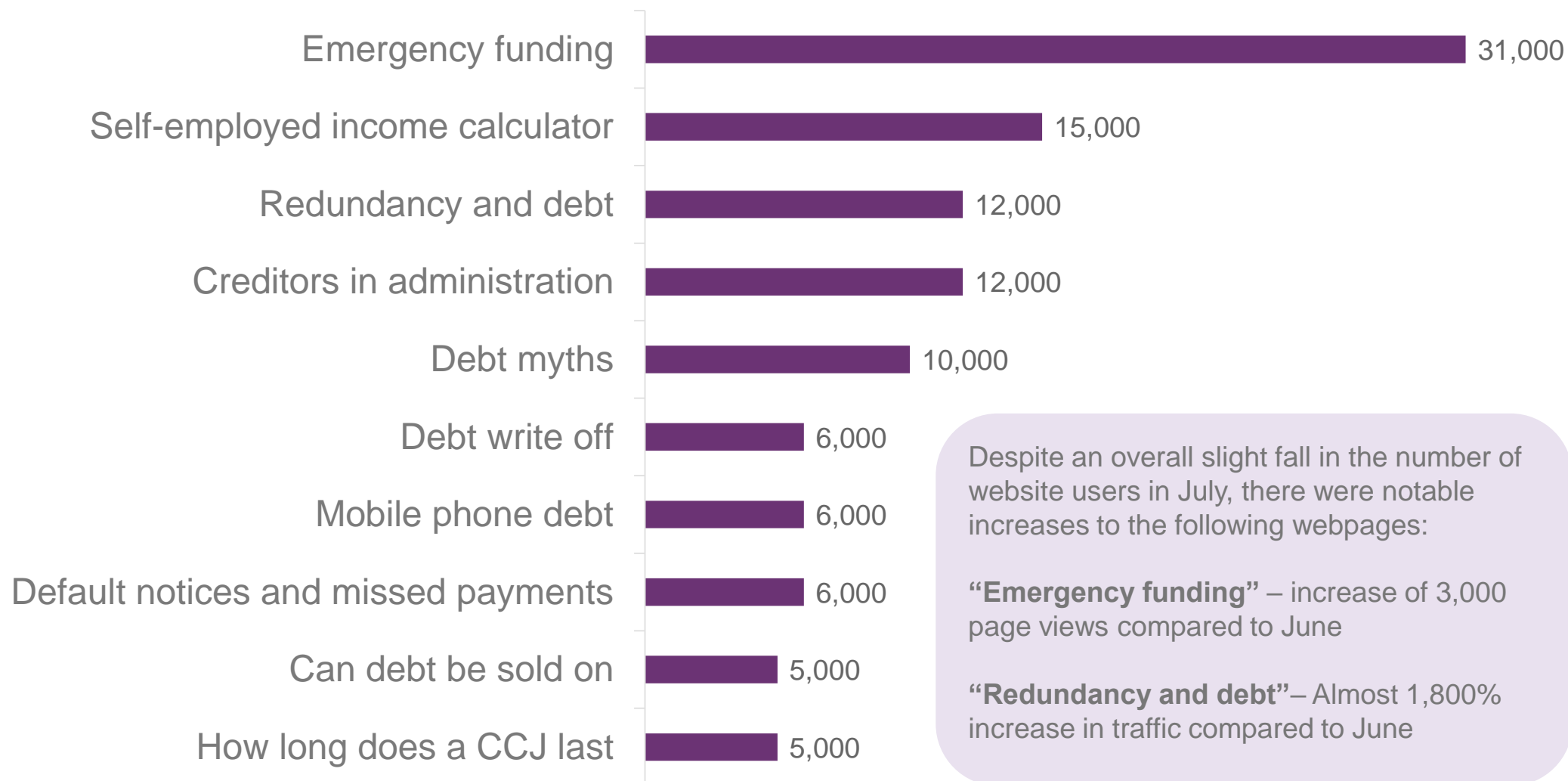


### More users from younger age groups are visiting our website:

- In July 2020, over half of website users (53%) were aged under 35, this is up from 49% in June 2020.
- Comparably, in July 2019, just 5% of all website users were aged between 18-24 (now 17%), and 25% were aged between 25 and 34 (now 36%).

