

# **Debt Dashboard**

## **Q4 2009**

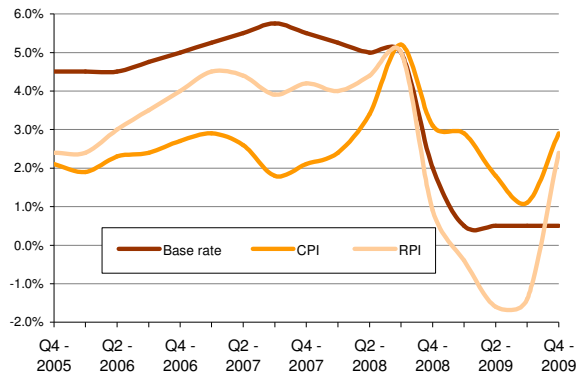


## Interest and inflation rates

The Consumer Price Index (CPI) rose to 2.9 percent, up from an annual rate of 1.9 percent in November. This monthly jump is the biggest since records began, and exceeded the City's expectations of an increase to 2.6 percent. Previously, a near-record fall in oil prices in December 2008, the VAT cut to 15 percent and retail discounting had depressed prices.

The Retail Price Index (RPI), which includes housing costs, rose to 2.4 percent, its highest level since November 2008.

The Bank of England's base rate remained at 0.5 percent despite this record inflation jump.



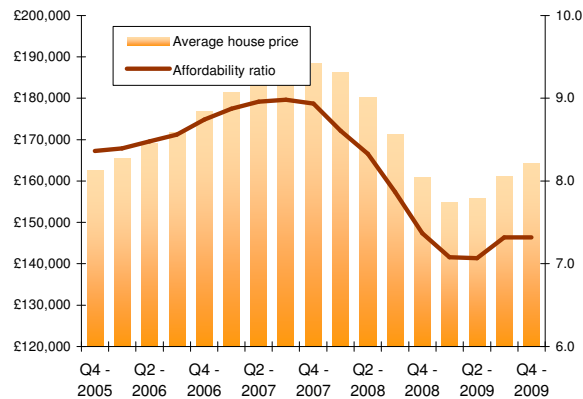
(Source: Bank of England and Office of National Statistics)

## Average house prices and affordability ratio

House prices rose for the fourth successive quarter to £164,327. This is the highest average since quarter three 2008. According to Halifax, average house prices have increased by 273 percent over the last 50 years.

The Council of Mortgage Lender's (CML) figures estimate that gross mortgage lending reached £13.7 billion in December 2009, a 14 percent rise from £12.1 billion in November.

For 2009 as a whole, lending totalled £143.7 billion, above the CML's annual forecast of £141 billion. This is down 43 percent from £253 billion in 2008 and the lowest annual total since 2000 (£119.8 billion).

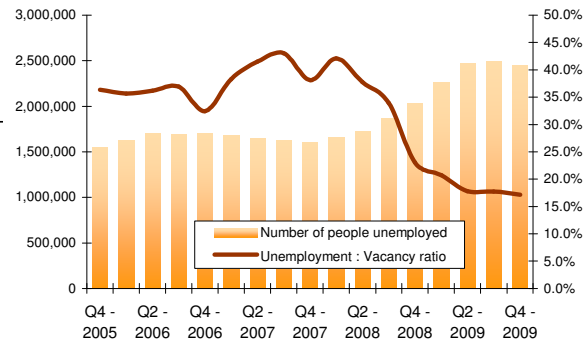


(Source: CCCS)

## Unemployment

There was surprising drop in unemployment towards the end of 2009. The unemployment rate fell from 7.9 percent to 7.8 percent. This left total unemployment at 2.449 million. It was the first decline in 18 months. Among under-24 year olds there was a fall in joblessness of 16,000 to 927,000.

However, there was an increase in the number of people who are not working or looking for work. The inactivity total rose above eight million for the first time since records began in 1971.

