

Statistics Yearbook

Personal debt in the UK January - December 2021

Introduction

This latest report from StepChange Debt Charity highlights the demographic and debt situations of new clients who first contacted the charity between January and December 2021. Measures taken to support households through the pandemic provided many with respite from financial difficulty, which reduced the demand for debt advice across 2020 and 2021 compared to previous years. Measures such as furlough payments, payment holidays, the suspension of evictions and enforcement action, and additional support for benefits recipients, supported many households at risk of problem debt.

Additionally, the more recent impact of an increased cost of living only started to substantially affect household finances towards the end of 2021. Therefore, the impact on household budgets and arrears levels were not evident in this full year data. However, we have seen increases in the proportion of new clients behind on energy and gas bills over recent years, particularly since the beginning of the pandemic.

A substantial number of households still experienced financial difficulties throughout last year. In 2021:

- StepChange was contacted by almost half a million (483,247) new clients seeking debt advice or guidance with their problem debt. This amount was similar in 2020 (490,847)
- The charity website received 5.9 million visits
- 105,977 clients completed debt advice through the charity's online channel
- 65,255 clients completed debt advice session through the charity's telephony channel

Methodology

The statistics in this document, unless otherwise stated, are based on 171,232 clients who completed full debt advice between January and December 2021 through the charity's online or telephony channels.

In 2019, StepChange started to implement its new debt advice system. This provides a more comprehensive journey for people seeking debt advice, however it also provides differences in terms of data capture. Previously, data items such as 'vulnerability' and 'reason for debt' were only recorded through telephony advice. Throughout this report, differences in statistics between telephony and online clients have been provided where appropriate for comparisons with previous years.

We now have a full year of client data since our new debt advice system was implemented and have used this accumulated data to conduct detailed research on how client's access debt advice. Our previous system, Debt Remedy, was 'anonymous by default' when people accessed debt advice online, whereas, when using our new system, clients largely register their personal details up front. It is important to state that completing debt advice anonymously remains an option for those who want to - and that remains important for some clients - however, over 90% now complete debt advice after registering their personal details. Now we have the data to compare both systems, we believe that our previous debt advice system allowed some level of duplicates - clients completing an advice session online more than once - whereas in our new system duplicates are largely eliminated by the levels of clients registering and not remaining anonymous.

Key findings

Among new debt advice clients in 2021:



The mean average unsecured debt level per client was **£11,176**



The proportion of **clients with children** increased between 2020 (42%) and 2021 (45%)



Council tax (37%) was the most common arrears type



The proportion of clients with a **negative budget** (27%) at the time of advice has decreased



35% of clients were private renters



Credit cards (66%) were the most common unsecured debt type



The proportion of clients with **electricity arrears** (28%) and **gas arrears** (23%) remained higher than before the pandemic

Reasons for debt

Most common reasons for debt among new StepChange clients

Reasons for debt	2020	2021
Lack of control over finances	14%	19%
Unemployment or redundancy	18%	15%
Reduced income or benefits	15%	13%
Injury or health issue	12%	10%
Covid 19	9%	9%
Separation or divorce	8%	6%
Need credit to cover living costs	5%	6%
Cost of living increase	4%	6%

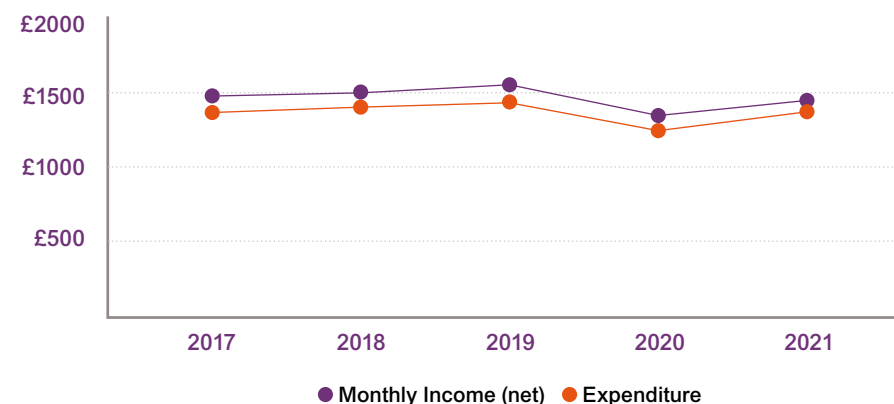
A 'lack of control over finances' became the single most common reason for debt, with one in five (19%) of clients citing this. Clients who contacted the charity through the online channel (23%) were far more likely to cite this reason than those who received telephony advice (12%).

