STATISTICS YEARBOOK

PERSONAL DEBT 2014

Contents

Main findings 2014

Demand for debt advice

The Charity was contacted by 577,677 people with problem debt in 2014, a 56% increase on 2012[1].

In 2014 there were almost three million visits to the Charity's website, a 76% increase since 2012.

Why people seek advice

Unemployment continues to be the reason given most often by clients for seeking debt advice, with just under a quarter in 2014 citing it as the primary cause of their problem debt.

Who's seeking advice?

Almost three-quarters (71.4%) of StepChange Debt Charity clients now live in rented accommodation, compared to 61% in 2012.

As a proportion of clients single parents now represent close to one in five (18.3%) of those advised by the Charity, compared to 16.1% in 2012.

There has been an increase in the proportion of StepChange Debt Charity clients aged under 25, from 11.3% in 2012 to 13% in 2014.

Unsecured debt

The average unsecured debt of clients in 2014 was £14,650[2].

Debt owed on credit products where lending is traditionally small-scale is beginning to rise, which may indicate a worrying trend. These are catalogues (where the average debt increased by 14% between 2012 and 2014) and home credit (2%).

Younger clients are far more likely to owe money on payday loans, 42.5% of clients aged under 25 have a payday loan debt, compared to less than 5% of clients aged 60 or over.

The impact of debt on our clients

Clients are most likely to have been treated poorly by payday lenders, with 61.3% of applicable respondents to our 2014 client survey saying they had been treated 'badly' or 'very badly' by a payday lender, prior to seeking debt advice.

47% of respondents said they had visited their GP as a result of mental or physical health problems caused by their debts. A further 6% said they had visited hospital and 5% had visited Accident and Emergency.

Arrears on essential household bills

In 2014, 39.8% of clients had arrears on priority bills, compared to 34.9% in 2012.

28.3% of clients had arrears on council tax, 25% had arrears on rent and 22.4% had arrears on water bills. In addition, 27.1% of clients had arrears on their mortgage.

The level of arrears debt clients have on essential bills has also increased steadily since 2012. There have been particularly significant increases in the level of electricity and gas arrears.

The data in this Statistics Yearbook is drawn from a warehouse containing the details of more than 18 million calls and 2.8 million clients.

1. Unless otherwise stated, and in line with previous Yearbooks, client data is presented over a three year period.

2. This figure does not include arrears on essential household bills.

Chief Executive's introduction

This edition of our annual Statistics Yearbook arrives at an important time. Very few people won't have experienced, or know somebody who has experienced, financial uncertainty over the last few years. We estimate there are some three million people across Britain in severe problem debt, and eighteen million people worried about making their income last until payday.

But it is not just the impact on individuals that should be of concern. The wider effects of problem debt in terms of cost to the state and society are devastating. Overall, problem debt costs society £8.3 billion. This includes £960 million in mental health costs, £2.3 billion in costs due to job loss or lost productivity, and £790 million in relationship breakdown costs. Therefore it is worrying that the Office for Budget Responsibility is predicting the household debt ratio rising steadily to 172% of incomes by 2020.

At StepChange Debt Charity we continue to address these issues every day. In a year our advice saves £241 million in the social costs of problem debt, and we use the experiences of our clients to develop policy to address the cause of problem debt, as well as mitigate its effects.

I am delighted that there have been recent moves towards improving the position of consumers in financial difficulty with, for example, a new price cap on high-cost credit, tougher rules for credit brokers and stronger powers against firms who trouble vulnerable people with nuisance calls and text messages. But as the data contained in the Statistics Yearbook 2014 shows, we still have a lot more to do. We are keeping up the pressure on policymakers for statutory protection from interest, charges and enforcement action by creditors, and we want to see more done to boost savings among lower income groups, to keep them out of debt.

Although the average amount our clients owe to consumer credit providers – such as banks and credit card companies – continues to fall, as it has for several years, there is a growing crisis facing families seeking to pay their priority bills. For example, in 2010, gas and electricity arrears were 3.8% of the average unsecured consumer credit debt, by 2014 it was 7.8%. Two in five of our clients have arrears on priority bills; and over a quarter have arrears on council tax, mortgage, and rent. In addition, debt owed on credit products where lending is traditionally small-scale, such catalogues and home credit, is beginning to rise, which may indicate a worrying trend. So the nut is smaller but harder to crack.

Last year, the Charity was contacted by almost 600,000 people seeking advice, and there were almost three million visits the Charity's website, both record highs. Some groups are becoming more vulnerable. Almost three-quarters of StepChange Debt Charity clients now live in rented accommodation, compared to 61% in 2012. We are also seeing a growing proportion of clients who are single parents or young people.

Bearing all this in mind, it is therefore concerning that many in problem debt still continue to be treated poorly by their creditors. According to our client survey over half of clients feel they have been treated badly by personal loan providers, credit card providers or payday loan providers. Beyond consumer credit, councils rank as among the most unhelpful types of creditor when people are in difficulty, and when councils take a tough approach – demanding large, often unaffordable payments or threatening enforcement action – it can result in a significantly higher proportion of people falling into deeper difficulty.

The effects of such treatment can be extremely harmful. Almost half of clients have visited their GP as a result of mental or physical health problems caused by their debts. A further 11% have visited hospital or Accident and Emergency.

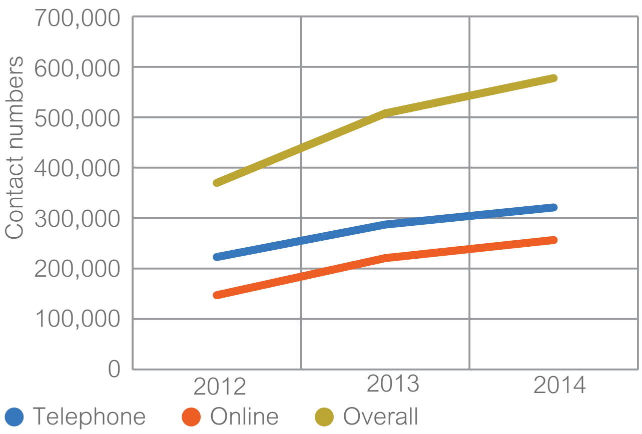
It is crucial that decision makers listen to the voices of those in problem debt, and act decisively to both address the issues that led to their financial crisis and the situation they are in. The data in this Yearbook and those published annually since 2006 should help them to do so – for the benefit of both indebted families and the UK state and society.

Mike O'Connor CBE, March 2015

Demand for debt advice

The number of people contacting StepChange Debt Charity continues to increase (see Figure 1). Taking into account both telephone and online channels, the Charity was contacted by 577,677 people with problem debt in 2014, a 56% increase on 2012.

FIGURE 1: DEMAND FOR ADVICE

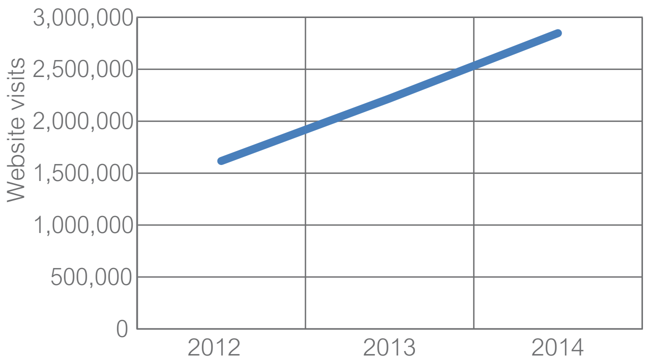


This is the third successive year in which demand for advice from StepChange Debt Charity has increased and 2014 represents a record for client contacts, an indication that the incidence of problem debt remains high.

Demand for advice is growing especially rapidly on the internet and our data demonstrates that consumers are accessing debt advice in different ways online. In 2014, 48,027 people used their mobile telephone to access the Charity's online debt advice tool Debt Remedy. This is a 37% increase since 2013 and we predict a continued rapid rise in demand for advice via mobiles in future years[3].

Alongside demand for advice, there has been a rapid growth in the number of people visiting the StepChange Debt Charity website for information on debt and debt solutions (Figure 2). In 2014 there were almost three million visits to the Charity's website, a 76% increase since 2012. Over 20,000 (22,935) people also used our '60 second debt tracker'[4].

FIGURE 2: VISITS TO STEPCHANGE DEBT CHARITY WEBSITE



3. We are conscious that there are a variety of other levels of engagement people have with our online services. We continue to explore what these mean in terms of the help people receive, and which are the most useful measurements for us to publish.

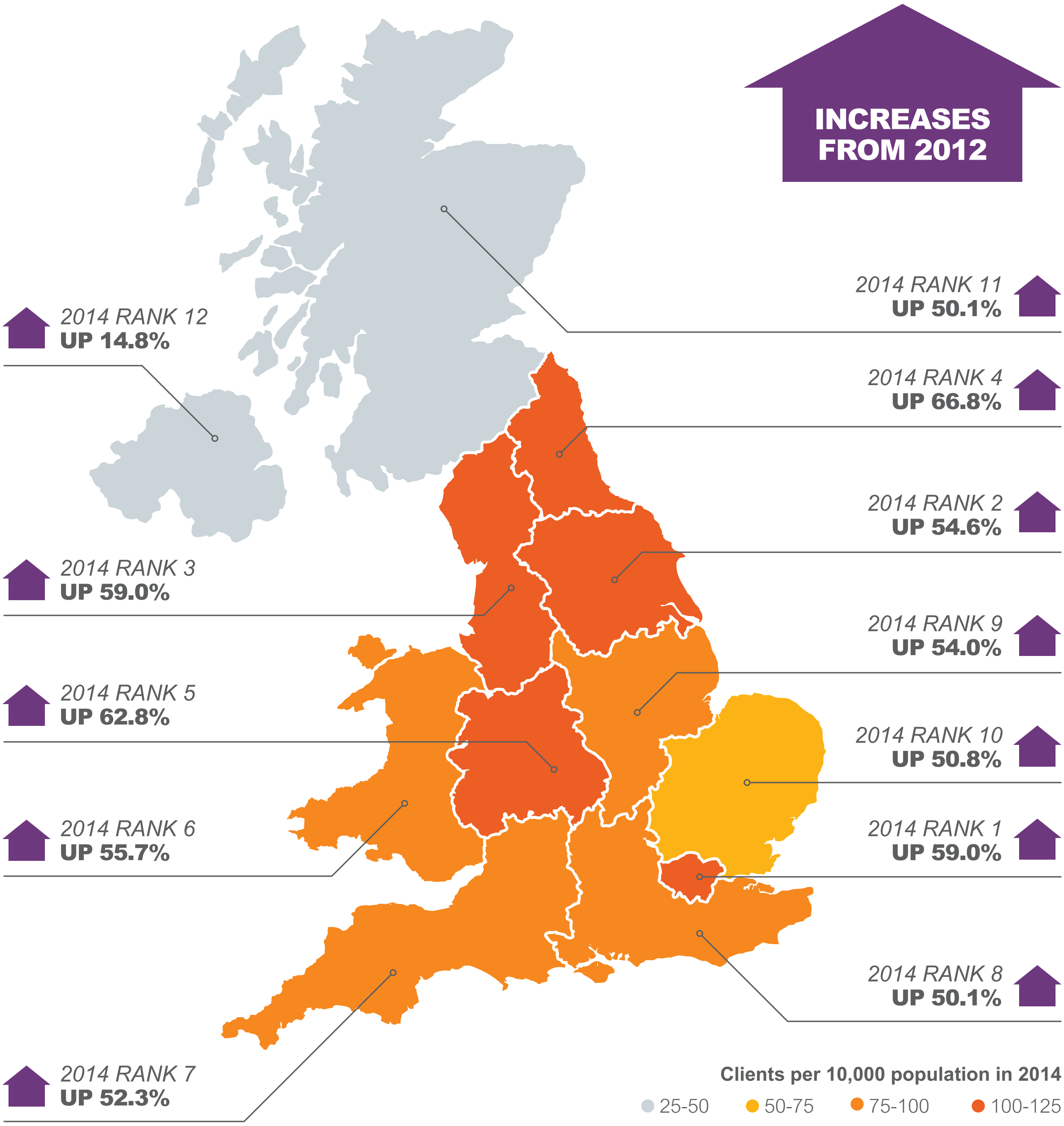
4. Both the mobile Debt Remedy application and the '60 second debt tracker' were launched in 2013.

Regional demand

The highest level of demand, both in total and per 10,000 of the population, comes from London, followed by Yorkshire, the North West, the North East and the West Midlands.

However, the sharpest increase in demand for advice (on a proportional basis) between 2012 and 2014 was from the North East, followed by the West Midlands, London and the North West.