# Website trends continued

## Top 10 debt information pages (page views) – July 2020



Despite an overall slight fall in the number of website users in July, there were notable increases to the following webpages:

**“Emergency funding”** – increase of 3,000 page views compared to June

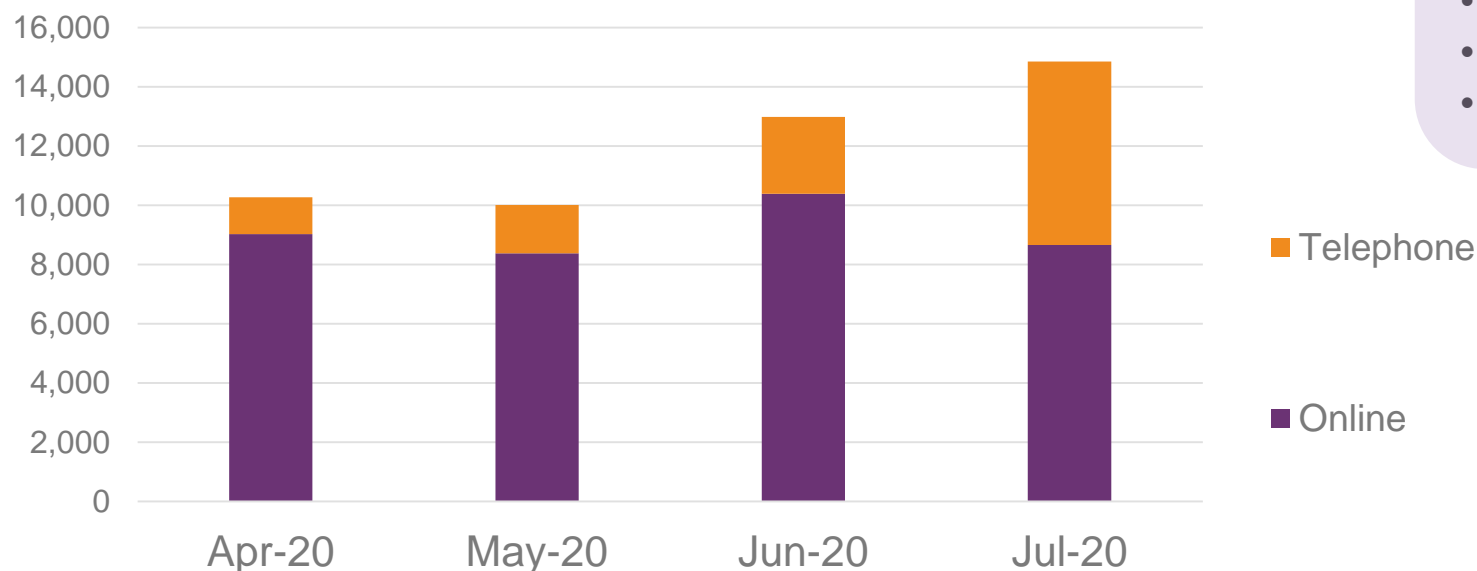
**“Redundancy and debt”** – Almost 1,800% increase in traffic compared to June

# Client volumes

Since the implementation of a lockdown in late March, we have seen a reduction in debt advice volumes, potentially due to forbearance measures and payment holidays. However, our polling in May 2020, indicated that for many households across the UK, debt problems are building up under the surface.

However, volumes have been increasing over recent months. In July, we continued to see an increase across both our telephone and online channels, providing full debt advice to over **14,000 new clients**.

Number of new debt advice sessions = April – July 2020



Comparatively, in 2019 StepChange advised:

- 24,500 new clients in April 2019
- 24,400 new clients in May 2019
- 23,300 new clients in June 2019
- 25,400 new clients in July 2019




July 2020  
new clients:  
**14,856**






# Reasons for debt\*

In July 2020, experiencing unemployment or redundancy remained the most common reason for debt. Unemployment or redundancy has been the most commonly cited reason over recent months. **16% of clients cited Coronavirus as their main reason for debt.**