Between 2020 and 2021, there was a small rise in the proportion of clients citing a 'cost of living increase' (from 4% to 6%) or needing credit to cover living costs (from 5% to 6%) as a main reason for debt.

Average surplus¹ per client

Surplus	2020	2021
Mean surplus per client	£95	£100
Median surplus per client	£65	£72

Average (mean) client income and expenditure



The increase in average income may reflect a rise in the proportion of new StepChange clients in employment.

The rise in expenditure may reflect a rise in general costs following a fall in the earlier stages of the pandemic. However, average income and expenditure levels remain lower than before the pandemic.

¹ Surplus is the amount of money left at the end of each month after a client has proceeded through StepChange's advice and budgeting process

Negative budgets²

The proportion of all new clients with a negative budget at the time of advice has decreased from 30% in 2020 to 27% in 2021. This is partly due to an increase in clients accessing advice through the charity's online channel in 2021; these clients were more likely to have higher income and surplus levels than clients who accessed the telephony channel.

However, this only tells part of the story. In 2021, a greater proportion of clients who started their debt advice journey through telephone service (34%) had a negative budget compared to clients who started their debt advice session online (23%).

Social security

In 2021, 59% of clients were in receipt of at least one benefit type, inclusive of child benefit. This remained consistent with levels found in 2020 (59%).

In 2021, half (50%) of all new clients received at least one benefit type, excluding clients whose only benefit type was child benefit.



Proportion of clients with negative budgets split by channel

Surplus	2020	2021
Telephony	32%	34%
Online	28%	23%

Clients in receipt of benefits

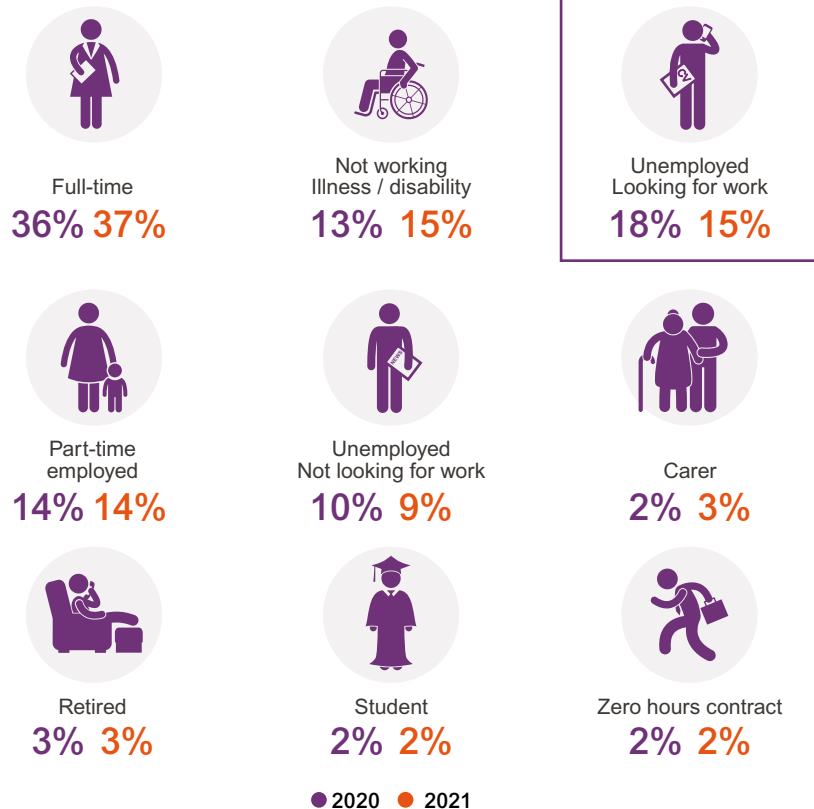
Name	New Clients 2021 (%)
Child benefit	33%
Child tax credit	7%
DLA/PIP (adult)	10%
DLA/PIP (child)	3%
ESA	7%
Housing benefit	6%
Income support	2%
JSA (contribution)	1%
JSA (income)	<1%
Other benefit	2%
Universal credit	35%
Working tax credit	2%

² A negative budget describes where a client's monthly expenditure is greater than their monthly income after proceeding through StepChange's advice and budgeting process

Employment status

In 2021, over half (53%) of new StepChange clients were in employment, representing a small increase from 52% in 2020.