INCREASE IN DEMAND FOR DEBT ADVICE BY REGION

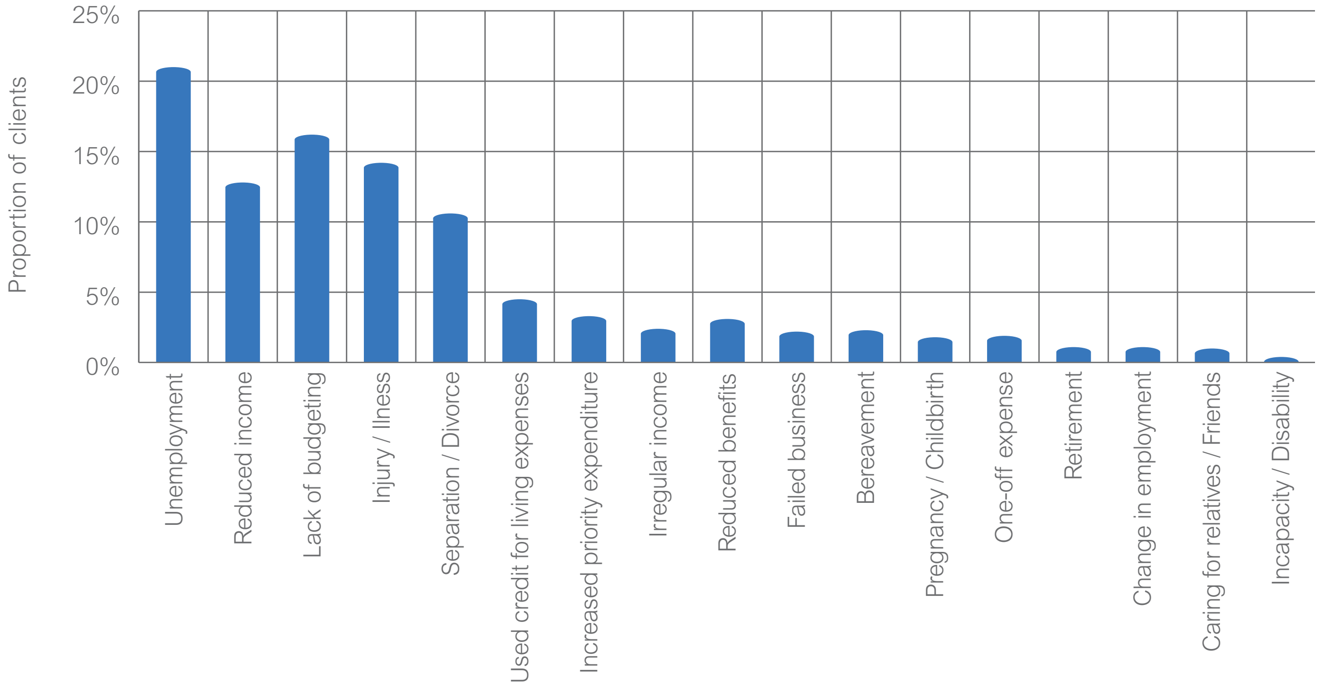


Why people seek advice

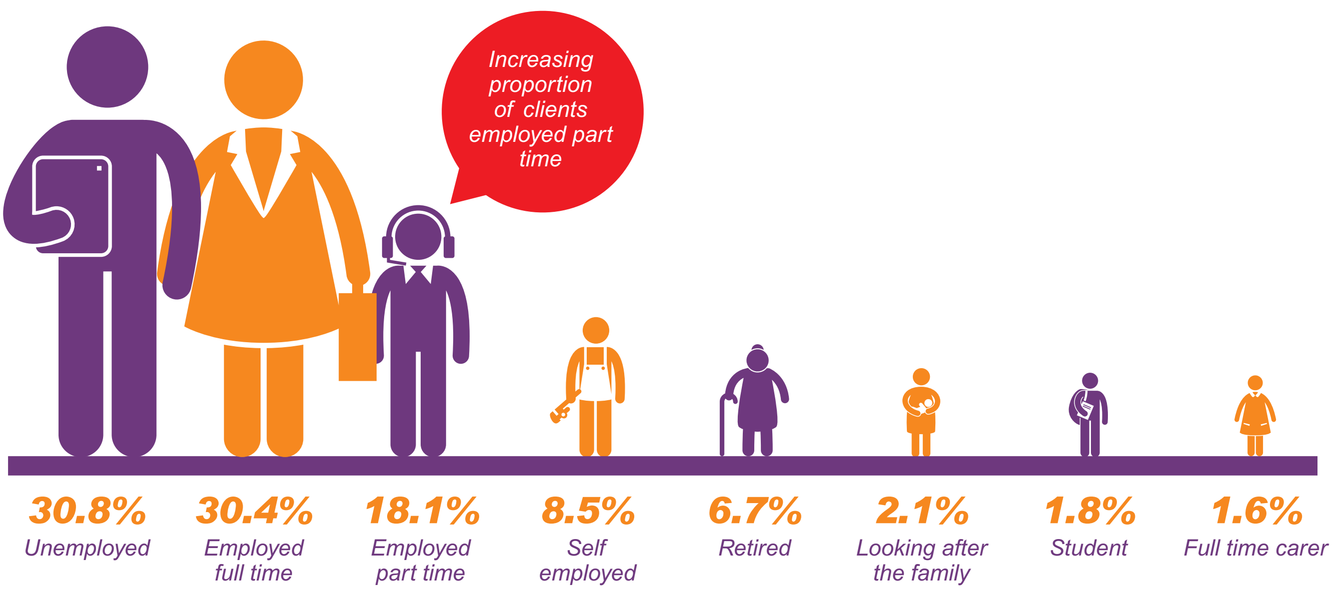
Unemployment continues to be the reason given most often by clients seeking debt advice, with just under a quarter in 2014 citing it as the reason for their debt problem (Figure 3). A further 12.8% of clients say that a reduced income is the main contributor to their problem debt.

Around half of StepChange Debt Charity clients are employed only part time (18.1% in 2014), or unemployed (30.8%). However, 30.4% of those advised by StepChange Debt Charity are employed full time, which shows problem debt often affects those with full time wages.

FIGURE 3: REASONS FOR DEBT[5]



PEOPLE SEEKING DEBT ADVICE AS LIKELY TO BE IN FULL TIME EMPLOYMENT AS UNEMPLOYED[6]



5. Reason for debt figures based on clients advised over the telephone only.

6. Employment data based on clients advised over the telephone only.

Younger clients are more likely to need advice due to unemployment (Figure 4). However, older client groups are more likely to be in financial difficulty due to injury or illness. One in five clients aged 60 or over cite injury or illness as the primary reason for their financial difficulties.

Men are more likely to cite unemployment as the reason for their debt problem, whereas a greater proportion of female clients contact the Charity as a result of financial difficulties experienced due to separation from a partner (Figure 5).

FIGURE 4: REASONS FOR DEBT – AGE

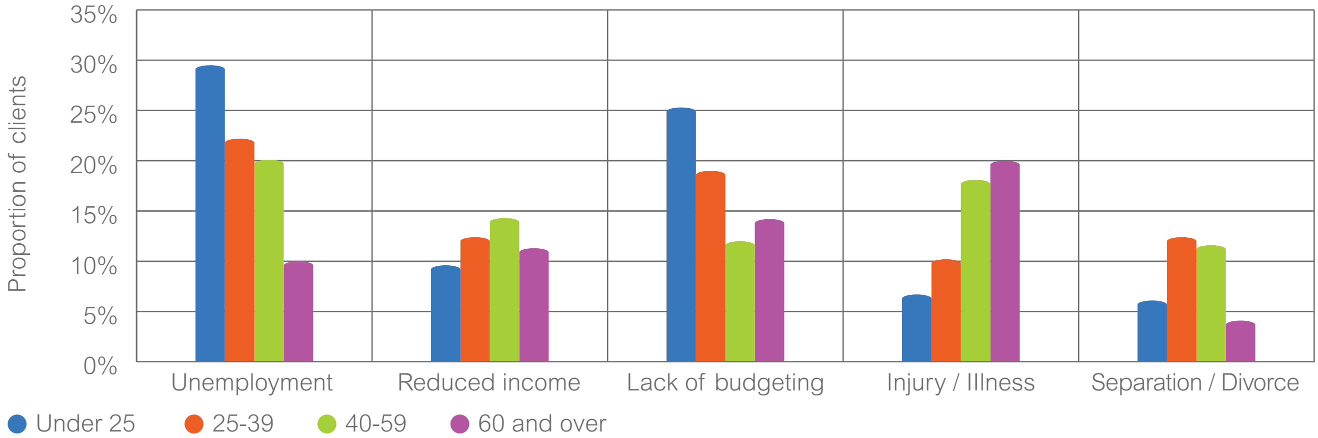
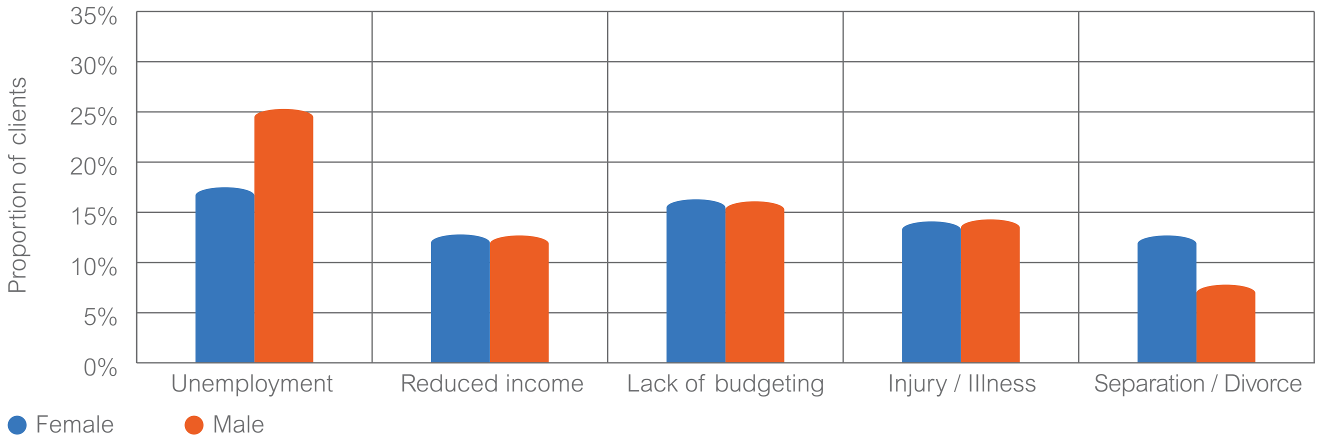


FIGURE 5: REASONS FOR DEBT – GENDER



DEBORAH AND PHIL[7]

When Deborah's husband, Phil, was made redundant from his plumbing job a few years ago, it caused the couple to struggle with credit commitments that they had previously been managing easily.

They had some savings put aside, and continued to pay off their credit cards and loans for around nine months with that money, but when it ran out they were left struggling with their debts.

With a young family to support and Deborah already in part time work, Phil decided to set up his own business, but it took time to attract customers and build a reputation for the firm. Not long afterwards, he had to go into hospital for a hernia operation, and received no sick pay or income during that time. He went from earning £32,000 a year to around £7,000 in the first year of self-employment.

Deborah and Phil contacted StepChange Debt Charity in July 2014, and are now feeling much more in control of their finances, but Deborah says she never takes anything for granted: *"Even now with Phil being self-employed it's unpredictable – we don't always know if he'll have work coming in and I do start to go into panic mode. Before the redundancy we were doing so well – I never thought we would be in this situation. It has opened our eyes so much."*

7. All case studies of anonymous StepChange Debt Charity clients.

Who's seeking advice?

Income

The average income of StepChange Debt Charity clients over the last three years has remained essentially flat – from £1,379 a month (all income figures net unless otherwise stated) in 2012 to £1,383 a month in 2014. There has been a small fall in the proportion of clients with an income of £30,000 or more per annum.

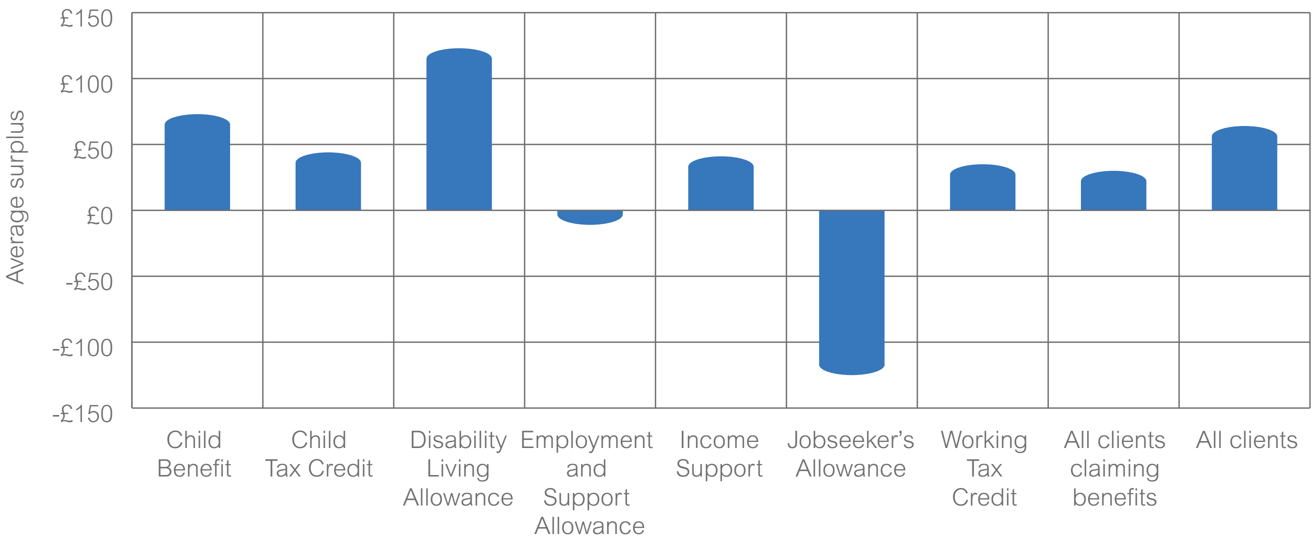
Currently 55% of StepChange Debt Charity clients receive some form of benefit income (not including Housing Benefit).

StepChange Debt Charity clients in receipt of certain benefits are in a far worse financial position than other clients (Figure 7). On average the Charity finds that clients in receipt of Jobseeker's Allowance are £125 per month short of affording an adequate standard of living, even without factoring in debt repayments. Similarly, clients in receipt of Employment and Support Allowance are £11 short of an adequate standard of living[8].

FIGURE 6: DEMAND FOR ADVICE – INCOME

8. Benchmarked against the StepChange Debt Charity income and expenditure budgeting tool.

FIGURE 7: CLIENTS RECEIVING BENEFITS – AVERAGE BUDGET SURPLUS AFTER DEBT ADVICE



Age

The Charity advised a higher proportion of younger clients in 2014, continuing a three year trend. There has been an increase in the proportion of StepChange Debt Charity clients aged under 25, from 11.3% in 2012 to 13% in 2014.

Gender

In 2014 the proportion of female clients was 57%, up from 54% in 2012.

Although women have always made up a greater proportion of StepChange Debt Charity clients than men, the current 14.1% differential in incidence between the two groups is by far the highest recorded.

Family composition

Over the previous three years the biggest increase in demand, on the basis of family composition, has come from single parents. As a proportion of clients, single parents now represent close to one in five (18.3%) of those advised by the Charity compared to 16.1% in 2012. Single parents make up 10.6% of the national population[9].

