

Debt Dashboard

Q1 2010

Recession driving more men to seek debt advice

The last three years have seen a massive increase in the number of men seeking help for their debt problems, according to the UK's largest debt charity, Consumer Credit Counselling Service (CCCS).

Traditionally, more women than men contact CCCS but a combination of rising male unemployment, a slower rate of salary increases and rising household expenditure has led to a rapid escalation in the numbers of men approaching the charity for help. In addition, despite falling debt levels and earning more than women, men are less able to repay their debts while an increasing proportion lack the means to pay for basic living costs.

Key Findings

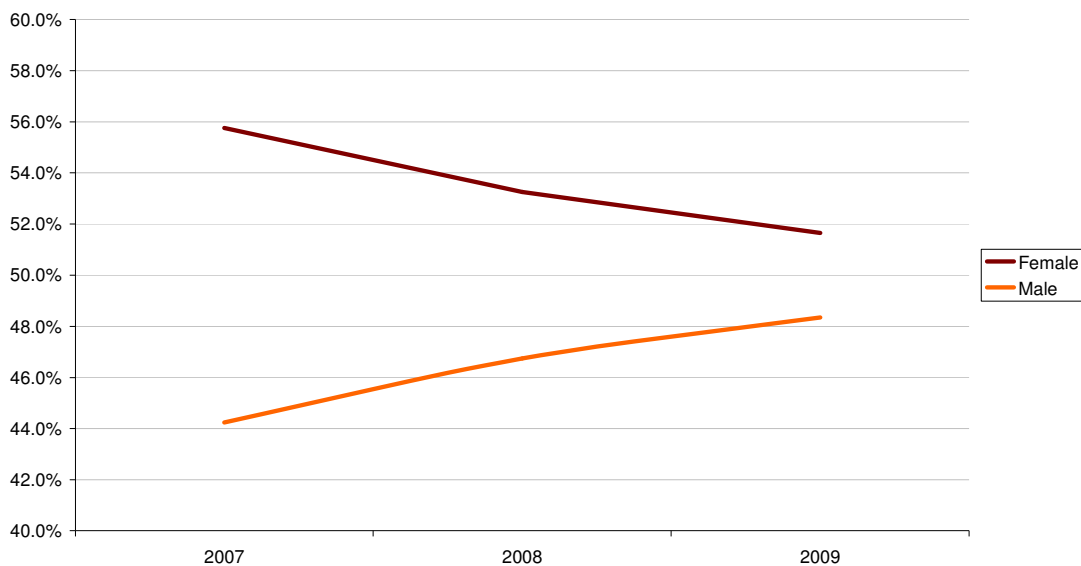
- The number of men contacting CCCS for debt advice has increased by 51 percent since 2007;
- Almost half (48.05 percent) attribute the cause of their debt to reduced income, including redundancy or unemployment;
- Men's debt levels are dropping, from an average of £30,000 in 2007 and 8 to £26,957 last year;
- Despite this the average male CCCS client in 2009 had a negative surplus of minus £42.

More men seeking help

Over the past three years, an increasing number of men have been seeking help, up from 146,000 men in 2007 to 167,000 in 2008 to 221,000 men in 2009 - an increase of 51 percent in three years.

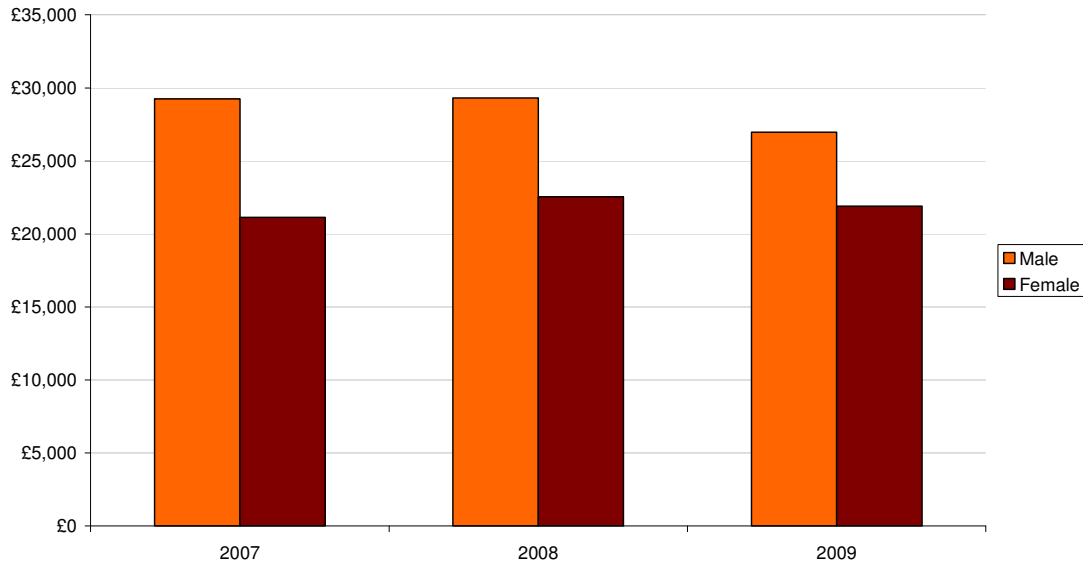
Over the same period the number of women contacting the charity increased by only half this much.