The proportion of clients who are unemployed and looking for work has decreased by three percentage points between 2020 (18%) and 2021 (15%).



Client age

In 2021, four in five (80%) of all new StepChange clients were aged between 25 and 59, compared to 58% of the UK adult population.

Age Group	2019	2020	2021	UK Average ³
Under 25	14%	13%	12%	11%
25-39	52%	45%	46%	25%
40-59	29%	34%	34%	33%
60 and over	5%	8%	8%	31%

However, the new client population continues to be substantially over-represented by those aged between 25-39. These clients account for almost half (46%) of all new StepChange clients. However, only one quarter (25%) of all UK adults are in this age range.

StepChange continued to advise a greater proportion of clients aged over 40 in recent years. In 2021, 42% of StepChange clients were aged over 40, compared to 34% in 2019.

³ ONS, 2021 Estimates of the population for the UK, England and Wales, Scotland and Northern Ireland.

Housing situation



Housing Group	2020	2021
Board payment (not with family)	3%	3%
Living with family	15%	13%
Mortgaged	12%	12%
Other	2%	3%
Owns property outright	3%	2%
Renting - Council or Housing Association	30%	31%
Renting - private landlord	34%	35%
Shared ownership (mortgage and rent)	1%	1%

66%

However, overall, a greater proportion of new clients were **renting their homes**. This increased from 64% in 2020 to two thirds (66%) of clients in 2021.

35%

Renting from a private landlord (35%) continues to be the most common housing tenure among new StepChange clients.

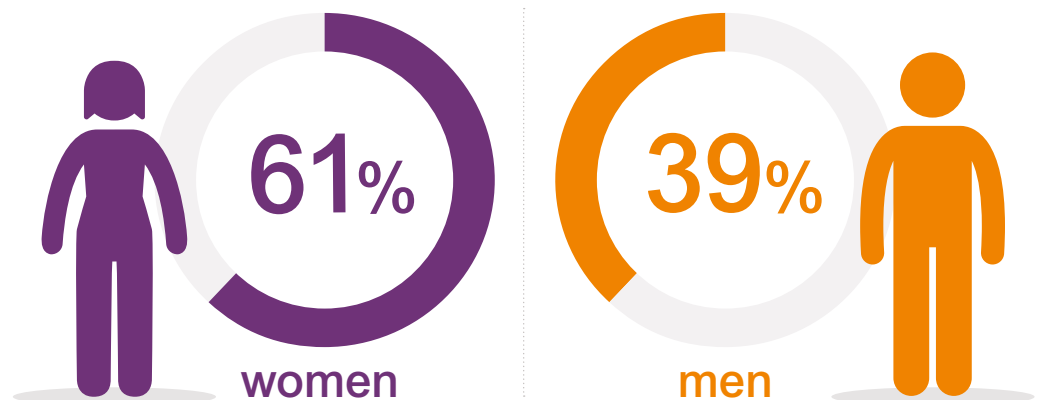
Gender

The charity has advised a greater proportion of women than men for several years. Women who received debt advice in 2021 were more likely to:

- Be from single parent households (35%); by comparison only 8% of men seeking advice were from single parent households
- Have lower levels of unsecured debt (£9,527) than men (£13,250)
- Have fallen behind on gas (26%) and electricity (31%) bills than men (22% for gas and 27% for electricity)