ROSIE

Rosie had been managing her credit payments but was struggling, and her situation worsened when she separated from her partner three years ago. She had to rent a house for herself and her daughter to move into, and found it difficult to pay the letting agent's fees and furnish the home.

"I was running out of money, so was relying on credit cards to go spending. Before you know it you're filling up the car with petrol and doing the food shopping all on credit card."

Rosie was conscious of keeping her credit file intact, and so always made at least the minimum payments on her credit cards, but was left with no money to live on.

Rosie also has store card and personal loan debt, and owes money to friends and family who often help her out with unexpected expenses, such as her car needing a new battery, as she does not have the savings to cover these.

She has now been on a Debt Management Plan with StepChange Debt Charity for a year.

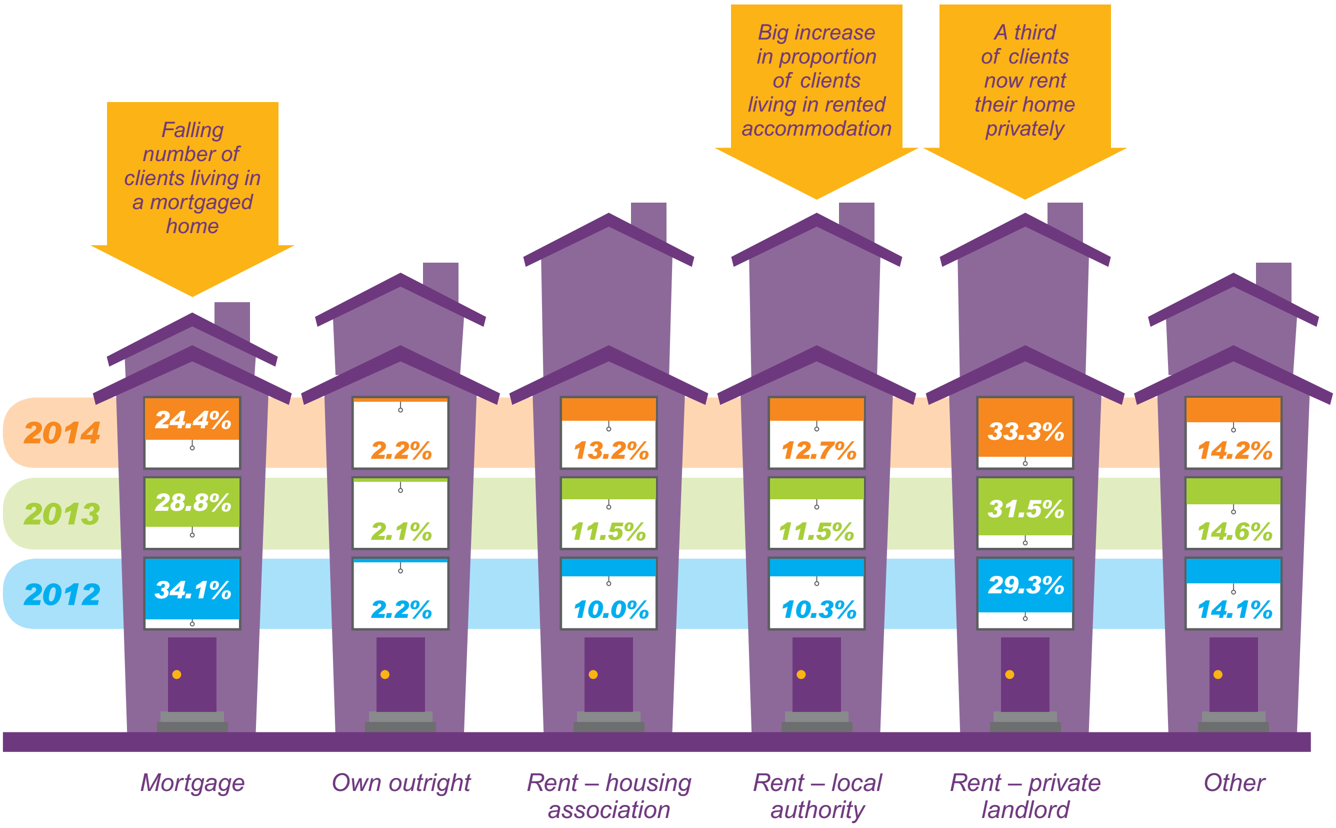
9. Office for National Statistics (2015), Families and Households, 2014

Housing

Almost three-quarters (71.4%) of StepChange Debt Charity clients in 2014 lived in rented accommodation, compared to 61% in 2012. Meanwhile, 26.4% have a mortgage and 2.2% own their homes outright.

Those renting from private landlords continue to represent the single largest group of clients, on the basis of housing tenure (see graphic below). 33.3% of clients advised in 2014 were living in privately rented accommodation. This is a significant increase on the 29.3% of clients this group comprised in 2012.

DEMAND FOR ADVICE – HOUSING TENURE



RAYMOND

Raymond and his ex-partner had to move house to be nearer to London for work. But Raymond says they were not prepared for what a major lifestyle change it would be.

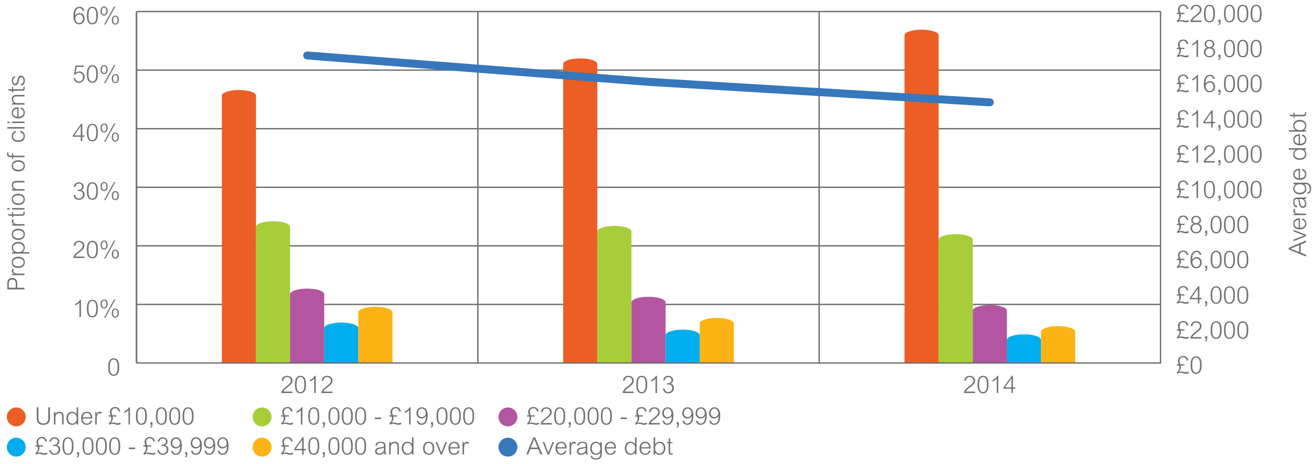
"I was saving money on transport but the rents in London are impossible. We went from paying £650 a month to £995 plus bills. It was a massive step up. The bills were more expensive, and the debts spiralled very quickly. I had a loan, credit cards and overdraft that I was using to try and meet all the costs."

Raymond explained the situation to his bank, but was not offered help as he was meeting the minimum payments on his debts.

"When you have a lot of debt and your income cannot support it and you end up getting into minus figures every month, it can be very stressful. When I did get debt advice, it was the first time I actually got a good night's sleep because I realised that everything was under control at last."

The average unsecured debt of StepChange Debt Charity clients continued to fall in 2014 to £14,650. In 2014 there was also a decline in the average number of unsecured debts held by clients, falling from an average of 6.2 in 2012 to 5.8[10].

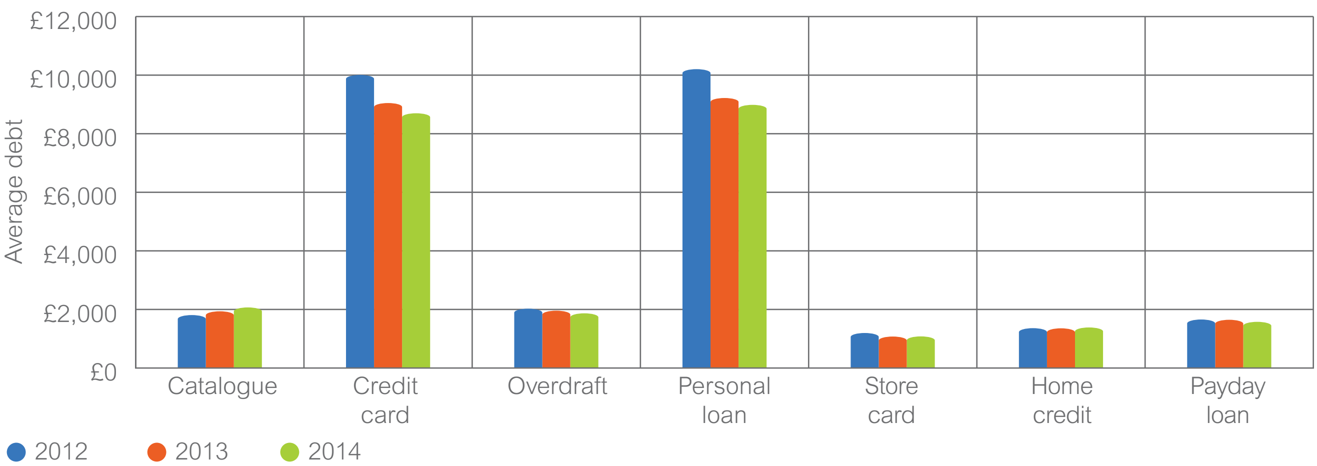
FIGURE 8: AVERAGE UNSECURED DEBT



This fall is partly a reflection of a reduction in the proportion of clients with very high consumer credit debts (£40,000 and above). However, it is also the result of a steady increase in the number of consumers struggling with smaller credit debts. Therefore, the reduction in the average unsecured debt of clients certainly cannot be read as a reduction in the level of financial difficulties experienced by UK consumers; especially if you factor in the significant increase in clients falling into arrears on priority bills, which we explore below.

Debt levels are beginning to rise on some products where lending is generally smaller scale. These are catalogues (where the average debt increased by 14% between 2012 and 2014) and home credit (2%) (Figure 9). Although the average total debt clients owe on all their payday loans fell between 2012 and 2014, the average debt owed on each payday loan rose from £552 to £576.

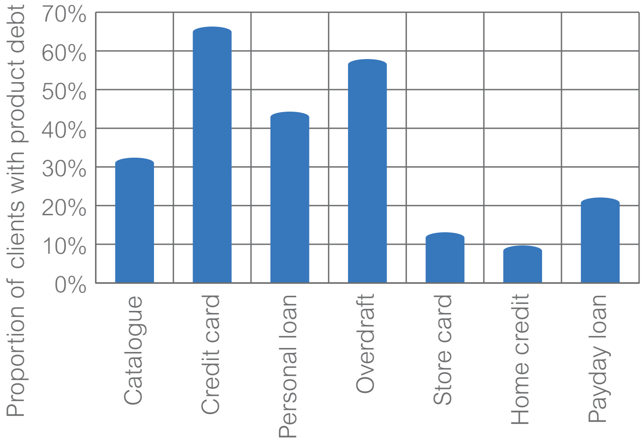
FIGURE 9: DEBT LEVELS BY PRODUCT TYPE



10. The debt figures quoted in this section refer only to unsecured consumer credit debts. The level of arrears clients owe debts on essential households bills, which is increasing, is discussed below.

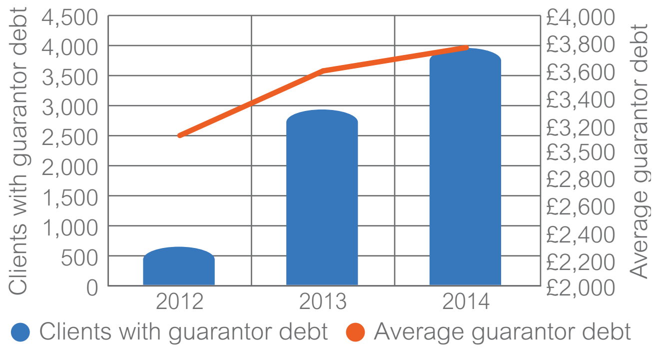
Overall, the most common problem debt for our clients is credit cards (on which 66.1% of clients owe money), followed by overdrafts (57.9%) and personal loans (44.3%).

FIGURE 10: MOST COMMON DEBTS



The Charity has seen a rise since 2012 in both the number and proportion of clients with debts to guarantor lenders (Figure 11) and also the average debt owed to this type of creditor[11]. In 2014, almost 4,000 clients owed money to a guarantor lender, compared to fewer than 650 in 2012.

FIGURE 11: GUARANTOR LENDING



There has also been a rise in the number and proportion of clients with debts to rent-to-own providers, to almost 1,000 in 2014. The average debt of these clients to rent-to-own providers is growing as well, to an average of £1,756, up by £324 since 2012[12].

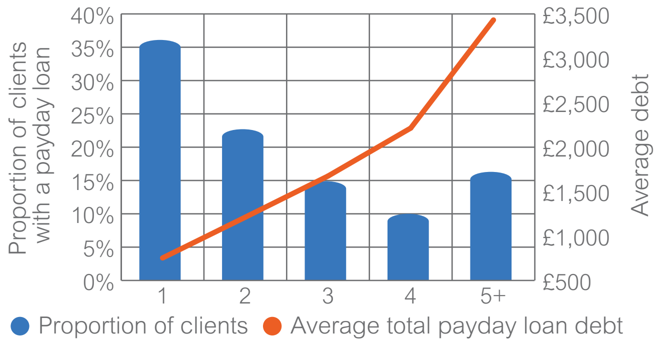
Multiple debts

Last year's Statistics Yearbook[13] drew attention to the issue of clients with multiple debts on credit cards or multiple payday loans. Multiple debt such as this is concerning. It shows how cycling debt round different agreements can cause overall debt to grow significantly. Multiple debts can be an indicator of poor lending practices by credit providers.