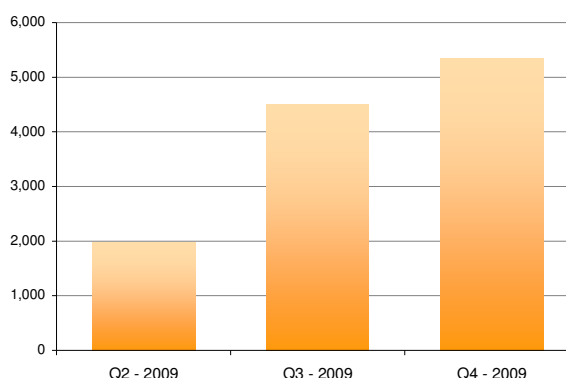


(Source: Office for National Statistics - LFS)

	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	305,085	1,503,000	8.3
Q4 - 2005	4.50%	£ 162,518	2.1%	24,818	347,037	1,549,000	8.4
Q1 - 2006	4.50%	£ 165,376	1.9%	25,080	349,058	1,627,000	8.4
Q2 - 2006	4.50%	£ 169,210	2.3%	25,080	343,486	1,704,000	8.5
Q3 - 2006	4.75%	£ 171,801	2.4%	25,080	360,436	1,689,000	8.6
Q4 - 2006	5.00%	£ 176,909	2.7%	25,080	375,781	1,696,000	8.7
Q1 - 2007	5.25%	£ 181,466	2.9%	25,333	350,496	1,686,000	8.9
Q2 - 2007	5.50%	£ 186,164	2.6%	25,333	336,002	1,646,000	9.0
Q3 - 2007	5.75%	£ 188,535	1.8%	25,333	320,413	1,626,000	9.0
Q4 - 2007	5.50%	£ 188,563	2.1%	25,333	244,076	1,608,000	8.9
Q1 - 2008	5.25%	£ 186,395	2.4%	25,586	202,092	1,656,000	8.6
Q2 - 2008	5.00%	£ 180,235	3.4%	25,586	131,626	1,727,000	8.3
Q3 - 2008	5.00%	£ 171,159	5.2%	25,586	98,517	1,864,000	7.9
Q4 - 2008	2.00%	£ 160,890	3.1%	25,586	91,221	2,029,000	7.4
Q1 - 2009	0.50%	£ 154,921	2.9%	25,839	114,705	2,261,000	7.1
Q2 - 2009	0.50%	£ 155,734	1.8%	25,839	141,666	2,470,000	7.1
Q3 - 2009	0.50%	£ 161,229	1.1%	25,839	162,151	2,491,000	7.3
Q4 - 2009	0.50%	£ 164,314	2.9%	25,839	176,517	2,449,000	7.3
Annual Change	-1.50%	£ 3,424	-0.2%	253	85,296	420,000 -	0.0

### Debt Relief Orders

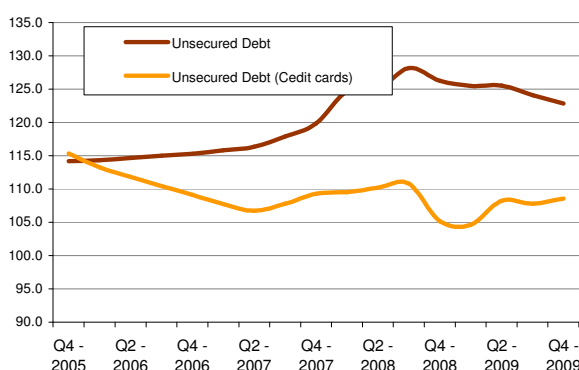
The number of Debt Relief Orders (DROs) continued to rise for the third straight quarter after their introduction. There were 5,348 started in quarter four 2009, compared to 4,505 in the third quarter and 1,978 in the second quarter.



(Source: Council of Mortgage Lenders)

### UK unsecured debt (indexed Q1 2004 = 100)

Total unsecured debt in the UK fell to £226,749 million in December 2009. Credit card debt actually rose slightly to £54,590 million but other types of unsecured debt fell to £172,159 million. The Building Societies Association suggested some of the money being used to pay down debt is coming out of savings accounts. It said its members had seen the value of accounts fall by £0.6bn in November.