Gender	2020	2021
Women	60%	61%
Men	40%	39%
Other gender identity	<1%	<1%

Gender split of clients receiving full debt advice in 2021

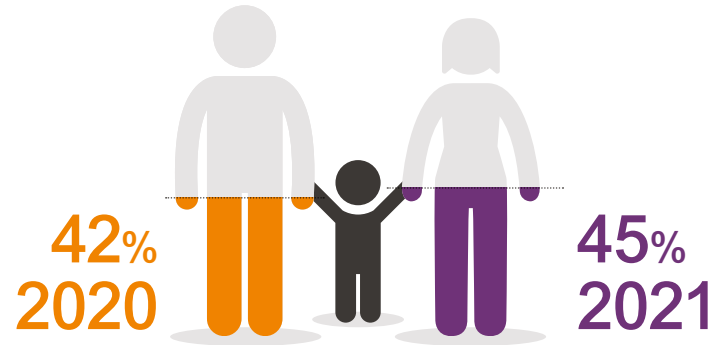


Family composition

The proportion of clients with children has increased from 42% in 2020 to 45% in 2021. This includes rises in proportion of couples with children (21%) and single parents (24%) compared to the previous year.

Despite a decrease of two percentage points between 2020 and 2021, the proportion of new clients who are single adults with no children remains substantially higher than levels found in 2019.

Proportion of new clients with children



Family Composition	2019	2020	2021	UK Average ⁴
Couple with Children	26%	20%	21%	22%
Couple without Children	14%	14%	13%	35%
Single with Children	24%	22%	24%	6%
Single without Children	36%	44%	42%	36%

Clients in vulnerable situations⁵

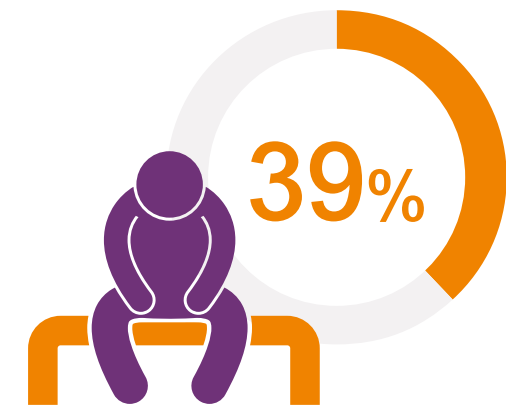
In 2021, 56% of all new clients were in a vulnerable situation at the time of advice. This has increased over recent years. This increase is partly due to changes in the charity's debt advice system and additional training for advisors, which means additional vulnerabilities can be better identified.

% of new clients with an additional vulnerability by debt advice channel

	2017	2018	2019	2020	2021
Online	n/a	n/a	n/a	45%	52%
Telephony	21%	36%	44%	54%	62%

In 2021, the most common types of vulnerability included:

- Depression (13%)
- Stress or anxiety (13%)
- Physical disability (7%)
- Suicidal tendencies (6%)
- Domestic violence (5%)



In 2021, 39% of all new clients had a mental health condition

⁴ ONS (2022). Families and Households 2021. Office for National Statistics - Labour Force Survey (LFS)

⁵ A 'vulnerable situation' includes physical health conditions, mental health conditions, learning disabilities, sight or hearing difficulties and other situations which can make dealing with problem debt particularly difficult. Clients can have multiple types of vulnerability