Multiple credit cards and payday loan debts continue to be a feature of our clients' lives. In 2014, 64.4% of clients advised with credit card debt had two or more credit cards, while 63.9% of clients with payday loan debt had two or more payday loans. In both cases this was only a small percentage reduction on 2013.

FIGURE 12: MULTIPLE UNSECURED DEBTS – CREDIT CARDS

FIGURE 13: MULTIPLE UNSECURED DEBTS – PAYDAY LOANS



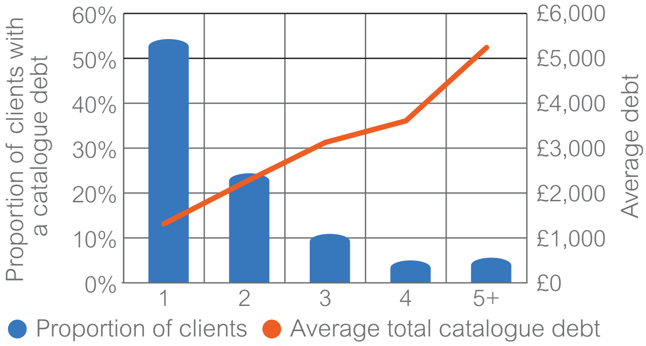
11. A Guarantor Loan is a form of (generally) high-cost consumer credit where a borrower must find a friend or family member to agree to pay off the loan if the borrower is unable to do so.
12. This figure may under-estimate the number of clients with rent-to-own debts as Hire Purchase creditors – including for rent-to-own – are not captured by default in our data warehouse. Therefore this figure is based on manual data capture.
13. StepChange Debt Charity (2014), Statistics Yearbook: Personal Debt 2013

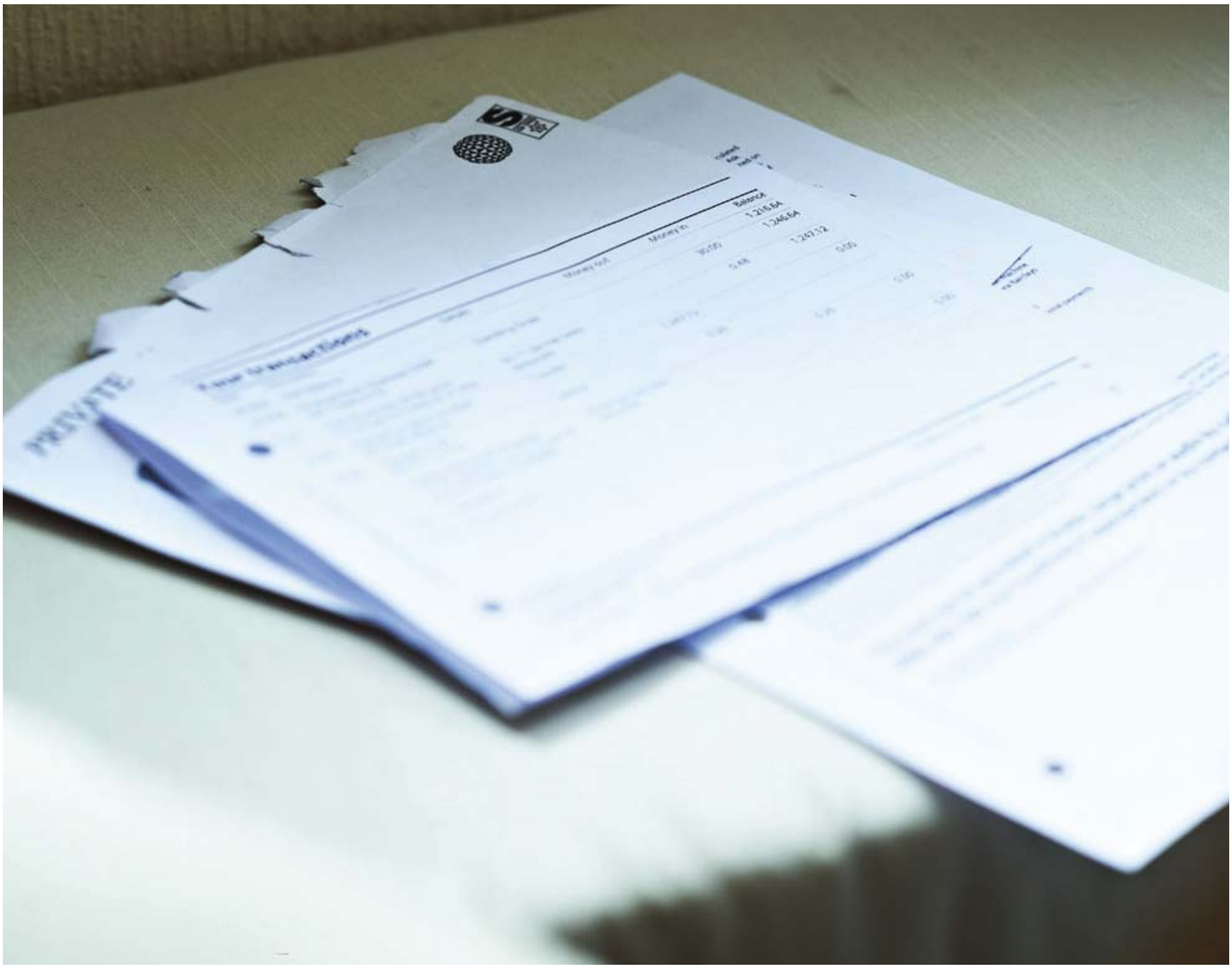
Within each category of multiple (two, three, four and five plus debts) the average debt held went up between 2013 and 2014. For example, the average credit card debt for clients with five plus credit cards in 2013 was £24,607, in 2014 it was £24,624. This indicates that although the incidence of people accessing multiple credit cards or payday loans reduced slightly, the amount people borrow when they have access to multiple products is rising.

This year we include data on multiple catalogue debts. Although a smaller proportion of clients have multiple catalogue debts than have multiple credit cards or multiple payday loans, the figure is still of concern. In 2014, 14.7% of clients had multiple catalogue debts, representing 45.7% of clients with a catalogue debt.

As with credit cards and payday loans, having multiple catalogue debts significantly increases the level of debt held; a client with one catalogue debt owes, on average, £1,313 on that debt, a client with five or more owes, on average, £5,368 across those catalogues.

FIGURE 14: MULTIPLE UNSECURED DEBTS – CATALOGUES





JAMES

James had manageable credit – a car loan and a credit card with a small credit limit. But he developed a back problem which meant he was signed off from work for months at a time. Once his period of sick pay ran out, he received Statutory Sick Pay.

"It wasn't enough to live on and because I was trying to service debts as it was I didn't have enough to meet those payments, let alone pay rent etc. It spiralled quite quickly – I got quite a large building society loan to consolidate everything but then found myself within a few months having to borrow another lump sum, and by the end I was using payday loans. Then I was using different payday loan companies to pay back the payday loan companies I'd already used, all the time while I was in so much pain that I was on morphine and couldn't leave the house. I had a lot of depression with that as it was, and then with the money worries, letters coming through every day, phone calls on my parents' phone every day…for a period it completely destroyed my life."

James eventually had major spinal surgery, and was able to go back to work in 2014. He sought advice from StepChange Debt Charity at this point, and now says the phone calls and letters from creditors have stopped.

"My stress levels are non-existent. I can go about normal life without worrying about all this debt hanging over my head because I know I'm taking steps to fix it. When I missed a few payments I thought I was the worst person in the world, I was absolutely ashamed. But now I just wish I'd tackled it earlier."

Income

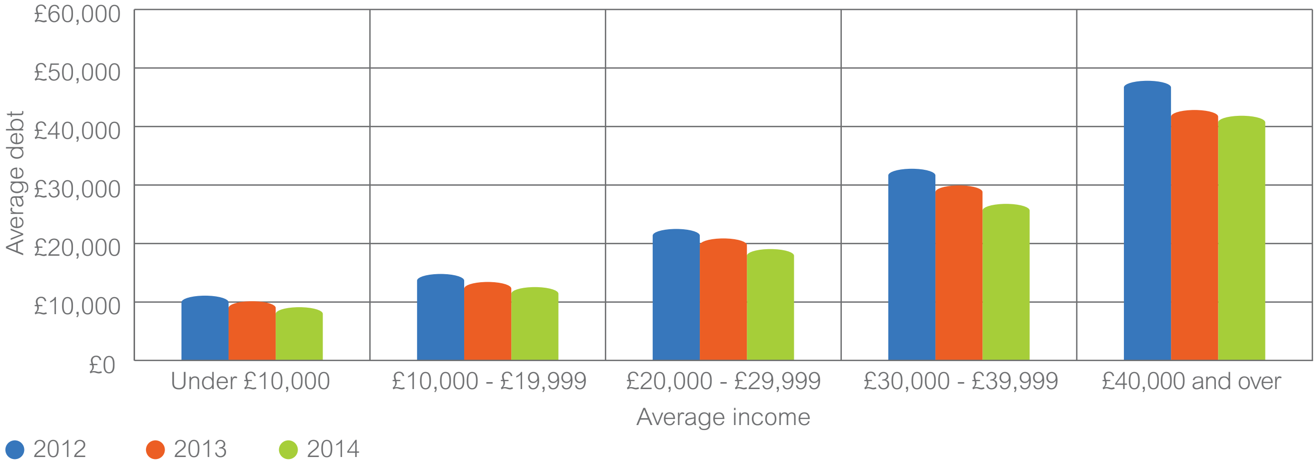
Clients in a higher income bracket continue to have the highest level of debt, with those who earn £40,000 or more per annum, on average, owing in excess of £30,000 more on unsecured credit commitments than clients earning less than £10,000 per annum. This is a long-term constant in the data and reflects the greater access to certain financial products, such as credit cards, that higher income households tend to have over an extended period.

However, there are distinct differences in the type of debts clients are likely to have, depending on income bracket. Clients with an income below £20,000 are far more likely to owe money on catalogues, home credit and payday loans, whereas the probability of debts on credit cards, personal loans, overdrafts and store cards increase with income.

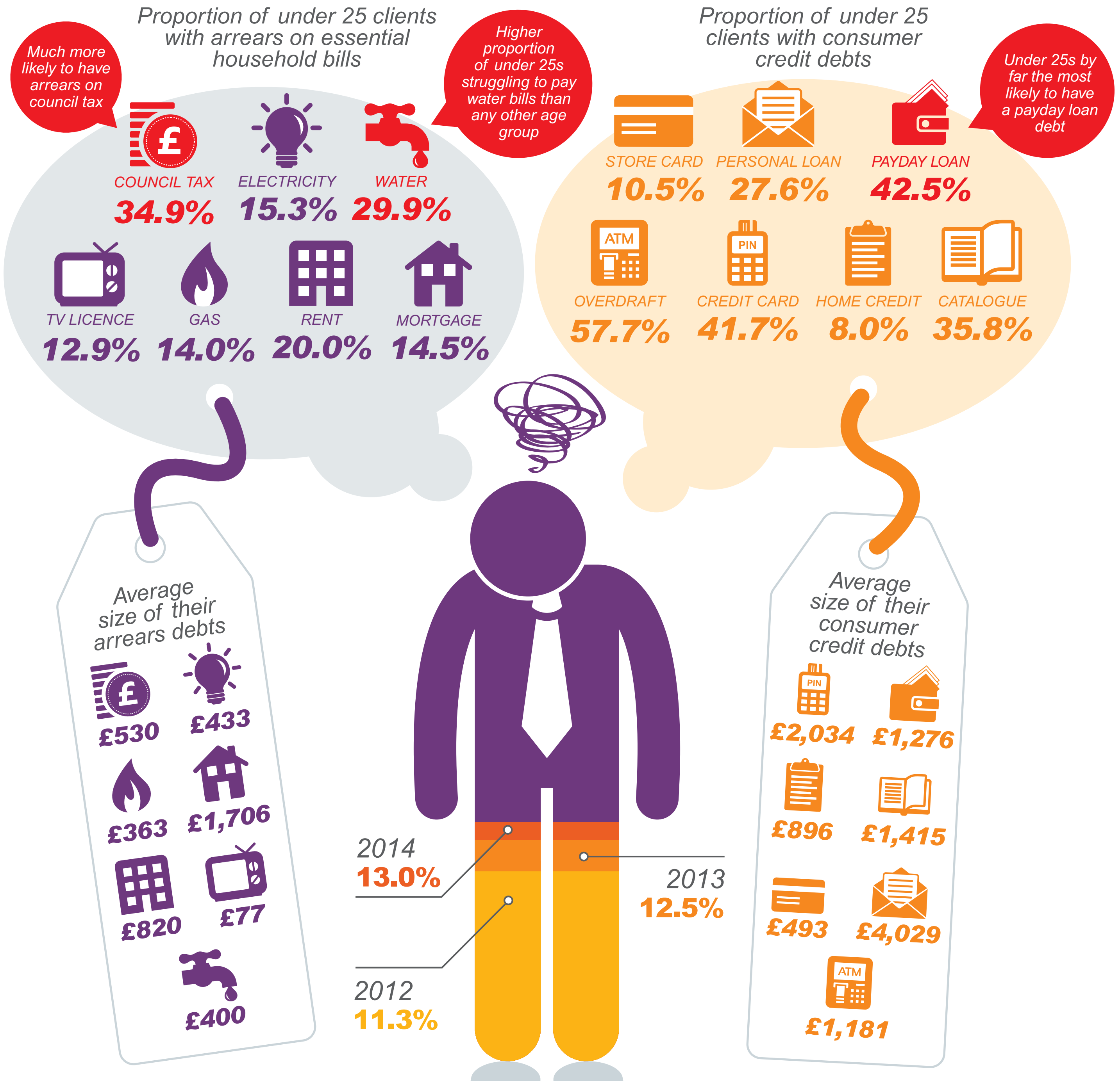
Age

The unsecured debt of clients in older age groups is, on average, higher. The most indebted age group in 2014 was the 40-59 group, which is a change from the previous two years when the 60 and over group had the highest average unsecured debt levels.