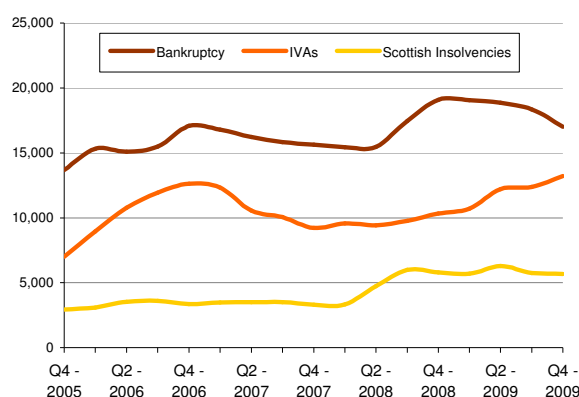


(Source: Bank of England)

There has been a rise in the amount of money that banks are writing off as bad debts on their credit cards. Bank of England figures show that the total value of the write-offs doubled to £1.6bn in the third quarter of 2009.

### Insolvency

There were 35,574 personal insolvencies in the fourth quarter of 2009. This is a 20 percent rise on the same quarter last year. However, DROs did not exist last year.



(Source: Insolvency Service)

The number of bankruptcies continued to fall, by 1,340 on the third quarter - a decline of 7.3 percent. The number of Individual Voluntary Arrangements (IVAs) entered into fell slightly to 12,219.

The number of people entering into insolvency in England and Wales rose to a record total of 134,142. The previous record was 107,288 personal insolvencies set in 2006. Over the course of 2009 one in every 320 adults entered into formal arrangements with their creditors

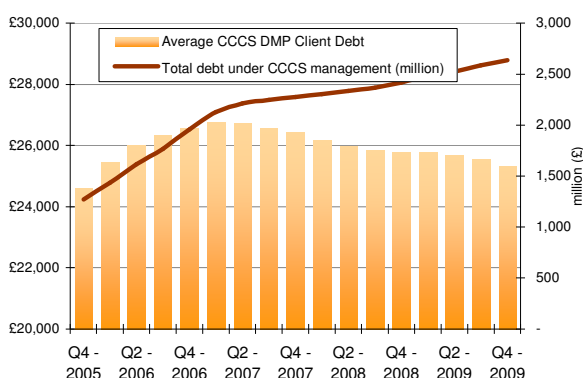
	Total unsecured debt (millions)	Total Credit Card Debt unsecured debt (millions)	Average UK unsecured debt (per household)	Mortgage possession claims issued	Scottish Insolvencies	Bankruptcy	IVAs
Q3 - 2005	£ 209,215	£ 57,358	£ 8,430	30,140	3,593	12,182	5,611
Q4 - 2005	£ 210,855	£ 57,990	£ 8,496	32,104	2,961	13,675	7,004
Q1 - 2006	£ 211,054	£ 56,946	£ 8,415	32,792	3,111	15,310	8,964
Q2 - 2006	£ 211,627	£ 56,223	£ 8,438	32,065	3,544	15,090	10,779
Q3 - 2006	£ 212,264	£ 55,529	£ 8,463	33,864	3,601	15,486	11,944
Q4 - 2006	£ 212,869	£ 54,874	£ 8,488	32,547	3,382	17,070	12,645
Q1 - 2007	£ 213,756	£ 54,168	£ 8,438	33,954	3,471	16,788	12,328
Q2 - 2007	£ 214,780	£ 53,663	£ 8,478	32,670	3,498	16,214	10,561
Q3 - 2007	£ 217,640	£ 54,198	£ 8,591	33,889	3,527	15,842	10,058
Q4 - 2007	£ 221,261	£ 54,948	£ 8,734	37,564	3,318	15,636	9,218
Q1 - 2008	£ 230,204	£ 55,080	£ 8,997	39,498	3,324	15,452	9,577
Q2 - 2008	£ 230,596	£ 55,408	£ 9,013	38,780	4,735	15,468	9,428
Q3 - 2008	£ 236,662	£ 55,703	£ 9,250	38,448	5,998	17,451	9,766
Q4 - 2008	£ 233,081	£ 52,877	£ 9,110	27,108	5,807	19,100	10,341
Q1 - 2009	£ 231,626	£ 52,609	£ 8,964	23,967	5,693	19,062	10,713
Q2 - 2009	£ 231,721	£ 54,411	£ 8,968	25,326	6,294	18,870	12,225
Q3 - 2009	£ 229,068	£ 54,197	£ 8,865	23,705	5,767	18,347	12,390
Q4 - 2009	£ 226,749	£ 54,590	£ 8,775	20,061	5,678	17,007	13,219
Annual Change	-£ 6,332	£ 1,713	-£ 334	-7,047	129	2,093	2,878