CCCS counselling an increasing proportion of male clients



Since the charity started in 1993, a greater proportion of women has always approached the charity for help, despite the fact that they have always had lower levels of debt. For example, in 2007 and 2008 the average male client counselled by CCCS had almost £30,000 worth of debt. In comparison, the average female client owed around £21,000 in 2007 and just over £22,000 in 2008. In 2009 the debt gap between the two genders dropped but male clients (£26,957) still owed more than female clients (£21,915).

Male unsecured debt far higher than female unsecured debt



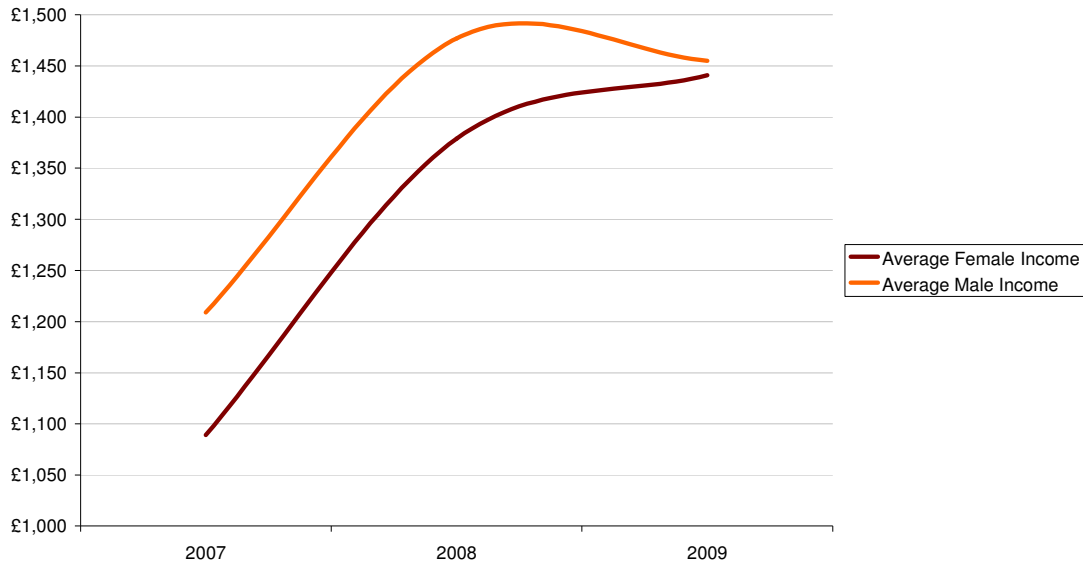
Reduction in male incomes

In 2007 the average income of a man counselled by CCCS was £14,508¹ a year, in 2008 it was £17,724 a year but in 2009 it was £17,460 a year.

Since 2007 average male income has increased by 20 percent but it actually decreased between 2008 and 2009. In the same period women’s average income has gone up by a third (32 percent) from £13,068 in 2007 to £17,292 in 2009.

¹ All figures net household income

Gap narrowing between male and female income

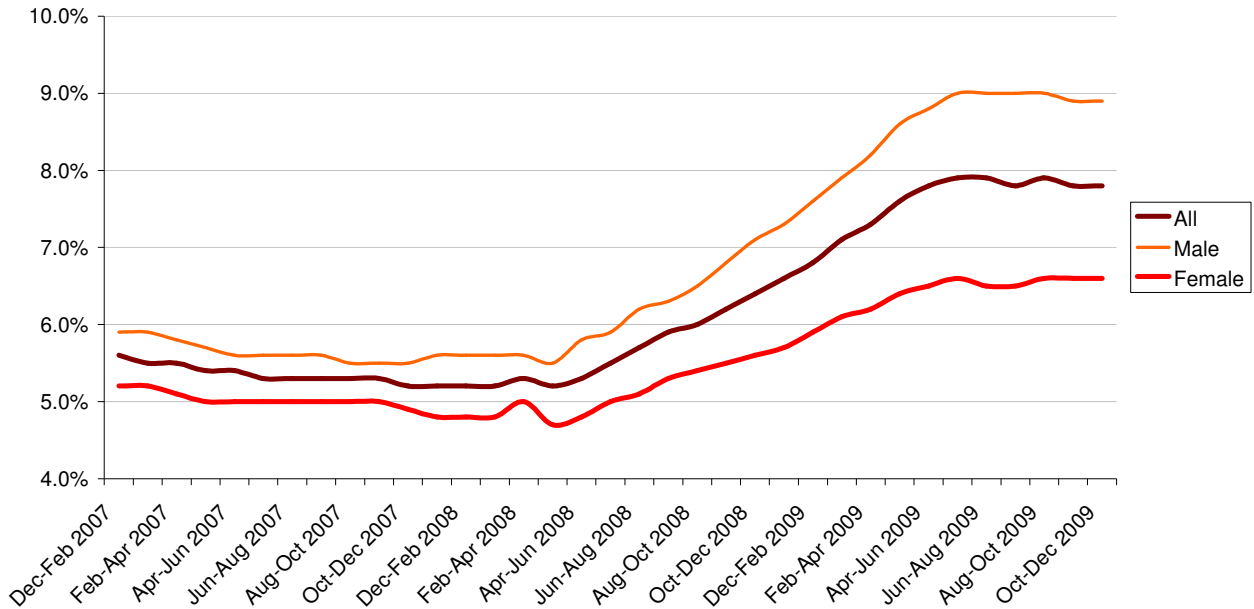


This fall in income is related to increased male unemployment. Over 2009 male unemployment rose from 7.6 percent to nine percent. Almost a quarter of men counselled by CCCS in 2009 gave unemployment as the primary reason for their debt problem (22.8 percent). A further 25.8 percent said that either reduced or irregular income was responsible for their debt problems. For women unemployment was responsible for fewer debt problems: less than 16 percent of women in 2009 gave unemployment as the primary reason for their debt problems.