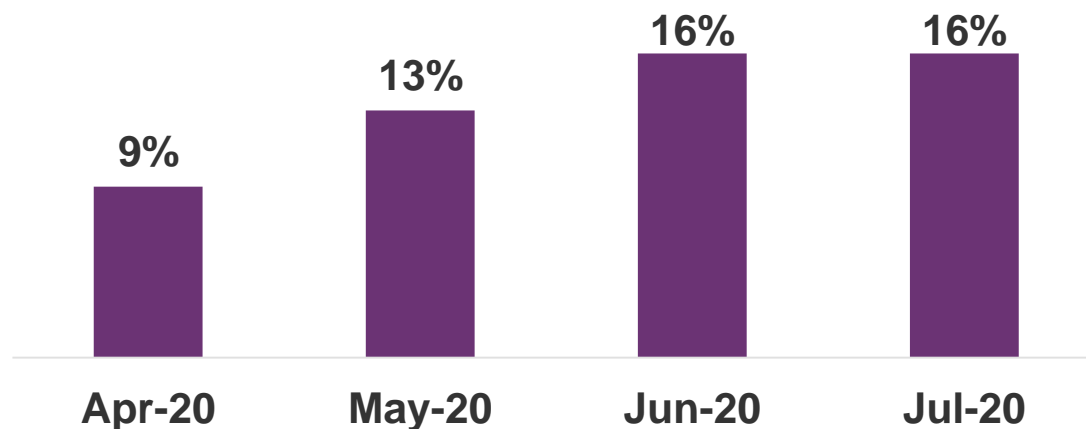
## Full year 2019

-  Reduced income or benefits (18%)
-  Unemployment or redundancy (16%)
-  Injury or illness (16%)

## July 2020

-  Unemployment or redundancy (17%)
-  Coronavirus (16%)
-  Reduced income or benefits (15%)

## % of telephone clients with coronavirus listed as a reason for debt



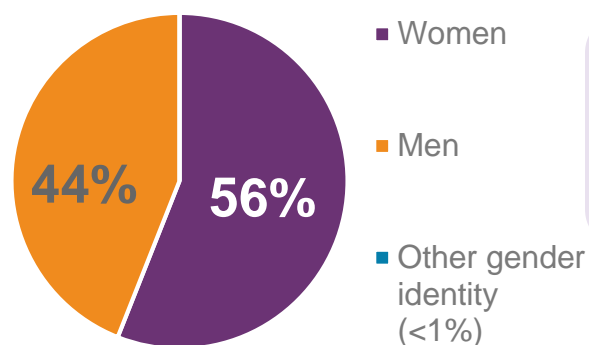
\*Telephone data only



# New clients with coronavirus as a reason for debt\*

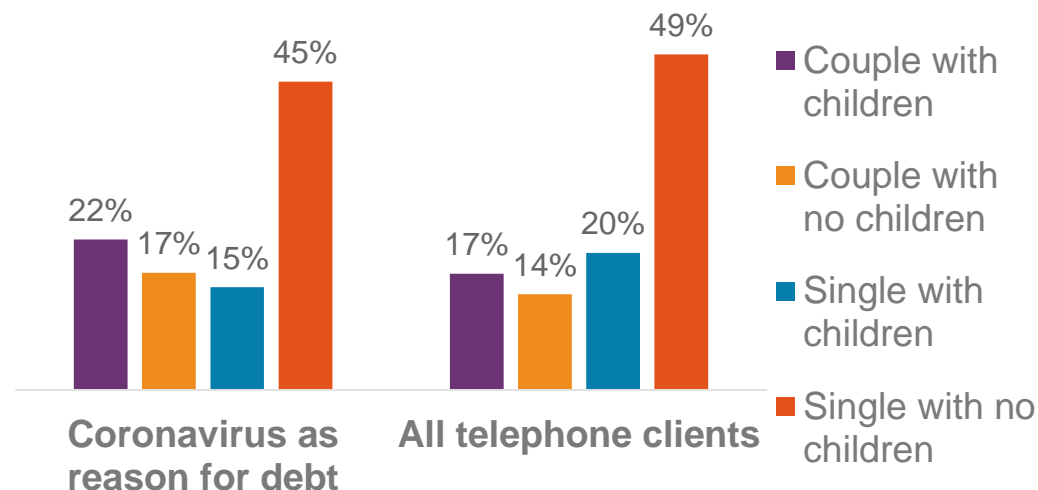
In July 2020, 16% of new telephone clients cited coronavirus as a reason for debt