## CCCS DMP client base

CCCS is now administering almost 105,000 Debt Management Plans (DMPs).

The total debt under CCCS management is more than £2.6bn. The average debt of a CCCS DMP client is £25,321, over £1,000 less than it was two years ago.

A CCCS DMP client will now take six months less to repay their unsecured debts than they did two years ago.

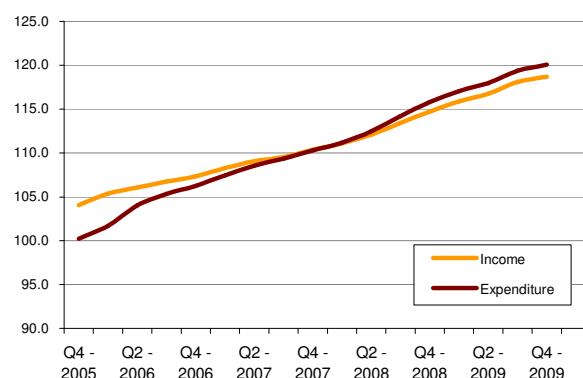


(Source: CCCS)

## CCCS DMP client income and expenditure

In quarter four 2009 the average monthly net income of a CCCS DMP client was £1,555. The average monthly net expenditure was £1,320. This means that the average DMP client has almost £235 a month to repay their unsecured debts.

Average surplus has increased by almost 13 percent over the previous four years. However, because expenditure has risen at a slightly faster rate than income over that period the average surplus of a DMP client is now equivalent to just over 15 percent of their monthly income, compared to 16 percent four years ago.

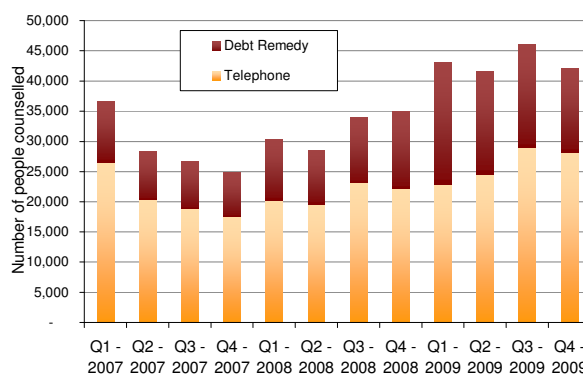


(Source: CCCS)

## CCCS clients counselled

CCCS counselled 172,744 people in 2009. This is close to 45,000 more than in 2008 and 60,000 more than in 2007. Almost 90,000 people were counselled in the final two quarters of the year. CCCS increased its capacity throughout the year to cope with increasing demand and is prepared for high numbers throughout 2010.

Telephone counselling sessions accounted for 60 percent of all counselling sessions. In 2007 they accounted for over 71 percent of all counselling sessions. CCCS's online debt management tool, Debt Remedy, is well placed to handle increased demand with its estimated capacity of five million counselling sessions a year. Debt Remedy is at [www.cccs.co.uk/debtremedy](http://www.cccs.co.uk/debtremedy).