Reduced income and unemployment primary reasons for male debt problems

	Male
Reduced/irregular income	25.7%
Unemployment/redundancy	22.8%
Over-committed on credit	20.1%
Other	7.3%
Separation/divorce	5.1%
Injury/illness	5.3%
Used credit for living expenses	4.4%
Lack of budgeting	3.5%
Failed business	2.2%
Increased priority expenditure	2.1%
Change in employment	1.5%

Male unemployment rising at a faster rate than female unemployment

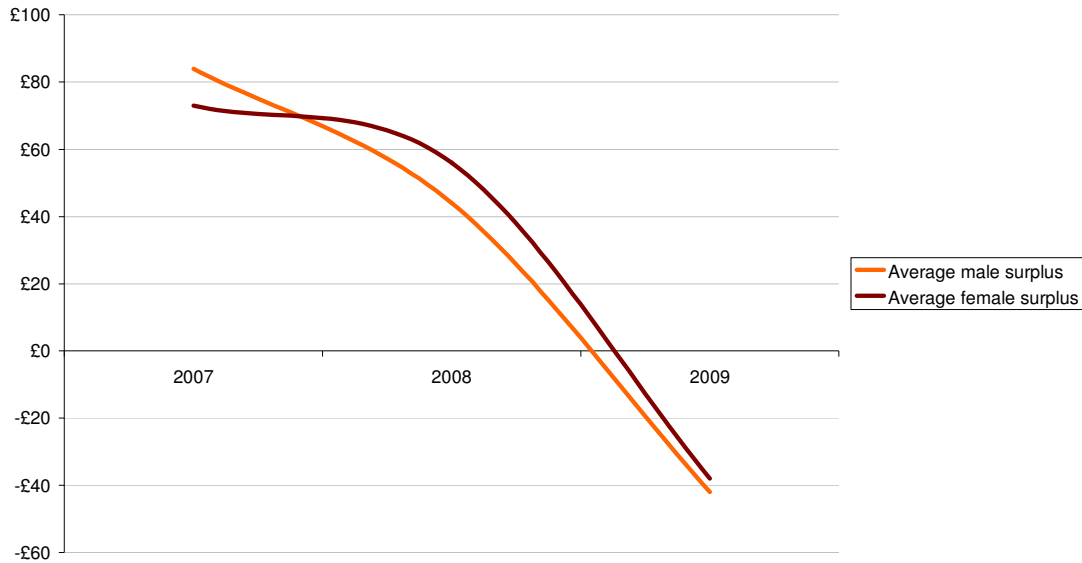


Men less able to repay debts

A better indication of financial difficulties, and therefore need to contact CCCS, is the amount of surplus a client has available at the end of the month to repay their debts. Surplus is the money left after living costs have been accounted for. Since 2007 male surplus has fallen from £84 to £44 in 2008 to minus £42 in 2009.

Although female surplus is also declining, this is happening at slower rate. In 2007, the average female surplus was £73, falling to £56 in 2008 and minus £38 in 2009.

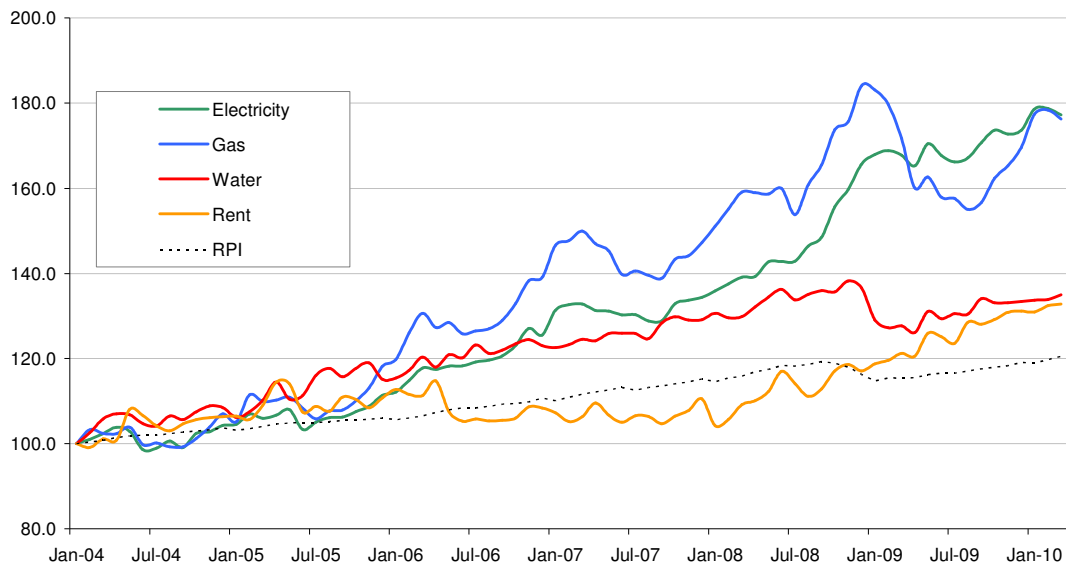
Male surplus declining more rapidly than female surplus



The declining surplus, for both genders, has been caused by expenditure increasing at a faster pace than income over the past three years.