## Coronavirus as a reason for debt: new clients in July 2020 - Gender

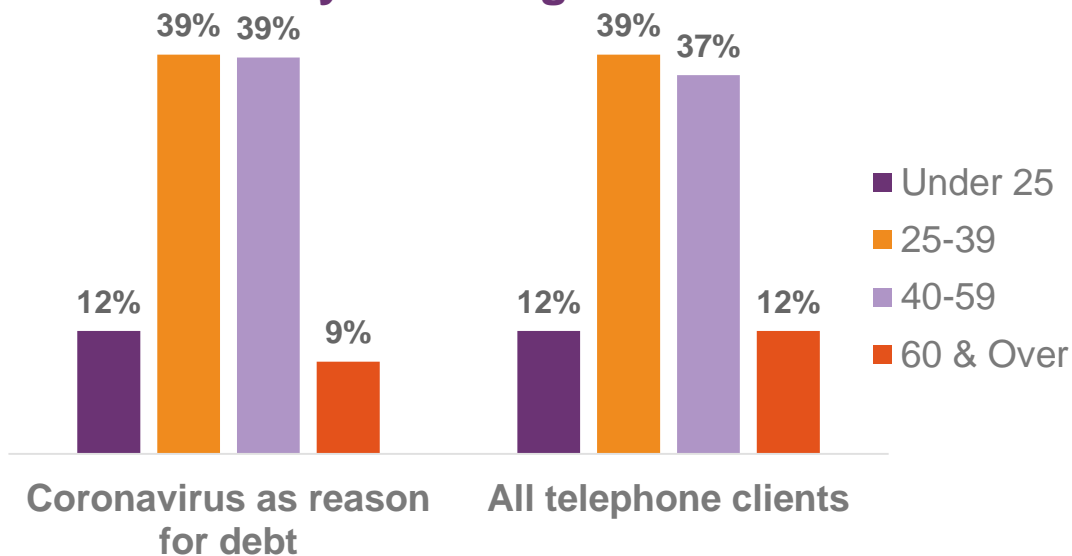


Among all new telephone clients, 59% are women and 41% are men

## July 2020 - family composition



## July 2020 - Age



## July 2020 - Employment type

In July 2020, one third (33%) of new clients who had cited coronavirus as a reason for debt were in full time employment, which is higher than the proportion of all new telephone clients.



\*telephone clients only

# Household bills

## Arrears – online clients

The table below shows the proportion of our clients accessing debt advice online who are in arrears, based from those who have a responsibility for each bill type.

**Proportion of new online clients who are in arrears for each bill type** (note: the base for each % is of those who have a responsibility for each bill type)

	Full year 2019	May 2020	June 2020	July 2020
Council tax	23%	19%	18%	19%
Electricity	13%	13%	13%	15%
Gas	11%	11%	11%	12%
Water	19%	16%	16%	18%
Rent	17%	16%	16%	14%
Mortgage	12%	9%	8%	5%
TV license	7%	6%	5%	4%

# Household bills

## Arrears – telephone clients

The table below shows the proportion of our clients accessing debt advice over telephone who are in arrears, based from those who have a responsibility for each bill type.

**Proportion of new telephone clients who are in arrears for each bill type** (note: the base for each % is of those who have a responsibility for each bill type)

	Full year 2019	May 2020	June 2020	July 2020
Council tax	46%	28%	28%	32%
Electricity	27%	23%	28%	29%
Gas	19%	18%	22%	23%
Water	34%	27%	30%	30%
Rent*	30%	27%	27%	30%
Mortgage*	29%	<1%	<1%	1%
TV license	10%	9%	8%	8%