FIGURE 15: AVERAGE UNSECURED DEBT – INCOME



STEPCHANGE DEBT CHARITY CLIENTS UNDER 25



StepChange Debt Charity is advising an increasing number of clients aged under 25. These clients are more likely to owe money on payday loans and catalogues. Younger clients are also struggling with arrears on essential household bills - more likely than average to have council tax, TV licence and water arrears.

FIGURE 16: DEBT BY PRODUCT – INCOME

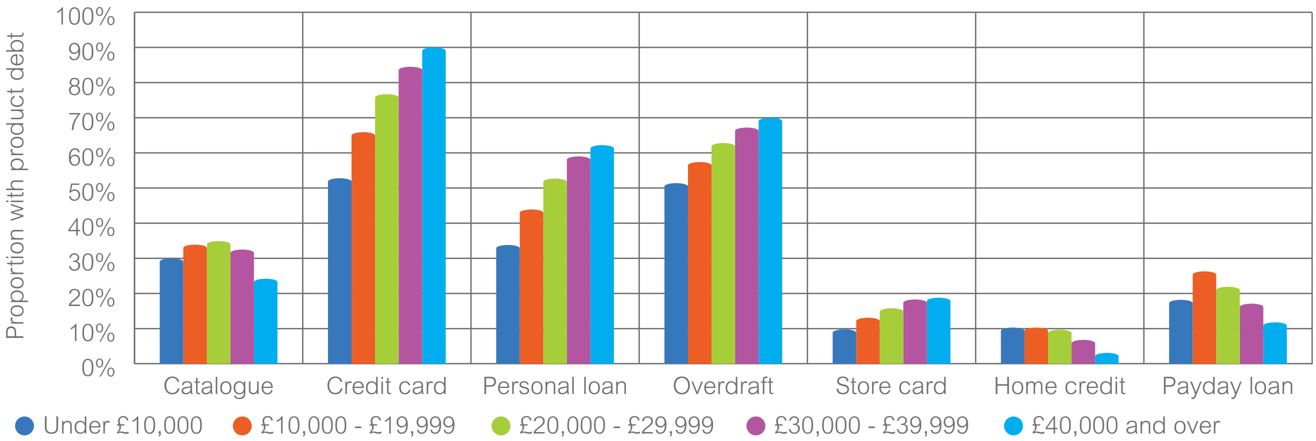
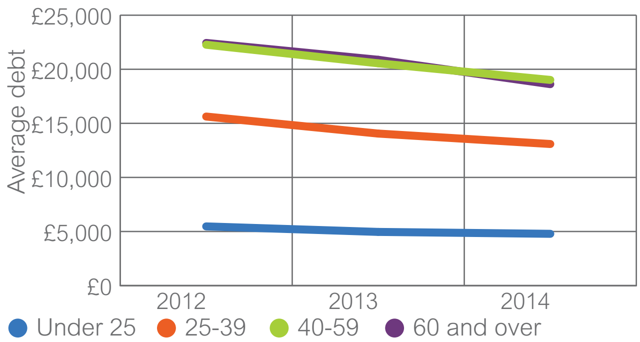


FIGURE 17: AVERAGE UNSECURED DEBT – AGE



In a reflection of the data on income, younger age groups (usually with a lower income) are more likely to owe money on catalogues and payday loans, although the pattern does not hold for home credit. The differential on payday loans is particularly stark: 42.5% of clients aged under 25 have a payday loan debt, compared to less than 5% of clients aged 60 or over.

FIGURE 18: DEBT BY PRODUCT – AGE

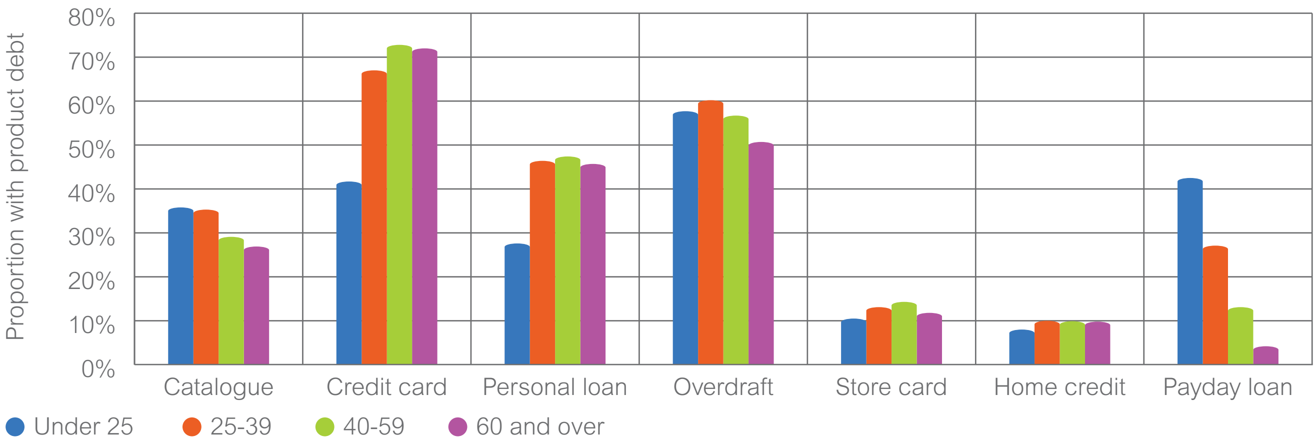
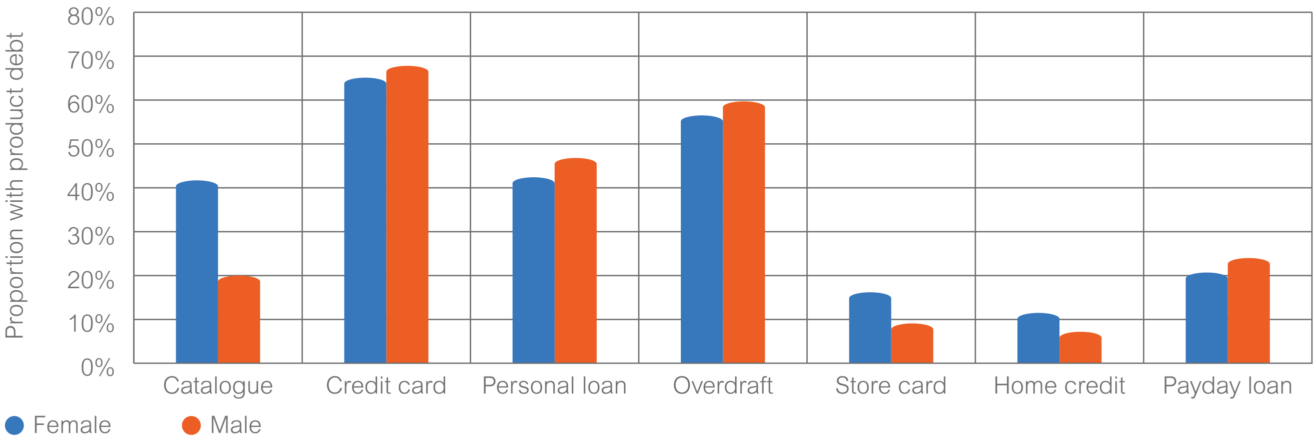


FIGURE 19: DEBT BY PRODUCT - GENDER



Gender

On average, male clients owe over £3,000 more than female clients. However, female clients are far more likely than male clients to have certain types of debt, in particular catalogue debts, but also store card debt and home credit debt.

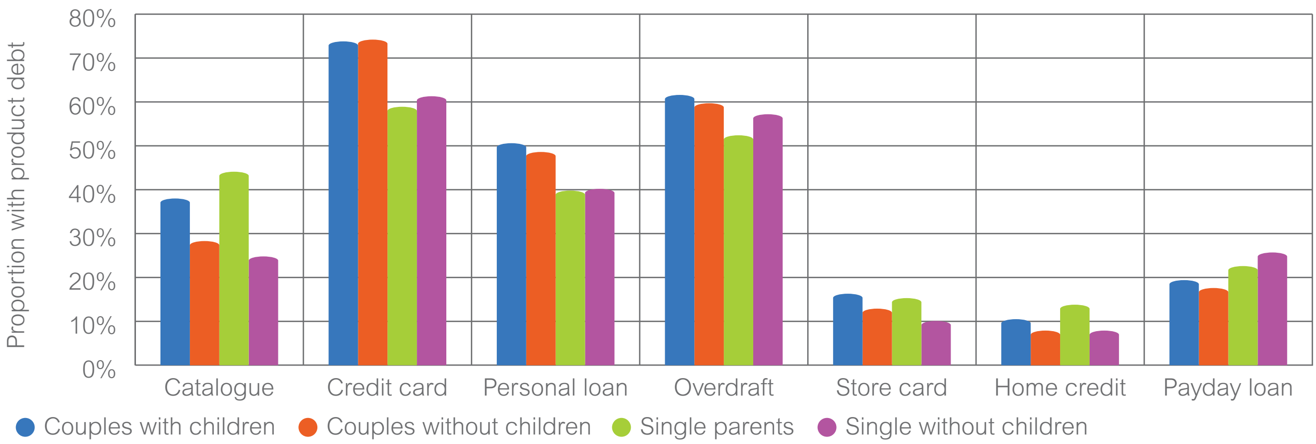
Family composition

Couples on average have significantly higher debts than single clients, while the presence of dependent children also tends to increase debt levels. This is an issue StepChange Debt Charity has already drawn attention to in our joint report with the Children's Society, ***The Debt Trap***[14], which found that families with children are often trapped in a situation where they have little alternative but to take out credit to pay for necessities, in order to provide an adequate standard of living for their children.

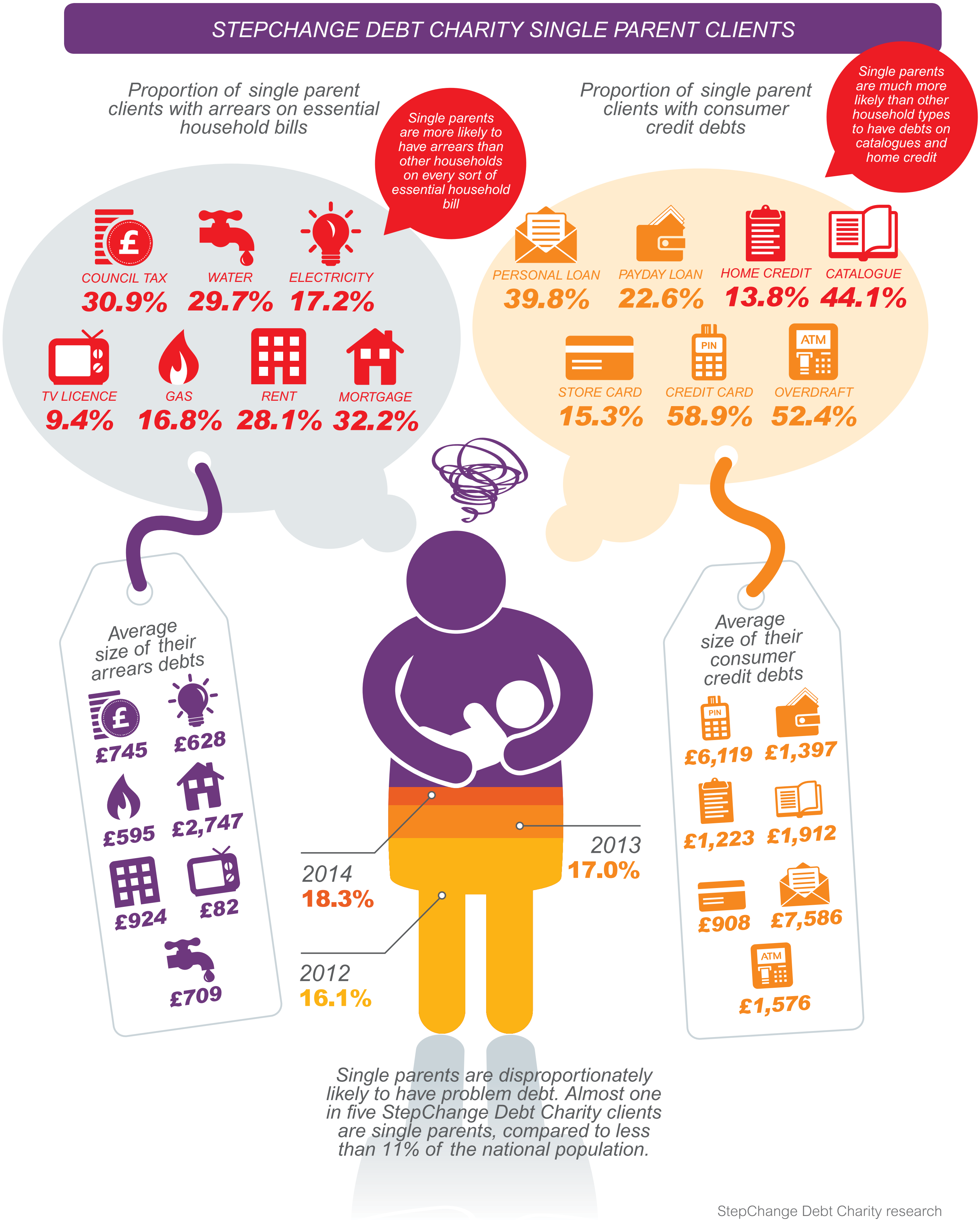
Clients with children are more likely to have debts on catalogues, almost twice as likely in the case of single parents. Clients with children are also more likely to have a store card debt.

Couples are more likely to seek help for credit card debts, personal loan debt and overdraft debt. However, single clients are more likely to struggle with payday loans.

FIGURE 20: DEBT BY PRODUCT – FAMILY TYPE



14. StepChange Debt Charity/The Children's Society (2014): The Debt Trap: Exposing the impact of problem debt on children.