Since 2007 average male expenditure has increased by a third, from £1,125 a month to £1,497 a month. Female expenditure has risen by a greater amount over the period, by 46 percent, from £1,016 to £1,479, but the sharper rise in their income has caused it to have less of an impact on their surplus. The increase in client expenditure seems to have been driven largely by increases in spending on gas and electricity, and, for non-homeowners, rent.

Spending on utilities and rent increasing



Conclusion

It appears that at the moment the recession is weighing more heavily on men than women, with income levels affected by rising levels of unemployment as well as “underemployment”. The combination is forcing substantially more men to seek debt advice as well as increased the number unable to repay their debts.

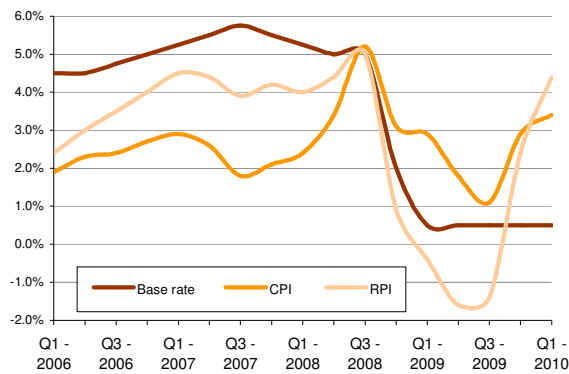
To meet this demand CCCS has introduced a token payment charter. Clients left unable to repay their debts can offer £1 per month per creditor for six months to show their commitment and banks will reciprocate. After six months their circumstances will automatically be reviewed.

Interest and inflation rates

The Consumer Price Index (CPI) continued its recent steep rise, reaching 3.4 percent in March 2010. The increase in inflation since the beginning of the year has been ascribed to a sharp rise in the cost of petrol, gas and food prices. There are worries that some food prices may increase further as a result of the volcanic eruption preventing flights importing fruits and vegetables.

The Retail Price Index (RPI) also continued to surge, reaching 4.4 percent in March. Up from two percent in December 2009. The ONS said RPI has been forced up by increased housing costs.

The Bank of England's Monetary Policy Committee held the base rate steady at 0.5 percent in March but it seems likely that this will have to rise eventually.



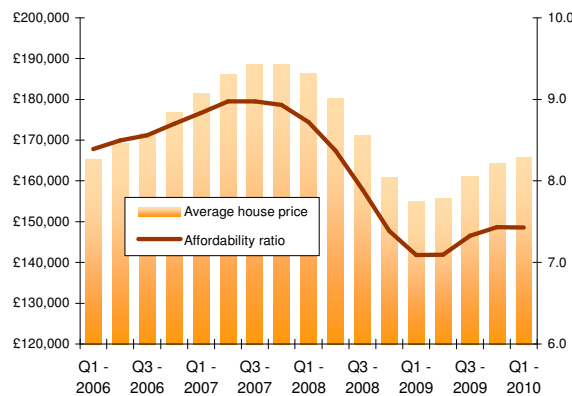
(Source: Bank of England and Office of National Statistics)

Average house prices and affordability ratio

Average house prices rose slightly over Q1 to £165,756. This is a seven percent increase on Q1 2009. However, the Halifax stressed that the trend in recent months has been for price rises to slow.

The Halifax also predicted that prices would be flat over the course of 2010. The number of mortgages approved to finance house purchases was 18 percent lower in the first three months of 2010 than in the last three months of 2009.

New sales instructions have continued to increase, pushing up the stock of unsold properties to the highest since April last year.

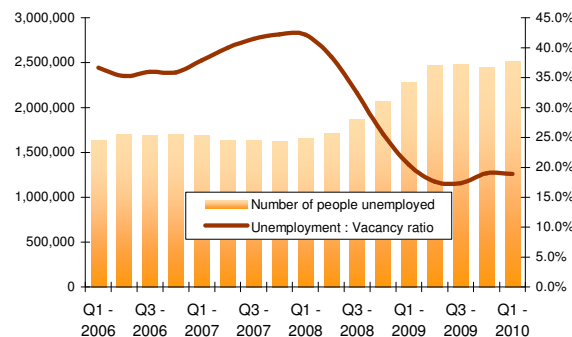


(Source: CCCS)

Unemployment

Unemployment rose in January and February 2010 to 2.51 million after its unexpected fall in the last quarter of 2009. This is eight percent of the workforce, the highest proportion since Q3 1996. Predicted public sector spending cuts, including pay freezes, will most likely lead to further job losses.

The number of people claiming unemployment benefit fell in March by 32,900 to 1.54 million. This was a larger fall than expected.

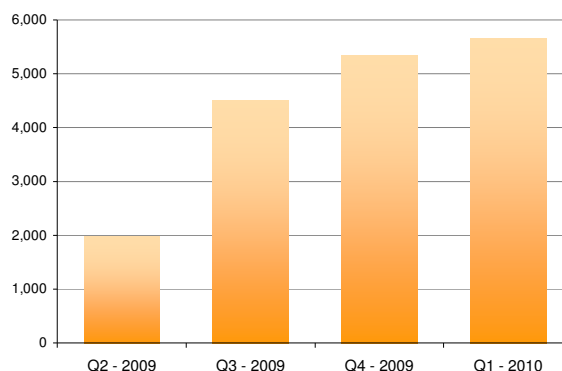


(Source: Office for National Statistics - LFS)