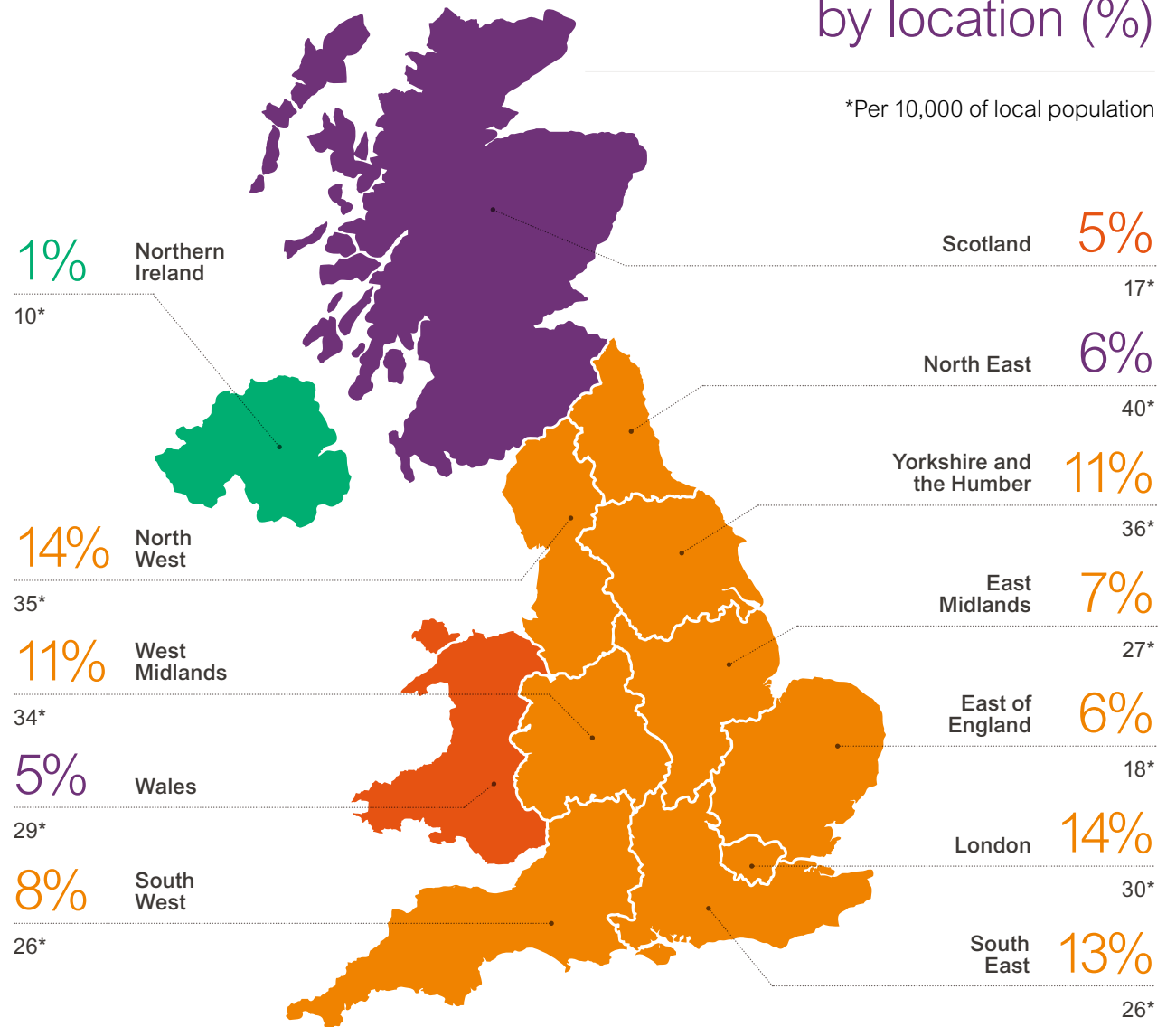
Locations

The North West is tied with London as the nation or English region with the greatest proportion of new StepChange clients.

The North East has the highest concentration of clients against the local population. This is consistent with previous years. Only 1% of new clients were based in Northern Ireland. This is due to the charity's lower presence as part of the wider debt advice provision in Northern Ireland.

New clients 2021 by location (%)

*Per 10,000 of local population



Clients' locations - Nations

UK Nation	New Clients (%)	Clients per 10,000 of population
England	89%	30
Wales	5%	29
Scotland	5%	17
Northern Ireland	1%	10
United Kingdom	100%	32

⁶ ONS, 2021 Estimates of the population for the UK: England, Wales, Scotland and Northern Ireland.

Arrears

Arrears levels on household bills substantially increased during the early stages of the pandemic.








Similarly high proportions of new clients were behind on household bills across 2021.