STEPCHANGE DEBT CHARITY SINGLE PARENT CLIENTS
Proportion of single parent clients with arrears on essential household bills
Single parents are more likely to have arrears than other households on every sort of essential household bill
COUNCIL TAX 30.9%
WATER 29.7%
ELECTRICITY 17.2%
TV LICENCE 9.4%
GAS 16.8%
RENT 28.1%
MORTGAGE 32.2%
Proportion of single parent clients with consumer credit debts
Single parents are much more likely than other household types to have debts on catalogues and home credit
PERSONAL LOAN 39.8%
PAYDAY LOAN 22.6%
HOME CREDIT 13.8%
CATALOGUE 44.1%
STORE CARD 15.3%
CREDIT CARD 58.9%
OVERDRAFT 52.4%
PIN
ATM
Average size of their arrears debts
£745
£628
£595
£2,747
£924
£82
£709
2014 18.3%
2013 17.0%
2012 16.1%
Average size of their consumer credit debts
£6,119
£1,397
£1,223
£1,912
£908
£7,586
£1,576
Single parents are disproportionately likely to have problem debt. Almost one in five StepChange Debt Charity clients are single parents, compared to less than 11% of the national population.

Housing

Among clients the highest average level of unsecured debt is held by those who have a mortgage, followed by those who own their home outright. This, in part, helps explain the decline in average debt of StepChange Debt Charity clients. As the proportion of homeowners with very high debt levels contacting the Charity has declined, so has the average debt of the overall client base.

Clients living in rented accommodation are more likely to have catalogue debt, home credit debt and payday loan debt. However, mortgage holders and clients who own their home outright are more likely to seek help with credit card debts.

FIGURE 21: AVERAGE UNSECURED DEBT – HOUSING TENURE

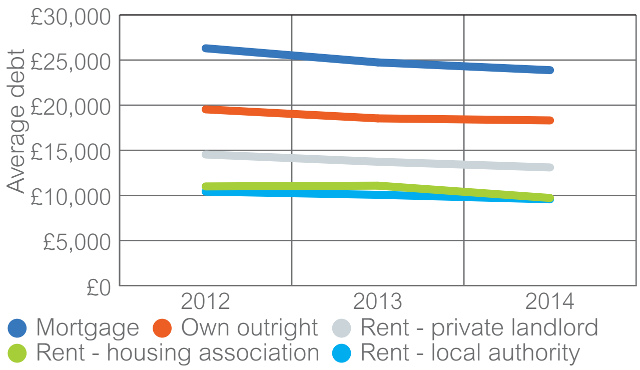


FIGURE 22: DEBT BY PRODUCT – HOUSING TENURE

Debt Cocktails

A Debt Cocktail is an analysis developed by the Charity to display the interrelationship between different unsecured debts held by clients. It demonstrates coping mechanisms used to pay one debt can often lead to falling behind on another bill or turning to other credit.

In 2014, the StepChange Debt Charity Debt Cocktails again show a complex picture:

Clients with a catalogue debt

- Clients with a catalogue debt are also more likely than other clients to have store cards, home credit debts and payday loans (see Figure 10 to compare to overall client base).
- However, compared to the overall client base these clients are likely to have lower levels of debt on other products, except for home credit (see Figure 9 to compare to overall client base).

Table 1	Proportion with other debt type	Avg no debts	Avg debt balance
Catalogue		1.91	£2,069
Credit card	69.0%	2.51	£5,881
Overdraft	57.7%	1.31	£1,512
Personal loan	43.2%	1.57	£7,330
Store card	18.0%	1.36	£988
Home credit	15.7%	1.52	£1,426
Payday loan	26.2%	2.61	£1,474

Clients with a credit card debt

- More likely than other clients on average to have an overdraft or store cards.
- Likely to have higher levels of debt on all other products than average, in particular on overdrafts (8.3% higher) and payday loans (7.9%).

Table 2	Proportion with other debt type	Avg no debts	Avg debt balance
Catalogue	33.7%	1.93	£2,109
Credit card		2.54	£8,698
Overdraft	65.1%	1.31	£2,021
Personal loan	49.8%	1.51	£9,693
Store card	16.2%	1.35	£1,137
Home credit	7.9%	1.49	£1,494
Payday loan	19.7%	2.78	£1,621

Clients with an overdraft debt

- More likely to have a credit card or store card debt.
- Have higher credit card and personal loan debts, but lower debts than average on other products.

Table 3	Proportion with other debt type	Avg no debts	Avg debt balance
Catalogue	32.3%	1.86	£1,864
Credit card	74.5%	2.65	£9,055
Overdraft		1.29	£1,868
Personal loan	49.6%	1.50	£9,137
Store card	15.8%	1.34	£1,063
Home credit	8.0%	1.45	£1,341
Payday loan	21.8%	2.73	£1,533

Clients with a personal loan

- More likely to have a credit card or an overdraft debt.
- On average have higher debts on credit cards and overdrafts, lower debts on catalogues and payday loans.

Table 4	Proportion with other debt type	Avg no debts	Avg debt balance
Catalogue	31.6%	1.87	£1,827
Credit card	74.5%	2.64	£8,977
Overdraft	64.9%	1.32	£1,913
Personal loan		1.50	£8,985
Store card	15.3%	1.34	£1,096
Home credit	10.2%	1.54	£1,404
Payday loan	19.6%	2.71	£1,533

Clients with a store card debt

- More likely to have a catalogue debt, credit card debt or overdraft debt.
- On average have higher levels of debt on all other products, except for personal loans and payday loans. In particular likely to have higher catalogue (4%) and overdraft debts (4%).

Table 5	Proportion with other debt type	Avg no debts	Avg debt balance
Catalogue	44.4%	1.96	£2,156
Credit card	81.8%	2.88	£8,918
Overdraft	69.5%	1.35	£1,907
Personal loan	51.5%	1.52	£9,848
Store card		1.33	£1,080
Home credit	8.2%	1.42	£1,389
Payday loan	18.7%	2.61	£1,521

Clients with a home credit debt

- Far more likely to have a catalogue debt or a payday loan. In fact, well over a third (37.5%) of clients with a home credit debt also have a payday loan.
- On average have far lower levels of debt on all other products.

Table 6	Proportion with other debt type	Avg no debts	Avg debt balance
Catalogue	52.6%	2.22	£1,873
Credit card	53.9%	2.11	£2,719
Overdraft	47.9%	1.33	£1,243
Personal loan	46.6%	1.83	£4,670
Store card	11.2%	1.31	£814
Home credit		1.44	£1,385
Payday loan	37.5%	2.72	£1,484

Clients with a payday loan debt

- More likely to have a home credit debt.
- On average have far lower levels of debt on all other products.

Table 7	Proportion with other debt type	Avg no debts	Avg debt balance
Catalogue	38.4%	1.95	£1,669
Credit card	58.9%	2.13	£3,352
Overdraft	57.0%	1.31	£1,556
Personal loan	39.3%	1.64	£5,889
Store card	11.1%	1.26	£796
Home credit	16.4%	1.41	£1,303
Payday loan		2.74	£1,577

The impact of debt on our clients

In February 2015, we surveyed 1,546 clients who completed an advice session with the Charity in 2014.

We have updated this year's survey to explore in more depth the experience of our clients: their interaction with their creditors and essential service providers, how problem debt impacts their physical and mental health and relationships with family and friends.

The full results of this survey can be found in Appendix II. However, some key survey findings were:

Unsecured creditors

Clients are most likely to have been treated poorly by payday lenders, with 61.3% of applicable respondents saying they had been treated 'badly' or 'very badly' by a payday lender, prior to seeking debt advice.

After payday lenders, the unsecured credit providers clients are most likely to believe treated them 'badly' or 'very badly' were:

- Personal loan providers – 53.6%
- Credit card providers – 53.2%
- Overdraft providers – 52.5%

Essential service providers

Among service providers to whom they are in arrears, local councils were perceived as worst with 39.5% of clients feeling they have been treated 'badly' or 'very badly' by the local council.

After their local council, the essential service providers clients are most likely to believe treated them 'badly' or 'very badly' were:

- Telephone and internet providers – 37.7%
- Government (i.e. HMRC) – 37%
- Energy companies – 35.3%

Physical and mental health

When asked to think about their debt problems, respondents reported experiencing a range of physical and mental health symptoms:

- 71.1% reported experiencing insomnia
- 70.4% experienced low energy
- 65.9% experienced headaches

47% of respondents said they had visited their GP as a result of mental or physical health problems caused by their debts. A further 6% said they had visited hospital and 5% had visited Accident and Emergency.

65% of respondents said that the statement "I feel myself getting agitated" applied to them a considerable degree or very much; and that this applied much or most of the time.

For the statements "I feel scared" and "I feel I'm not worth much as a person" the figures stood at 59% and 53% respectively.

Relationships with family and friends

61% of clients believe their debt problems have resulted in their relationship with their family either getting a 'little worse' or a 'lot worse'.

51.8% of clients believe their debt problems have resulted in their relationship with their friends either getting a 'little worse' or a 'lot worse'.

Arrears on essential household bills

The most worrying trend of the last few years has been the huge rise in the number and proportion of clients who have arrears on an essential household bill, including council tax, electricity, gas, mortgage payments, rent and water bills.

In 2014, 135,681 (39.8%) of clients advised had arrears on essential household bills, compared to 68,522 (34.9%) in 2012[15].

There are a number of reasons for this rapid rise. Income growth has been sluggish since 2008 – and average earnings for working age people remain below their pre-crisis levels[16]. The costs of some essential items have risen considerably faster than earnings – in this context, rent and energy price increases have hit financially pressed consumers particularly hard[17].

Focussing on a set of these household essential bills demonstrates how clients have fallen into arrears (see graphic overleaf). In particular, there have been increases in the proportion of clients with council tax, rent and water arrears. By 2014, 28.3% of clients had arrears on council tax, 25% had arrears on rent and 22.4% had arrears on water bills. In addition, 27.1% of clients had arrears on their mortgage[18].

The level of arrears clients owe has also increased steadily since 2012. There have particularly been significant increases in the level of electricity and gas arrears.

FAYE AND NICK

Faye and Nick are married with two children. In May 2014 Nick was made redundant and subsequently struggled to find work that matched his skillset. The couple found it hard to cope on Faye's wage alone, and as a result fell behind on their mortgage, gas and council tax payments.

Faye says, *"We did not realise at first that council tax was a priority payment – I thought the arrears would be added to the next year's payments but they weren't. We owed about £500 and had to make payments of about £45 per month plus our new bill which was £85 per month. We could not afford to pay both."*

Faye and Nick fell behind on their arrears repayments, and were issued with a liability order from the council.

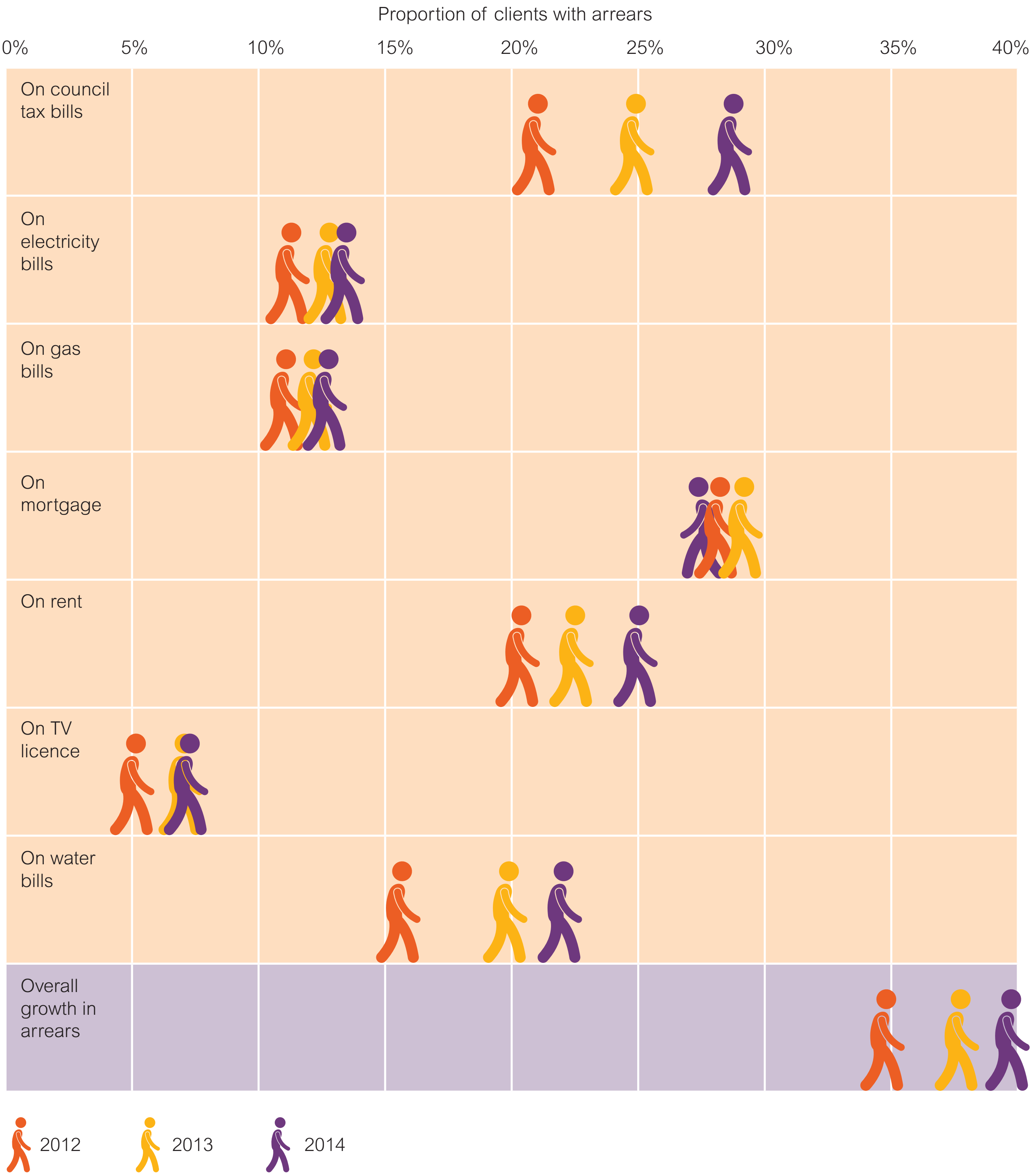
"It was not explained to me properly - all I really understood was that if I did not pay then bailiffs would be sent and I would have to pay even more. I was so worried about the bailiffs coming."