\*See methodology note for further details

# Income and surplus levels

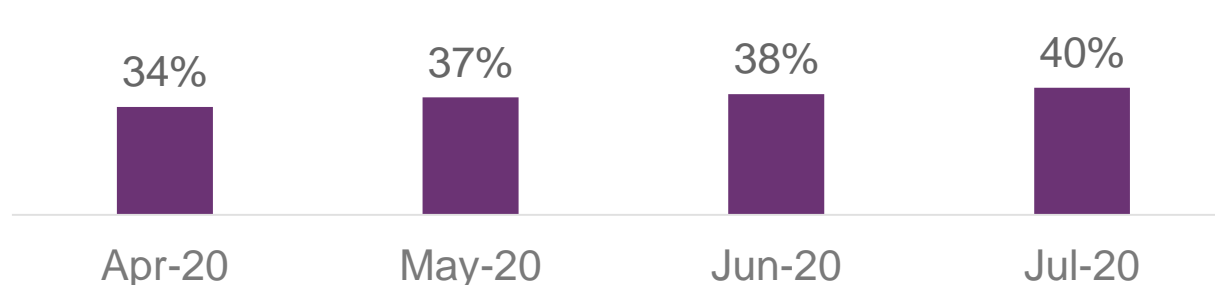
## Average monthly income and surplus levels per client

	Full year 2019		June 2020		July 2020	
	Online	Telephone	Online	Telephone	Online	Telephone
Average monthly surplus*	£142	-£36	£138	£14	£126	£-15
Average monthly net income	£1,617	£1,369	£1,567	£1,159	£1,489	£1,202

\* Surplus is the amount of money left at the end of each month after clients have completed StepChange’s advice and budgeting process

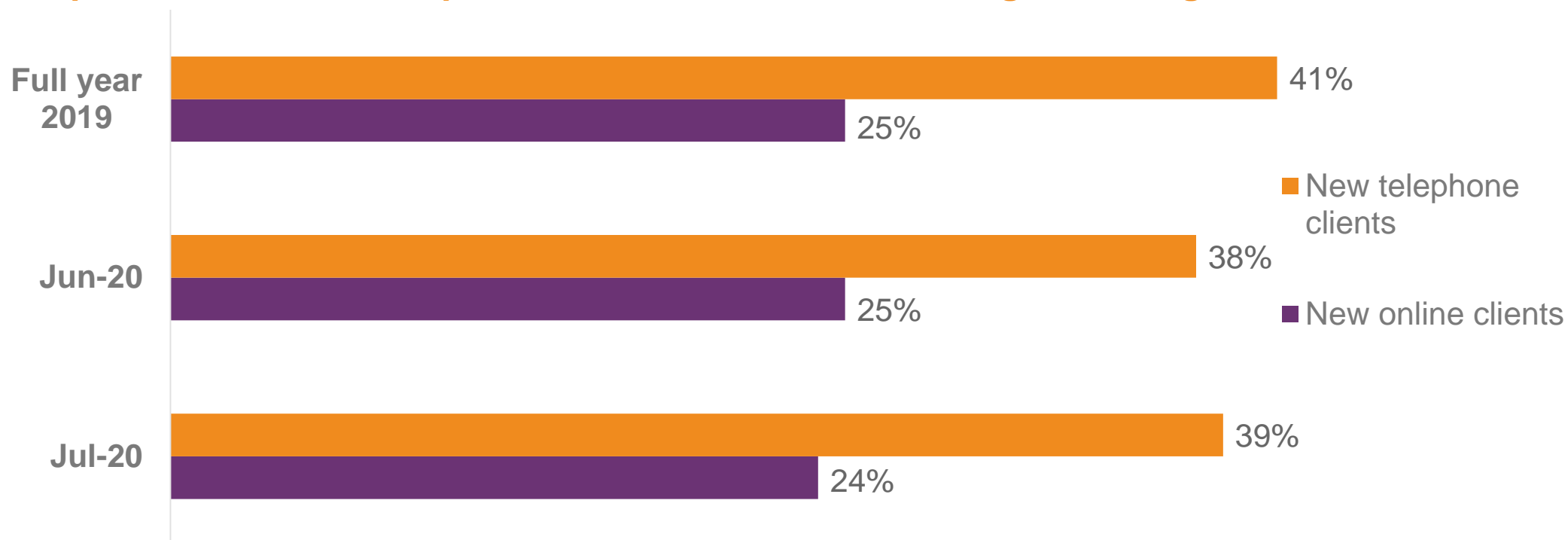
## Universal Credit (telephone clients only)

