

May 13 2010

Press Release

Budget deficits and lower incomes hit consumer confidence

Budget deficits and lower incomes among recession hit consumers may be to blame for a decrease in spending confidence, according to the Consumer Credit Counselling Service (CCCS).

This follows the release today of the latest Nationwide Consumer Confidence Index, which found that consumers are less confident overall about spending money despite an increase in confidence regarding employment prospects.

Statistical analysis of the debt charity's 2009 client base shows that the average income of CCCS clients dropped by eight percent last year. Over 46,000 more people earning under £10,000 a year contacted CCCS for help in 2009 compared to 2008.

Clients also had average budget deficits of £24 in 2009, compared to average budget surpluses of £232.53 the previous year.

This is likely to be because of increased unemployment during the recession, and people's willingness to work fewer hours or take pay cuts in order to maintain their job security.

Commenting, CCCS's director of external affairs, Delroy Corinaldi, said:

“More than three quarters of the clients counselled by CCCS last year were unable to repay their debts, let alone think about spending more.

“Despite increased consumer confidence in the job market, as evidenced by Nationwide’s report, CCCS expects the backlog of UK consumer debt to overwhelm increasing numbers of people in 2010 who are struggling to make ends meet.”

- ends -

Media enquiries:

All media enquiries should be directed to:

Frances Walker - francesw@cccs.co.uk

Una Farrell - unaf@cccs.co.uk

Tom Howard - tomh@cccs.co.uk

Tel: 0207 391 4583 (07507 880478 outside office hours)

Notes for editors:

1. CCCS has a free phone helpline (0800 138 1111), which is open 8am to 8pm, Monday to Friday.
2. CCCS operates Debt Remedy, an online counselling service available round the clock at www.cccs.co.uk for those who prefer an anonymous option.
3. CCCS’s ethos is to help the “can’t pays”, not the “won’t pays”, and does not condone debt avoidance. CCCS always aims to help its clients pay back what they owe, in a realistic timescale and manner that is suited to each individual’s situation.
4. The majority (26.9 percent) of CCCS clients earn between £10,000 and £19,999, and owe £24,274 on average.
5. CCCS’s 2009 and 2009 Statistical Yearbooks are available on the charity’s website: <http://www.cccs.co.uk/Mediacentre/Researchandreports.aspx>
6. The Nationwide Consumer Confidence Index is available here: www.nationwide.co.uk/consumer_confidence