The couple also felt under pressure from their bank, and were subject to collection letters and calls even after trying to arrange a repayment plan.

"Going to our bank for help made us feel awkward, embarrassed and under pressure to make repayments we just couldn't afford."

15. Figure includes board payment, charging order, child maintenance, council tax, county court judgment, court fine, electricity, gas, magistrates fines, mortgage, mortgage endowment premium, other fuel, rent, secured loan, service charge, TV licence, water.
16. Institute of Fiscal Studies (2015): Living standards: recent trends and future challenges.
17. For example, Ofgem statistics show the average dual fuel bill between 2009 to 2013 increased by 24%.
18. Methodology note: arrears levels are calculated as a proportion of clients with that form of expenditure.

ARREARS ON SELECTED ESSENTIAL HOUSEHOLD BILLS



Income

Those with incomes of £30,000-£39,999 (£1,794) and £40,000 and above (£3,000) owe significantly more on essential bills than clients with an income less than £10,000 (£769).

However, clients on the lowest income are far more likely to have arrears on essential household bills. The difference between income groups is particularly noticeable with council tax, rent, TV licence arrears and water, where clients with an income under £10,000 are more than twice (three times in the case of TV licences) as likely to have arrears as clients earning over £40,000.

Age

Debt on priority arrears tends to be higher among older age groups, with the difference between over 60s and under 25s particularly notable on mortgages and council tax. The only exception is TV licence arrears, where under 25s owe more than over 60s and 40-59 year old clients, although they owe less than clients aged 25-39.

However, although their levels of debt are lower, younger clients are more likely to have certain arrears, particularly council tax arrears, TV licence arrears and water arrears; almost 35% of clients under 25 in 2014 had council tax arrears. Mortgage and rent arrears are more likely among older age groups.

FIGURE 23: ARREARS ON ESSENTIAL BILLS – INCOME

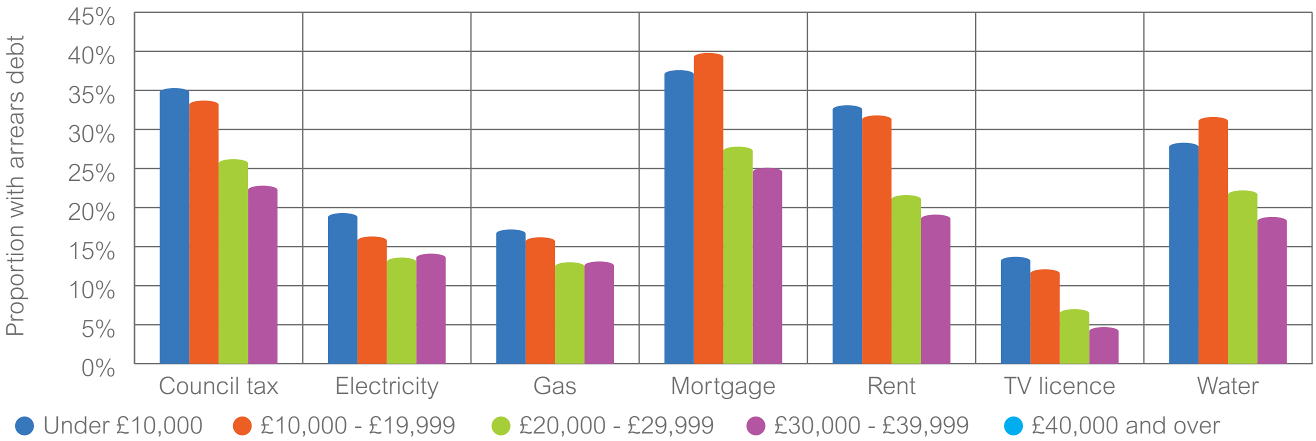
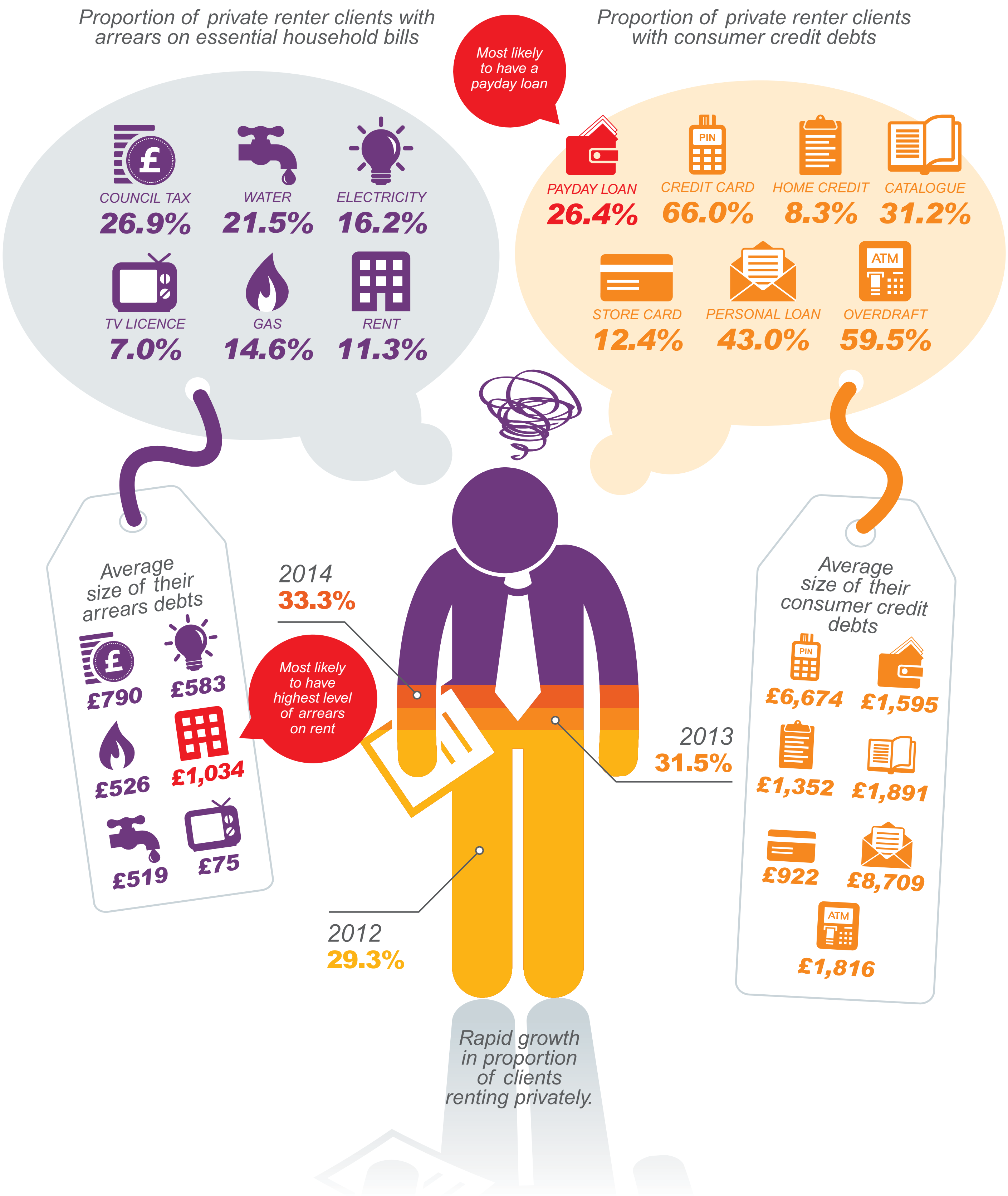


FIGURE 24: ARREARS LEVEL ON ESSENTIAL BILLS – AGE

FIGURE 25: ARREARS ON ESSENTIAL BILLS – AGE

STEPCHANGE DEBT CHARITY PRIVATE RENTER CLIENTS



Gender

On average, female clients owe more on electricity, gas and water bills.

Female clients are also more likely to have arrears on essential household bills than male clients, with the exception of mortgage arrears.

Family composition

There is significant variation between household types in the levels of arrears – for example, clients with children (whether single or part of a couple) on average owe more on electricity, gas, rent and water bills.

Single parents are most at risk of accruing arrears on priority bills. In particular, over 28% of single parent clients have arrears on council tax, mortgage, rent and water bills. Overall, single clients are more likely to have arrears than couples.

Housing

Clients living in rented accommodation are, on average, more likely to be in arrears on priority bills, with the exception of energy, where arrears are relatively similar between housing tenures. Judged on rental type, clients in housing association and local authority properties appear particularly badly affected, with, for example, over a third in arrears on council tax and water bills.

FIGURE 26: ARREARS ON ESSENTIAL BILLS – GENDER

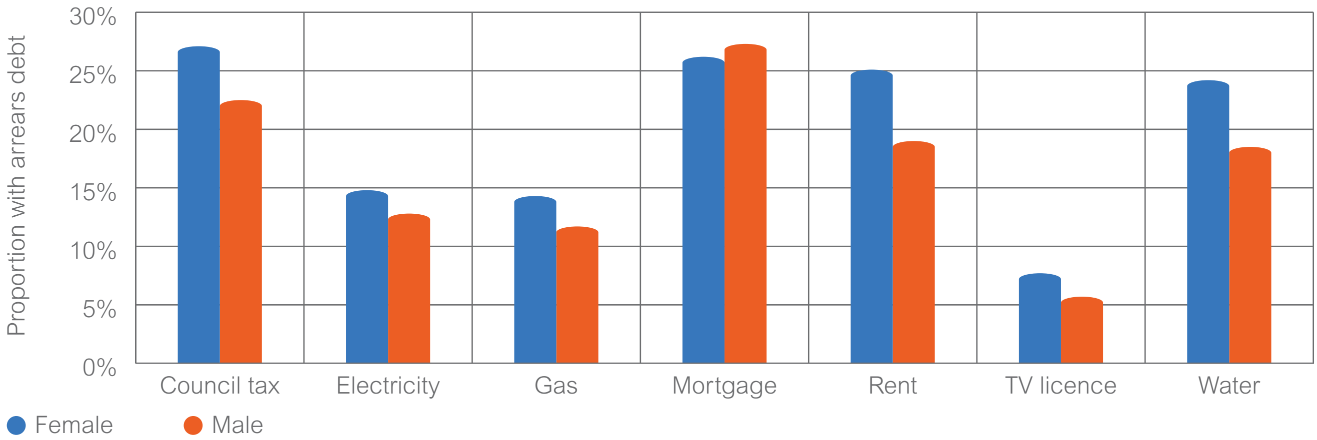


FIGURE 27: ARREARS ON ESSENTIAL BILLS – FAMILY TYPE

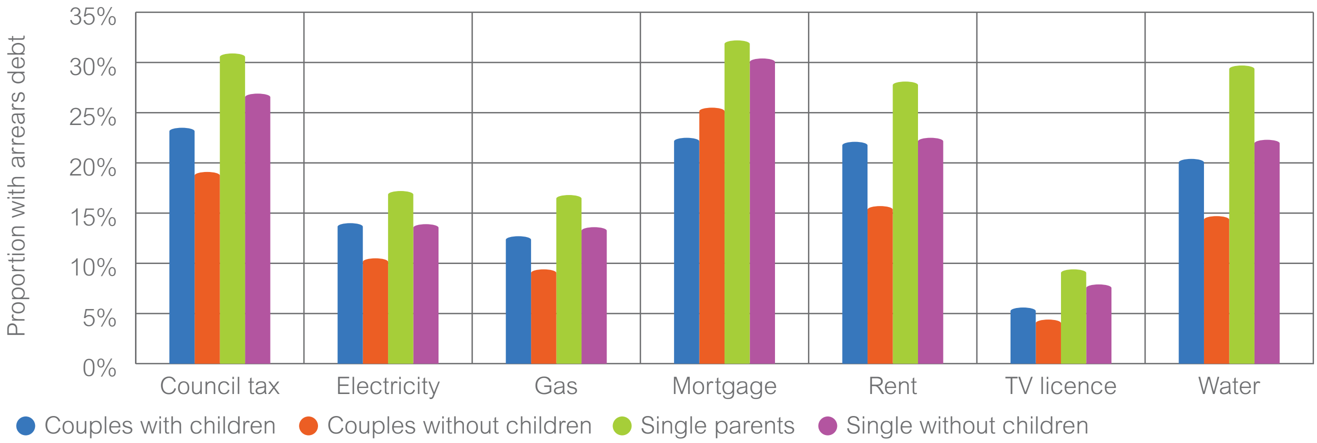
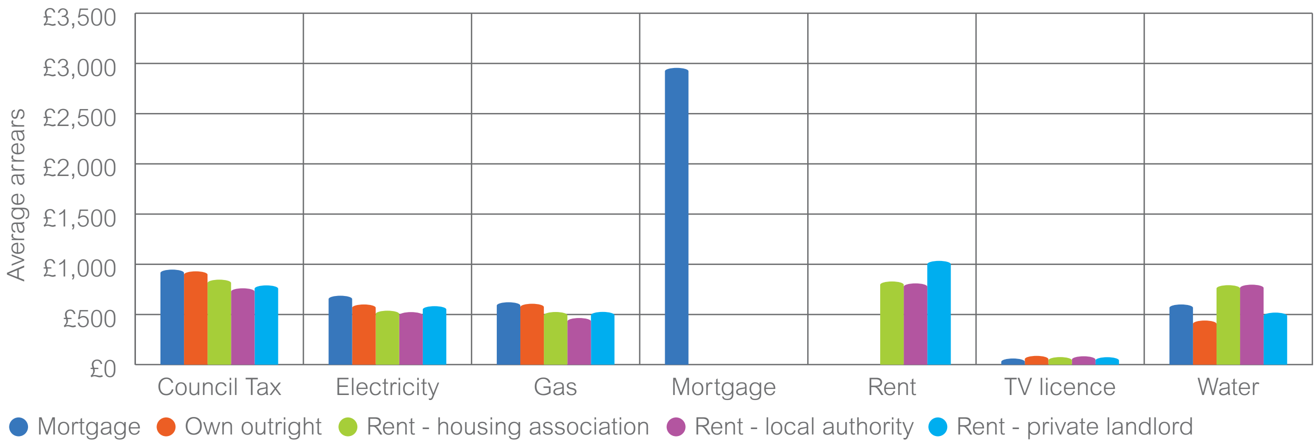


FIGURE 28: ARREARS LEVEL ON ESSENTIAL BILLS – HOUSING TENURE



Social Policy

The StepChange Debt Charity Social Policy team collect and analyse complaints data from clients on firms and products, in order to help us understand the problems facing consumers in problems debt. The Social Policy team has representatives in all areas of the Charity and so gathers information from clients at every stage of the debt advice process.