	Bank of England Base rate	Average house price	CPI	UK Households (thousands)	Mortgage Approvals	Unemployment (number)	Housing affordability ratio
Q3 - 2005	4.50%	£ 160,767	2.4%	24,818	304,974	1,503,000	8.3
Q4 - 2005	4.50%	£ 162,518	2.1%	24,818	346,214	1,549,000	8.3
Q1 - 2006	4.50%	£ 165,376	1.9%	25,080	349,274	1,627,000	8.4
Q2 - 2006	4.50%	£ 169,210	2.3%	25,080	345,091	1,704,000	8.5
Q3 - 2006	4.75%	£ 171,801	2.4%	25,080	359,328	1,692,000	8.6
Q4 - 2006	5.00%	£ 176,909	2.7%	25,080	374,257	1,707,000	8.7
Q1 - 2007	5.25%	£ 181,466	2.9%	25,333	352,125	1,687,000	8.8
Q2 - 2007	5.50%	£ 186,164	2.6%	25,333	337,059	1,640,000	9.0
Q3 - 2007	5.75%	£ 188,535	1.8%	25,333	319,249	1,630,000	9.0
Q4 - 2007	5.50%	£ 188,563	2.1%	25,333	242,754	1,622,000	8.9
Q1 - 2008	5.25%	£ 186,395	2.4%	25,586	202,416	1,655,000	8.7
Q2 - 2008	5.00%	£ 180,235	3.4%	25,586	133,083	1,713,000	8.4
Q3 - 2008	5.00%	£ 171,159	5.2%	25,586	97,970	1,873,000	7.9
Q4 - 2008	2.00%	£ 160,890	3.1%	25,586	90,387	2,066,000	7.4
Q1 - 2009	0.50%	£ 154,921	2.9%	25,839	115,560	2,280,000	7.1
Q2 - 2009	0.50%	£ 155,734	1.8%	25,839	142,751	2,467,000	7.1
Q3 - 2009	0.50%	£ 161,229	1.1%	25,839	161,049	2,482,000	7.3
Q4 - 2009	0.50%	£ 164,314	2.9%	25,839	174,518	2,449,000	7.4
Q1 - 2010	0.50%	£ 165,756	3.4%	26,092	143,659	2,510,000	7.4
Annual Change	0.00%	£ 10,835	0.5%	253	28,099	230,000	0.3

Debt Relief Orders

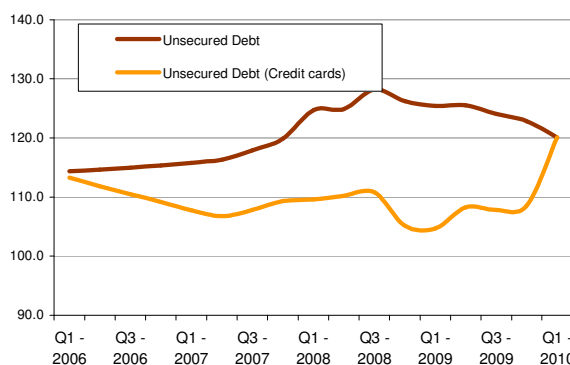
Because Debt Relief Orders (DROs) were only introduced in April 2009 there are no year on year comparisons possible. However, it is obvious that DROs have proved a popular form of debt relief. The number of DROs entered into each quarter has increased every quarter since they were introduced. There were 5,664 DROs entered into in Q1 2010.



(Source: Council of Mortgage Lenders)

UK unsecured debt (indexed Q1 2004 = 100)

Total unsecured debt in the UK fell significantly from £226,765 million at the end of 2009 to £221,651 million at the end of Q1 2010 but this is mainly a result of a change in the way the Bank of England records this type of debt rather than any decrease in borrowing.



The figures show a steep rise in lending on credit cards to £60,382 million but again this is to do with a change in procedure.

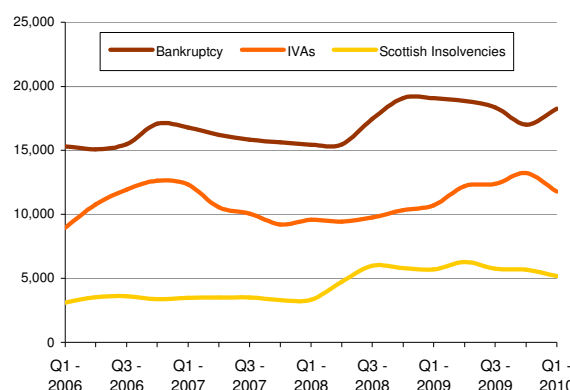
(Source: Bank of England)

Insolvency

There were 35,682 individual insolvencies in England and Wales in Q1 2010. This was an increase of 17.9 percent on the same period a year ago.

There was a quarter-on-quarter rise in the number of bankruptcies, from 17,007 in Q4 2009 to 18,256 in Q1 2010, but there was a 10.7 percent year-on-year fall.

There was a 20 percent year-on-year rise in the number of Individual Voluntary Arrangements (IVAs) to 11,782. This was the lowest quarterly total since Q1 2009.