### Proportion of new telephone clients receiving Universal Credit



# Negative budgets

## Proportion of all new telephone and online clients with negative budgets\*



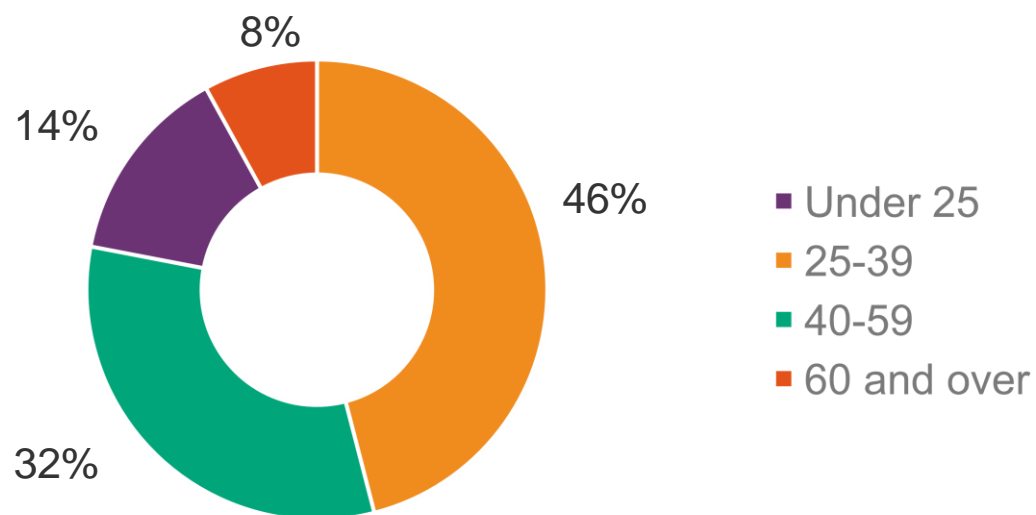
\*A negative budget describes where a client's expenditure is greater than their income after the StepChange advice and budgeting process



In July, the average deficit for a client with a negative budget was **-£376**.

# Client demographics: Age

## Proportion of all new clients in different age groups – July 2020



The proportion of clients from younger age groups remains slightly higher compared to 2019, particularly among the 18-24 age group.

## Proportion of new clients in different age groups – online and telephone clients

	Full year 2019		May 2020		June 2020		July 2020	
	Online	Telephone	Online	Telephone	Online	Telephone	Online	Telephone
18-24	14%	11%	17%	13%	15%	13%	16%	12%
25-39	53%	38%	52%	36%	54%	38%	53%	39%
40-59	30%	42%	27%	37%	27%	36%	27%	37%
60 and over	3%	9%	4%	14%	4%	13%	4%	12%

# Client demographics: Locations and vulnerability\*

## Proportion of new telephone clients from different nations and regions\*:

	Full year 2019	June 2020	July 2020
London	16%	20%	19%
North West	14%	12%	13%
South East	12%	12%	13%
West Midlands	11%	12%	10%
Yorkshire and the Humber	10%	10%	9%
South West	8%	9%	8%
East Midlands	7%	6%	7%
North East	6%	5%	6%
East of England	6%	6%	6%
Wales	5%	5%	5%
Scotland	6%	3%	3%
Northern Ireland	1%	1%	1%