Council tax remains the most commonly held type of household arrears;

37%

of new clients who had responsibility for this bill type were in arrears

Average arrears and amounts⁷

	Household bill type	% of clients in arrears	Average arrears amount 2019	% of clients in arrears	Average arrears amount 2020	% of clients in arrears	Average arrears amount 2021
	Council Tax	30%	£1,146	36%	£1,292	37%	£1,578
	Water	24%	£804	32%	£866	33%	£988
	Electricity	17%	£825	26%	£1,002	28%	£1,152
	Rent	21%	£1,084	27%	£1,463	25%	£1,676
	Gas	13%	£661	23%	£703	23%	£781
	Mortgage	17%	£2,977	17%	£3,518	19%	£4,497
	TV License	8%	£103	7%	£92	4%	£102

Average amounts of arrears increased in 2021:

- The average electricity arrears debt per client increased by £150 between 2020 and 2021. The average gas arrears debt increased by £78
- The average mortgage arrears debt increased between 2020 (£3,518) and 2021 (£4,497). However, only 2% of all new clients had mortgage arrears
- Despite the proportion of clients with rent arrears falling, the average level of arrears increased by £213

⁷ The proportion of clients on each household bill type is a percentage of the total count of clients who are responsible for paying that bill type

Unsecured debts

Average unsecured debt

	2017	2018	2019	2020	2021
Average Unsecured Debt	£13,280	£13,544	£14,129	£12,644	£11,176

In 2021

The average (mean) unsecured debt among new clients was

£11,176

That's a decrease of nearly

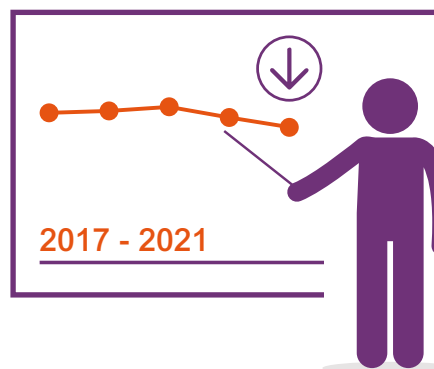
16%

since 2017

The median unsecured debt was

£6,372

down from £7,724 in 2020



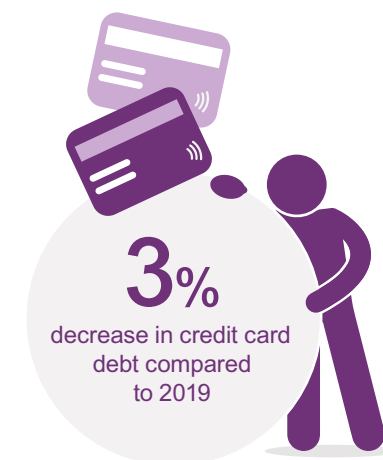
Types of debt

Type	2019	2020	2021	2021 average amount held per new client
Credit Card	69%	67%	66%	£6,853
Personal Loan	48%	52%	49%	£7,503
Overdraft	46%	39%	36%	£1,481
Catalogue	35%	35%	36%	£1,813
Store card	13%	14%	12%	£1,146
Payday Loan	17%	13%	11%	£1,376

Although credit cards remain as the most common unsecured type, there was a decrease of three percentage points among new clients with this debt type compared to 2019.

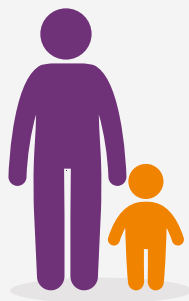
The percentage of clients with personal loan debts increased in 2020 before falling back to levels found before the pandemic in 2019.

The proportion of clients with overdraft debts also continued to fall. This continuation is possibly a result of regulatory interventions aimed at reducing harm from repeat overdraft debt.



Conclusion

In 2021, clients reported lower average debt levels, fewer clients had credit cards and overdraft debts, and average income and surplus levels had increased.



Additionally, despite small increases in the proportion of clients in electricity arrears, and a rise in clients citing an increase in the cost of living as a reason for debt, the impact of the rise in energy prices and inflation had not yet substantially affected new clients in 2021.

However, the 2021 data highlights the difficult financial situations that many households across the UK are already facing.

Increases in the proportion of clients with children, single parents and renters is a cause for concern, set against a backdrop of rising average expenditure, arrears levels and energy price rises.


We will continue to monitor the debt and demographic profiles of new StepChange clients on a monthly basis. These reports are **available here**.

Editor: Josie Warner

For data tables, visit the [StepChange Debt Charity website](#).

For help and advice with problem debts call (Freephone) 0800 138 1111 Monday to Friday 8am to 8pm and Saturday 8am to 4pm, or use our [online debt advice tool](#).

Get in touch:

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