(Source: Insolvency Service)

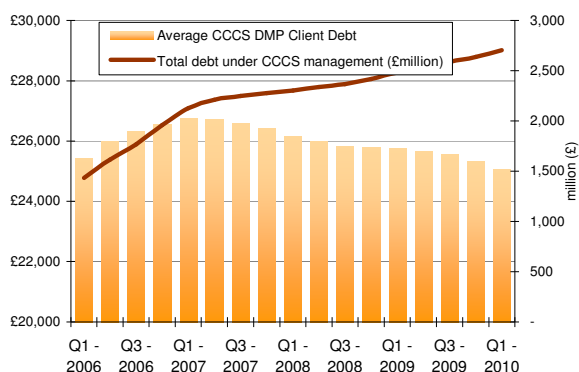
	Total unsecured debt (millions)	Total Credit Card Debt (millions)	Average UK unsecured debt (per household)	Mortgage possession claims issued	Scottish Insolvencies	Bankruptcy	IVAs
Q3 - 2005	£ 209,209	£ 57,356	£ 8,430	30,140	3,593	12,182	5,611
Q4 - 2005	£ 210,862	£ 57,994	£ 8,496	32,104	2,961	13,675	7,004
Q1 - 2006	£ 211,053	£ 56,946	£ 8,415	32,792	3,111	15,310	8,964
Q2 - 2006	£ 211,621	£ 56,224	£ 8,438	32,065	3,544	15,090	10,779
Q3 - 2006	£ 212,257	£ 55,530	£ 8,463	33,864	3,601	15,486	11,944
Q4 - 2006	£ 212,889	£ 54,879	£ 8,488	32,547	3,382	17,070	12,645
Q1 - 2007	£ 213,744	£ 54,170	£ 8,437	33,954	3,471	16,788	12,328
Q2 - 2007	£ 214,766	£ 53,666	£ 8,478	32,670	3,498	16,214	10,561
Q3 - 2007	£ 217,638	£ 54,198	£ 8,591	33,889	3,527	15,842	10,058
Q4 - 2007	£ 221,283	£ 54,950	£ 8,735	37,564	3,318	15,636	9,218
Q1 - 2008	£ 230,153	£ 55,084	£ 8,995	39,498	3,324	15,452	9,577
Q2 - 2008	£ 230,544	£ 55,409	£ 9,011	38,780	4,735	15,468	9,428
Q3 - 2008	£ 236,626	£ 55,703	£ 9,248	38,448	5,998	17,451	9,766
Q4 - 2008	£ 233,079	£ 52,876	£ 9,110	27,108	5,807	19,100	10,341
Q1 - 2009	£ 231,571	£ 52,619	£ 8,962	23,967	5,693	19,062	10,713
Q2 - 2009	£ 231,669	£ 54,413	£ 8,966	25,326	6,294	18,870	12,225
Q3 - 2009	£ 229,035	£ 54,197	£ 8,864	23,705	5,767	18,347	12,390
Q4 - 2009	£ 226,765	£ 54,585	£ 8,776	20,061	5,678	17,007	13,219
Q1 - 2010	£ 221,651	£ 60,382	£ 8,578	-	5,175	18,256	11,782
Annual Change	-£ 9,920	£ 7,763	-£ 384	23,967	518	806	1,069

CCCS DMP client base

CCCS is now administering almost 108,000 (107,772) Debt Management Plans (DMP), which is more than double the number the charity was administering four years ago.

CCCS is managing over £2.7bn worth of unsecured debt. The average debt of a CCCS DMP client fell over the first quarter by almost £250 to £25,074, reflecting a recent trend of people approaching the charity with lower levels of debt.

A CCCS DMP client now repays, on average, £237 a month.

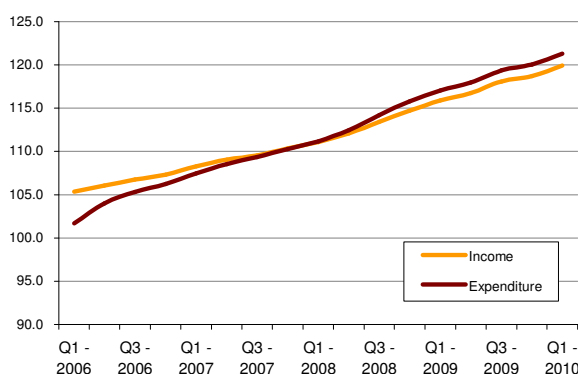


(Source: CCCS)

CCCS DMP client income and expenditure

Over 2009 and Q1 2010 the average monthly net income of a CCCS DMP client increased by just over £50 to £1,571.17. Over the same period their expenditure rose by £46. This left DMP clients in a slightly better position to repay their debts.

The £237.26 available to clients to repay their debt in Q1 2010 was the highest amount since Q4 2006.

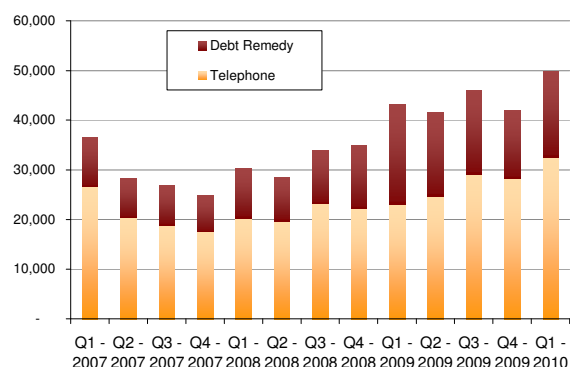


(Source: CCCS)

CCCS clients counselled

CCCS counselled 32,453 people by telephone in Q1 2010. This is a new record high for the number of people counselled by telephone and is the first time the charity has counselled more than 30,000 people by telephone in a quarter. At the current pace CCCS will counsel 25,000 more people by telephone this year than last.