## Clients in vulnerable situations\*:

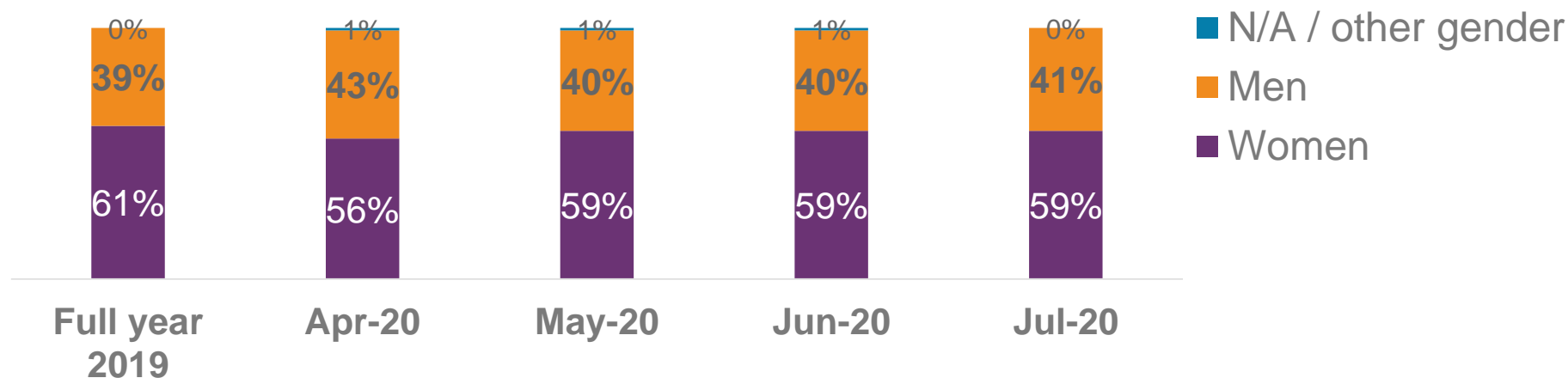
51% of new telephone clients in July were in a vulnerable situation in addition to their financial difficulty.

This includes, for example, experiencing a physical health or mental health issue, a learning disability, vision or hearing loss, and other situations which impact someone's ability to deal with problem debt.

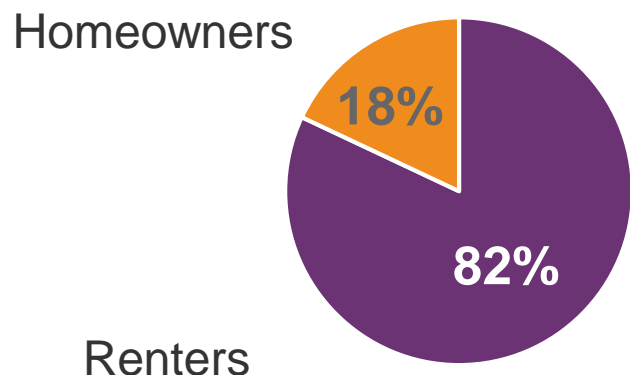
\*Telephone data only

# Client demographics: Gender and housing

## Gender – all new clients



## Housing – all new clients (July)



## Rent type breakdown (base= all new clients renting to housing association, local authority or private rented sector)

	July 2020
Private rented sector	56%
Housing association	22%
Local authority	22%



# Client demographics: Employment status\*

	May 2020	June 2020	July 2020
Carer	2%	2%	2%
Full-time employed	28%	29%	28%
Not working due to illness or disability	18%	16%	15%
Part-time employed	12%	14%	15%
Retired	7%	6%	5%
Student	1%	1%	1%
Unemployed	30%	31%	32%
Zero hour contract	2%	2%	2%

\*Telephone data only

In July 2020, we saw a small increase in the proportion of new clients who were unemployed.

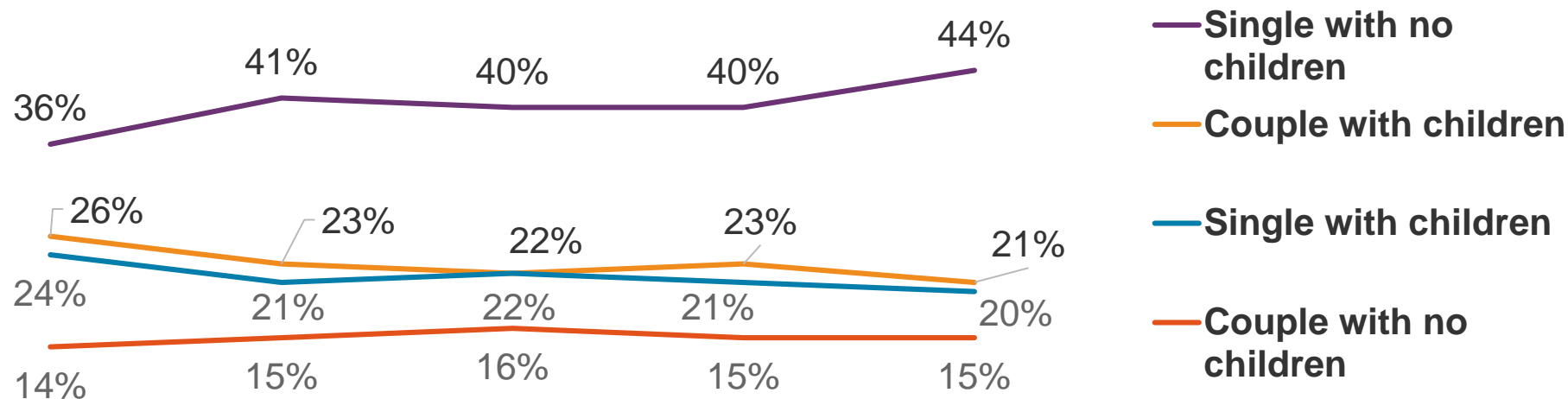
Among new clients who are unemployed, around two thirds are currently looking for work.