(Source: CCCS)

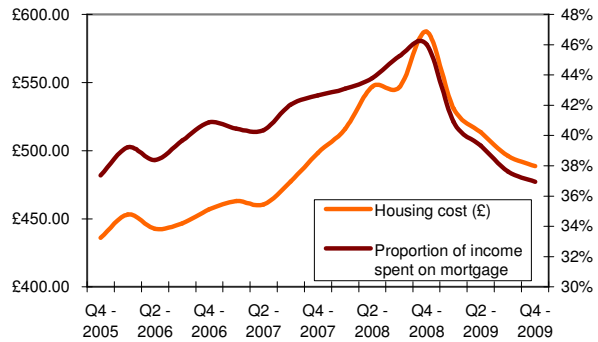
	Total debt under CCCS management	Number of DMP Clients	Average CCCS DMP Client Debt	Average Client Income	Average surplus as proportion of income (%)	CCCS Client Income (indexed Jan 2005 = 100)	CCCS Client Expenditure (indexed Jan 2005 = 100)
Q3 - 2005	£1,142,847,298	47,422	£ 24,100	£ 1,350.41	18.2%	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
<b>Annual Change</b>	<b>£218,993,028</b>	<b>10,390</b>	<b>-£ 470</b>	<b>£ 52.37</b>	<b>-0.2%</b>	<b>4.0</b>	<b>4.3</b>

(Source: CCCS)

**Housing**

By the end of December the amount clients spent on housing fell, for the fourth successive quarter, to £488. This is a fall of over 17 percent from the high of £587 in quarter four 2008. It is the lowest amount that clients have been spending on housing since quarter three 2007.

The average CCCS client spends 36.9 percent of their monthly income on housing costs. This is a significant decrease from the 45 percent they were spending on housing in quarter three 2008 and the lowest proportion since quarter two 2005.

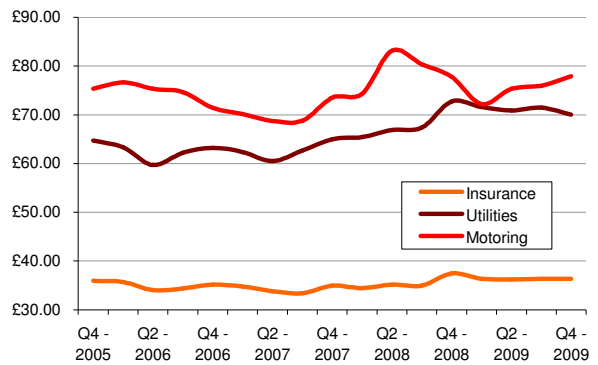


(Source: CCCS)

**Insurance, utilities and food and clothing**

Client spending on utilities also fell over the quarter to an average of £70.05 a month. This still works out as over £840 a year, which is less than they were spending a year earlier (£872) but significantly more than clients were spending on utilities two years ago (£779).

Expenditure on motoring rose slightly over the quarter from £75.97 to £77.91 a month. Expenditure on insurance stayed the same at £36.33 a month. Spending on motoring has increased almost eight percent over 2009.

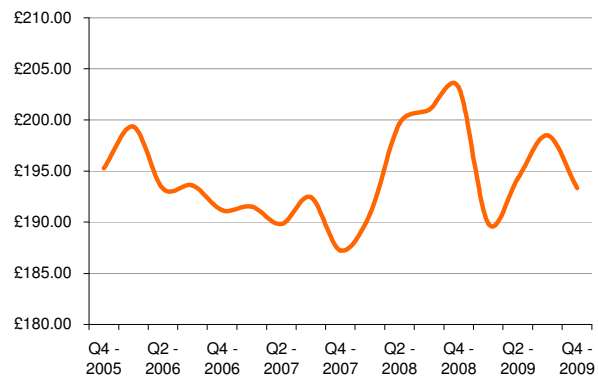


(Source: CCCS)

**Food and clothing**

Spending on food and clothing fell over quarter four for the first time in 2009, from £198 to £193 a month. Over 2009 spending on food and clothing rose by just under two percent but year on year it fell by over five percent.

Since CCCS began tracking spending data in 2004 client spending on food and clothing has risen by just over six percent. This is the second smallest rise of the categories tracked, after insurance. The most significant rise has been in spending on housing, which has risen by 48 percent.



	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%
Annual Change	£-2.7	£-98.8	£-1.1	£-9.8	£0.2	£-3.4	-9.1%

## 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
  - 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
  - Figures in the lead story refer to CCCS clients counselled by telephone
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](http://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](mailto:francesw@cccs.co.uk)**

April 26 2010