In Q1 CCCS counselled 17,529 people via the unique online counselling tool, Debt Remedy. This is the second highest number of people counselled online ever. Debt Remedy is at www.cccs.co.uk/debtremedy.



(Source: CCCS)

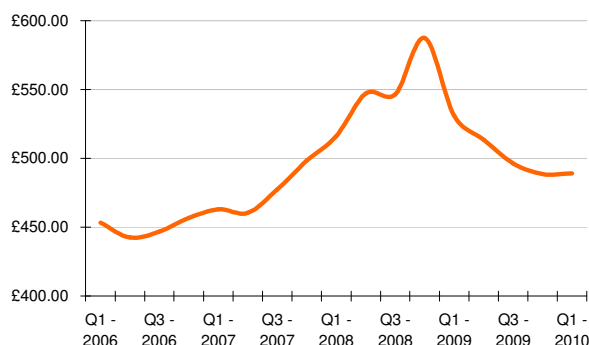
	Total debt under CCCS management	Number of DMP Clients	Average CCCS DMP Client Debt	Average Client Income	Average surplus as proportion of income (%)	CCCS Client Income (indexed Jan 2005 = 100)	CCCS Client Expenditure (indexed Jan 2005 = 100)
Q3 - 2005	£1,142,847,298	47,422	£ 24,100	£ 1,350.41	18.2%	103.1	100.5
Q4 - 2005	£1,269,882,966	51,619	£ 24,601	£ 1,363.18	19.1%	104.1	100.2
Q1 - 2006	£1,432,187,827	56,269	£ 25,453	£ 1,380.02	19.0%	105.4	101.7
Q2 - 2006	£1,615,531,328	62,162	£ 25,989	£ 1,389.35	17.7%	106.1	104.0
Q3 - 2006	£1,768,563,120	67,148	£ 26,338	£ 1,398.61	17.2%	106.8	105.3
Q4 - 2006	£1,957,217,009	73,655	£ 26,573	£ 1,405.76	16.9%	107.3	106.3
Q1 - 2007	£2,127,839,929	79,562	£ 26,744	£ 1,418.20	16.7%	108.3	107.5
Q2 - 2007	£2,210,796,383	82,740	£ 26,720	£ 1,428.77	16.4%	109.1	108.6
Q3 - 2007	£2,245,301,177	84,467	£ 26,582	£ 1,434.68	16.2%	109.5	109.3
Q4 - 2007	£2,276,057,116	86,145	£ 26,421	£ 1,445.45	16.1%	110.3	110.3
Q1 - 2008	£2,303,031,176	88,028	£ 26,162	£ 1,455.06	16.0%	111.1	111.2
Q2 - 2008	£2,336,162,365	89,920	£ 25,980	£ 1,468.32	15.8%	112.1	112.5
Q3 - 2008	£2,366,946,028	91,607	£ 25,838	£ 1,485.72	15.5%	113.4	114.2
Q4 - 2008	£2,417,148,624	93,720	£ 25,791	£ 1,502.67	15.3%	114.7	115.8
Q1 - 2009	£2,480,674,663	96,232	£ 25,778	£ 1,518.14	15.2%	115.9	117.1
Q2 - 2009	£2,524,410,378	98,342	£ 25,670	£ 1,529.19	15.2%	116.7	118.0
Q3 - 2009	£2,587,742,023	101,201	£ 25,570	£ 1,547.01	15.1%	118.1	119.4
Q4 - 2009	£2,636,141,652	104,110	£ 25,321	£ 1,555	15.1%	118.7	120.1
Q1 - 2010	£2,702,228,800	107,772	£ 25,074	£ 1,571	15.1%	119.9	121.3
Annual Change	£221,554,137	11,540	-£ 704	£ 53.03	-0.1%	4.0	4.2

Housing

After falling for four successive quarters the amount CCCS clients pay on their housing costs rose slightly in Q1 2010 to £489.17 a month. This is significantly less than the £587.46 clients were paying in Q4 2008, an all time high.

Mortgage expenditure, which has always been in excess of renting expenditure, fell for the fifth successive quarter to £564.60 a month. The primary contributor to this fall is low interest rates.

(Source: CCCS)

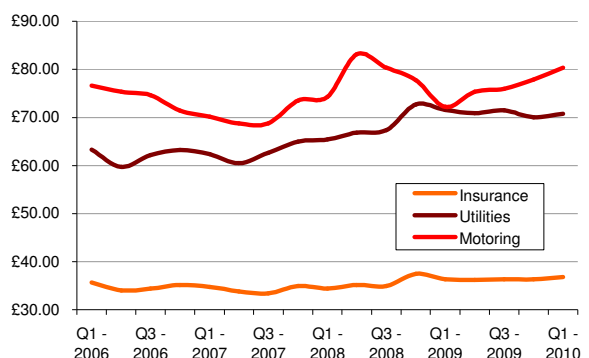


Insurance, utilities and food and clothing

Client spending on utilities (gas, electricity and water) rose slightly over the quarter to an average of £70.75 a month. This is the highest amount since Q4 2008. Client spending on insurance rose slightly to £36.81 a month.

There was a large rise in client expenditure on motoring. Oil prices reached an 18 month high pushing petrol prices up to 120.9p a litre. This resulted in clients spending an average of £80.34 on motoring costs a month over Q1.