In 2019, over half of clients (53%) were in full or part-time employment



# Client demographics: Family composition

## Family composition groups – all new clients



Full Year  
2019

Apr-20

May-20

Jun-20

Jul-20



	All new clients: July 2020	UK population <sup>1</sup>
Single with no children	44%	36%
Couple with children	21%	22%
Single with children	20%	6%
Couple with no children	15%	35%

<sup>1</sup>Office for National Statistics (2019). Families and Households in the UK  
<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/families/bulletins/familiesandhouseholds/2019>

# Debt types

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

	Full year 2019		May 2020		June 2020		July 2020	
	Online	Telephone	Online	Telephone	Online	Telephone	Online	Telephone
Credit cards	72%	61%	73%*	59%	73%	58%	77%	62%
Personal loan debt	49%	48%	50%*	47%	51%	48%	55%	48%
Overdrafts	46%	46%	43%*	40%	42%	38%	41%	40%
Catalogue debt	34%	36%	32%*	36%	31%	34%	36%	33%
Short term high cost credit/payday loans	20%	9%	16%*	9%	15%	9%	17%	10%
Store card	13%	12%	14%	13%	13%	13%	15%	13%

The proportion of clients with unsecured debt types has increased across almost all debt types. Credit cards continue to be the most common form of debt, with more than three quarters of new online clients and more than three in five new telephone clients having at least one credit card debt in July.



\*See methodology note for further details

# Summary and what's next?

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Although volumes are lower than levels in 2019, we're continuing to advise greater numbers of clients; highlighting that the financial impact of coronavirus is starting to be more greatly felt among those at risk of problem debt. Demographic groups who were 'debt vulnerable' before the pandemic are still most likely to seek debt advice, notably women, younger age groups and renters.



The coming months continue to look turbulent, particularly as temporary forbearance measures and the furlough scheme draw to a close. As noted in this report, we've already seen a surge in traffic to our "redundancy and debt" and "emergency funding" webpages. Redundancy and unemployment also continue to be the most common reason for debt.



However, those who cite coronavirus as their main reason for debt are more likely to be in employment at the time of advice compared to all clients, which worryingly suggests that the financial impacts of coronavirus are more widespread than only those who are experiencing redundancy. [Our recent polling](#) highlights the many ways that GB adults are facing financial difficulty due to the pandemic.

## Upcoming data releases

Looking ahead, we'll continue to publish these reports on a monthly basis. We are also planning research and policy reports on single parents, ethnicity, location data, and women in debt in the near future.



# Methodology note

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Due to the impact that the coronavirus pandemic has had on our telephone capacity, we advised a much greater proportion of online clients compared to telephone clients.

In previous years, our data has highlighted that the debt and demographic profiles of our online and telephone clients are, in places, relatively different.

For example, our **online clients** are usually generally more likely to have:

- Higher income levels
- Higher expenditure levels
- Higher surplus levels
- Are more likely to have credit card debts
- And are less likely to be in arrears on household bills

Clients who access debt advice through our **telephone channel** are more likely to:

- Be in slightly older age groups
- Be in arrears on household bills

Where differences in statistics between channels are notable, we have presented this data separately by channel.

\* Asterix denotes where figures have been slightly amended to reflect changes in methodology to debt and arrears calculations. Changes are all less than 3 percentage points.



For further information please contact the StepChange Policy, Research and Public Affairs team at [policy@stepchange.org](mailto:policy@stepchange.org)

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