(Source: CCCS)

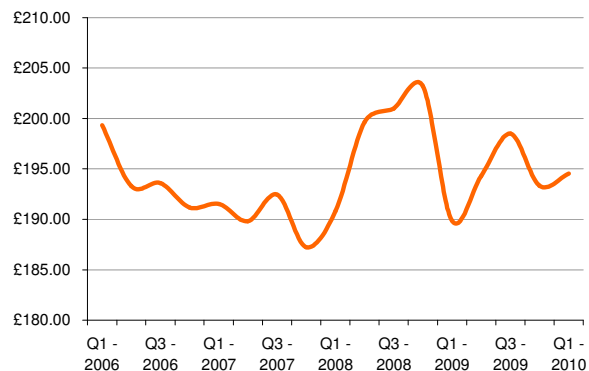


Food and clothing

After falling over the previous quarter client expenditure on food and clothing rose over Q1 2010 to £194.53 a month. However, the rise was not by a significant amount and clients spend less on their food and clothes now than they did mid-way through 2009.

The all time high for client expenditure on food and clothing was Q4 2008, when they were, on average, spending £203.19 a month on these items. The drop in average food and clothing costs, along with the fall in housing costs, helps to explain somewhat the rise in average client surplus.

(Source: CCCS)



	Utilities	Housing	Insurance	Food and clothing	Motoring	Others	Proportion of Income spent on mortgage
Q3 - 2005	£62.2	£434.9	£38.2	£195.8	£75.0	£70.1	37.3%
Q4 - 2005	£64.7	£436.0	£36.0	£195.3	£75.4	£60.1	37.4%
Q1 - 2006	£63.3	£453.2	£35.7	£199.3	£76.6	£65.9	39.2%
Q2 - 2006	£59.7	£442.5	£34.0	£193.3	£75.3	£66.2	38.4%
Q3 - 2006	£62.2	£446.7	£34.4	£193.6	£74.6	£59.0	39.7%
Q4 - 2006	£63.2	£456.8	£35.2	£191.2	£71.4	£62.9	40.9%
Q1 - 2007	£62.4	£463.0	£34.8	£191.5	£70.1	£62.2	40.4%
Q2 - 2007	£60.5	£460.5	£33.8	£189.8	£68.8	£60.1	40.4%
Q3 - 2007	£62.7	£477.4	£33.4	£192.5	£68.8	£63.0	42.0%
Q4 - 2007	£65.0	£498.4	£35.0	£187.2	£73.5	£63.2	42.6%
Q1 - 2008	£65.4	£516.0	£34.4	£190.8	£74.3	£63.0	43.1%
Q2 - 2008	£66.9	£547.1	£35.2	£199.7	£83.1	£68.6	43.8%
Q3 - 2008	£67.4	£546.7	£34.9	£201.0	£80.3	£70.8	45.2%
Q4 - 2008	£72.7	£587.5	£37.5	£203.2	£77.8	£64.6	46.0%
Q1 - 2009	£71.5	£530.9	£36.4	£189.9	£72.2	£66.6	40.9%
Q2 - 2009	£70.9	£513.5	£36.2	£194.3	£75.3	£57.3	39.3%
Q3 - 2009	£71.5	£496.2	£36.3	£198.5	£76.0	£67.0	37.6%
Q4 - 2009	£70.0	£488.6	£36.3	£193.3	£77.9	£61.2	36.9%
Q1 - 2010	£70.8	£489.2	£36.8	£194.5	£80.3	£62.8	35.9%
Annual Change	-£0.8	-£41.7	£0.5	£4.7	£8.1	-£3.8	-4.9%

Notes on Debt Dashboard:

1. *Debt Dashboard* is produced quarterly and based on data from over 100,000 people spread throughout the United Kingdom. It juxtaposes clients' levels of debt and their ability to repay against broader economic variables.
2. 'CCCS clients' in this report are people who have received a full, in-depth counselling session from the charity.
3. Notes on the data used:
 - Households with unsecured credit – data supplied by the Office of National Statistics
 - Total unsecured debt (in millions) – data supplied by the Bank of England
 - Average unsecured debt by household – calculated using two statistics outlined above
 - Charging Orders – taken out by creditors against debtor's property - data supplied by the Ministry of Justice
 - CCJs – County Court Judgments in England and Wales - data supplied by Registry Trust
 - Bankruptcies, DROs, IVAs – England and Wales only - data supplied by the Insolvency Service
 - Base rate - Bank of England base rate
 - Average house price – average calculated by using figures from Nationwide, Halifax and Land Registry
 - UK households (in thousands) – data supplied by the Office of National Statistics
 - Unemployment figures - data supplied by the Office of National Statistics
 - Mortgage applications - data supplied by the Bank of England
 - Average annual salary - data supplied by the Office of National Statistics
 - Housing affordability ratio – calculated by comparing wages to the average house price
 - Total debt under management - data from CCCS
 - CCCS clients on a DMP – data from CCCS
 - Average CCCS client debt - data from CCCS. In the 'CCCS' section of the Debt Dashboard, the figures for average client debt refer only to CCCS clients currently on a DMP
 - Average DMP payment - data from CCCS
 - Average surplus – data from CCCS
 - Income index – data from CCCS clients' budgets
 - Expenditure index - data from CCCS clients' budgets
4. CCCS can be contacted on 0800 138 1111, Monday to Friday, 8am to 8pm. In addition, online debt advice is available through CCCS Debt Remedy 24 hours a day at www.cccs.co.uk

For further information please contact Frances Walker, Una Farrell or Tom Howard on 0207 391 4587. Out of office hours 0750 788 0478 or email: francesw@cccs.co.uk

June 7 2010