There was an almost 30% increase in the number of cases logged by the Social Policy team in 2014 to close to 2,000 (Table 8).

Table 8: Problems reported to Social Policy 2012-14	
2012	1,441 (average 120 per month / 6 per working day)
2013	1,373 (average 114 per month / 6 per working day)
2014	1,948 (average 162 per month / 8 per working day)

High street banks were the biggest source of complaints by clients in 2014. Close to 30% of cases recorded by advisors concerned high street banks. Fee-charging debt management companies and payday lenders are the next most complained about organisations. However, complaints about payday lending did reduce substantially in 2014, indicating that the new regulatory environment may be having an effect, as well as the greater amount of media pressure regarding bad practices.

By way of contrast, a range of other organisations (represented in Figure 29 under the heading 'other') were responsible for an increasing number of cases in 2014. These included:

- Catalogue lenders
- Claims management firms
- Courts
- Enforcement officers
- Local authority housing providers / housing associations
- Government agencies
- Utility companies

The main Social Policy issues reported in 2014 related to excessive interest and charges being added to debts. This has significantly risen from last year's 9% up to 14.6%.

The second most common issue is substandard customer services, closely followed by inaccurate or technically wrong advice.

FIGURE 29: SOCIAL POLICY REPORTS - ORGANISATIONS

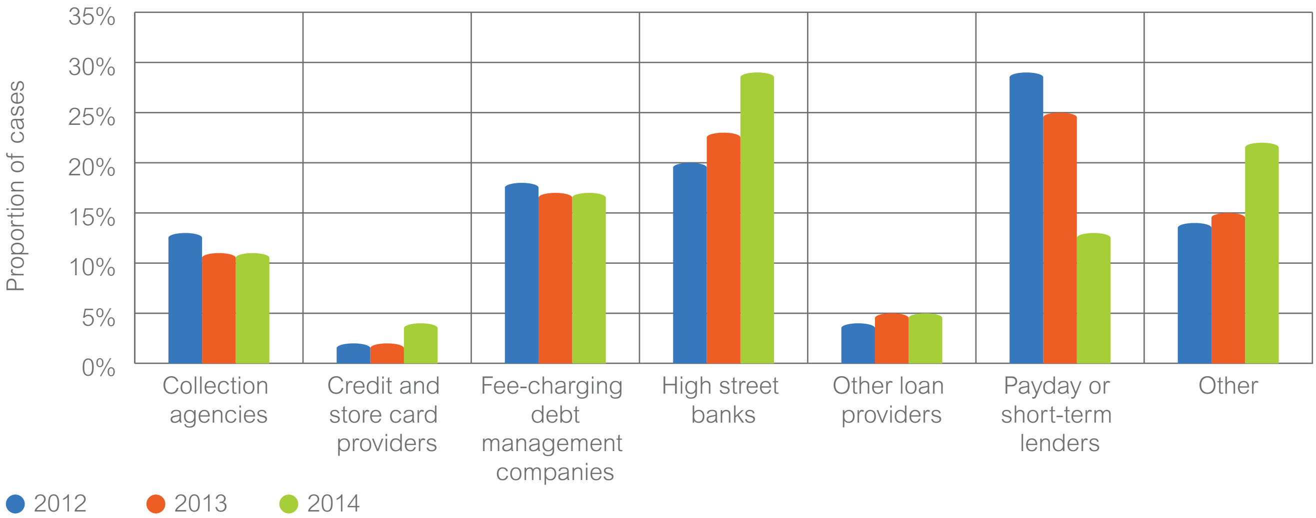


FIGURE 30: SOCIAL POLICY REPORTS – ISSUES

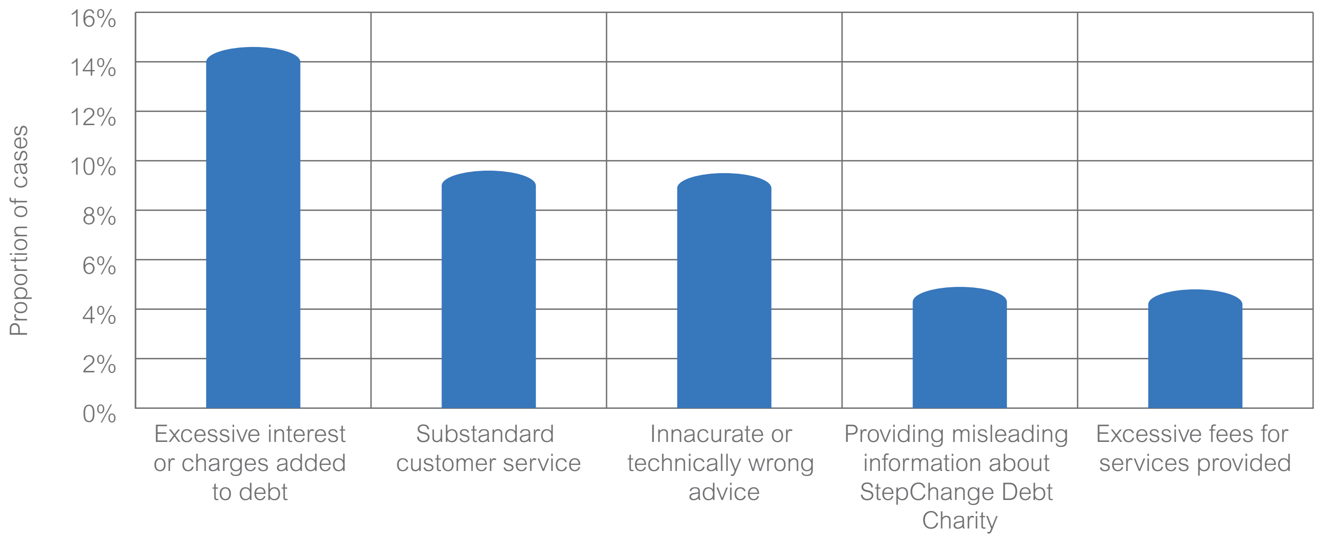


Table 9: Social Policy issues by type of organisation		
Payday lenders	1	Intimidating, abusive, or inappropriate language on phone calls
	2	Excessive interest or charges added to debt
	3	Providing misleading information about StepChange Debt Charity
	4	Irresponsible lending
	5	Continuous payment authority misuse
High street banks	1	Excessive interest or charges added to debt
	2	Substandard customer service
	3	Inaccurate or technically wrong advice
	4	Current account switching service
	5	Refusing to accept StepChange Debt Charity budget
Fee-charging debt management companies	1	Withholding client payments from creditors
	2	Inaccurate or technically wrong advice
	3	Providing misleading information about StepChange Debt Charity
	4	Excessive fees for services provided
	5	Cold calling
Debt collectors	1	Intimidating, abusive, or inappropriate language on phone calls
	2	Excessive interest or charges added to debt
	3	Inaccurate or technically wrong advice
	4	Refusing to accept StepChange Debt Charity budget
	5	Statutory demand used inappropriately

Different organisations are responsible for different types of problems for clients.

- Payday lenders continue to be most commonly reported for using intimidating, abusive or inappropriate language when telephoning clients. Similarly, this is the key problem reported concerning debt collectors.
- Social Policy cases involving fee-charging debt management companies most often involve firms failing to forward payments to creditors, and therefore causing consumers to fall further into arrears, as interest and charges are added to non-reducing debt balances.
- Social Policy cases involving high street banks most often involve the organisation failing to halt interest and/or imposing higher interest and/or charges when customers are in financial difficulty.

Appendix I – Detailed data tables

Figure 1: Demand for advice

	2012	2013	2014
Telephone	222,768	287,165	321,133
Online	147,110	220,698	256,544
Overall	369,878	507,863	577,677

Figure 2: Visits to StepChange Debt Charity website

	2012	2013	2014
Website visits	1,616,768	2,218,955	2,847,466

Figure 3: Reasons for debt

	2014
Unemployment	21.0%
Reduced income	12.8%
Lack of budgeting	16.2%
Injury / Illness	14.2%
Separation / Divorce	10.6%
Used credit for living expenses	4.5%
Increased priority expenditure	3.3%
Irregular income	2.4%
Reduced benefits	3.1%
Failed business	2.2%
Bereavement	2.3%
Pregnancy / Childbirth	1.8%
One-off expense	1.9%
Retirement	1.1%
Change in employment	1.1%
Caring for relatives / friends	1.0%
Incapacity / Disability	0.4%

Figure 4: Reasons for debt – age

	2014			
	Under 25	25-39	40-59	60 and over
Unemployment	29.5%	22.2%	20.1%	10.0%
Reduced income	9.6%	12.4%	14.3%	11.3%
Lack of budgeting	25.3%	19.0%	12.0%	14.2%
Injury / Illness	6.7%	10.2%	18.1%	20.0%
Separation / Divorce	6.1%	12.4%	11.6%	4.1%

Figure 5: Reasons for debt – gender

	2014	
	Female	Male
Unemployment	17.5%	25.3%
Reduced income	12.8%	12.7%
Lack of budgeting	16.3%	16.1%
Injury / Illness	14.1%	14.3%
Separation / Divorce	12.7%	7.8%

Figure 6: Demand for advice – income

	2012	2013	2014
Under £10,000	27.9%	27.3%	26.4%
£10,000-£19,999	41.5%	42.7%	44.0%
£20,000- £29,999	20.4%	20.4%	20.4%
£30,000- £39,999	7.1%	6.8%	6.6%
£40,000 and over	3.0%	2.8%	2.6%

Figure 7: Clients receiving benefits – average budget surplus after debt advice

	Avg Surplus
Child Benefit	£73
Child Tax Credit	£44
Disability Living Allowance	£123
Employment and Support Allowance	-£11
Income Support	£41
Jobseeker's Allowance	-£125
Working Tax Credit	£35
All clients claiming benefits	£30
All clients	£64

Financial position by advice channel

	Average Income	Average surplus
Telephone	£1,222	-£3
Online	£1,565	£141

Demand for advice – age

	2012	2013	2014
Under 25	11.3%	12.5%	13.0%
25-39	41.1%	40.5%	41.6%
40-59	40.9%	40.3%	38.4%
60 and over	6.7%	6.7%	7.0%

Demand for advice – gender

	2012	2013	2014
Female	53.4%	55.4%	57.1%
Male	46.6%	44.6%	42.9%

Demand for advice – family composition

	2012	2013	2014
Couples with children	28.0%	26.4%	26.1%
Couples without children	17.9%	17.4%	16.6%
Single parents	16.1%	17.0%	18.3%
Single without children	38.0%	39.2%	39.0%

Demand for advice – housing tenure

	2012	2013	2014
Mortgage	34.1%	28.8%	24.4%
Own outright	2.2%	2.1%	2.2%
Rent - housing association	10.0%	11.5%	13.2%
Rent - local authority	10.3%	11.5%	12.7%
Rent - private landlord	29.3%	31.5%	33.3%
Other	14.1%	14.6%	14.2%

Figure 8: Average unsecured debt

	2012	2013	2014
Average debt	£17,635	£15,979	£14,650
Debt under £10,000	46.6%	52.0%	56.9%
Debt £10,000-£19,999	24.2%	23.4%	22.0%
Debt £20,000-£29,999	12.7%	11.3%	9.9%
Debt £30,000-£39,999	6.9%	5.7%	4.9%
Debt £40,000 and over	9.6%	7.7%	6.3%

Figure 9: Debt levels by product type

	2012	2013	2014
Catalogue	£1,808	£1,937	£2,069
Credit card	£10,006	£9,047	£8,698
Overdraft	£2,026	£1,958	£1,868
Personal loan	£10,204	£9,219	£8,985
Store card	£1,196	£1,075	£1,080
Home credit	£1,361	£1,356	£1,385
Payday loan	£1,657	£1,647	£1,577

Figure 10: Most common debts

	%
Catalogue	32.4%
Credit card	66.3%
Personal loan	44.3%
Overdraft	57.9%
Store card	13.1%
Home credit	9.7%
Payday loan	22.1%

Figure 11: Guarantor lending

	2012	2013	2014
Clients with guarantor debt	635	2,919	3,944
Average guarantor debt	£3,109	£3,595	£3,775

Rent-to-own lending

	2012	2013	2014
Clients with rent-to-own debt	309	607	965
Average rent-to-own debt	£1,431	£1,469	£1,756

Figure 12: Multiple unsecured debts – credit cards

	Proportion of clients with a credit card debt	Average credit card debt
1	35.6%	£3,249
2	26.0%	£5,740
3	16.5%	£10,340
4	9.8%	£13,871
5+	12.1%	£24,624

Figure 13: Multiple unsecured debts – payday loans

	Proportion of clients with a payday loan debt	Average payday loan debt
1	36.1%	£753
2	22.7%	£1,212
3	14.9%	£1,675
4	10.0%	£2,215
5+	16.3%	£3,432

Figure 14: Multiple unsecured debts – catalogue

	Proportion of clients with a catalogue debt	Average catalogue debt
1	54.3%	£1,313
2	24.4%	£2,225
3	10.9%	£3,048
4	5.0%	£3,742
5+	5.6%	£5,368

Figure 15: Average unsecured debt - income

	2012	2013	2014
Under £10,000	£11,093	£10,141	£9,122
£10,000-£19,999	£14,801	£13,435	£12,558
£20,000- £29,999	£22,493	£20,874	£19,054
£30,000- £39,999	£32,781	£29,931	£26,779
£40,000 and over	£47,815	£42,822	£41,837

Figure 17: Average unsecured debt – age

	2012	2013	2014
Under 25	£5,471	£4,961	£4,786
25-39	£15,628	£14,055	£13,090
40-59	£22,268	£20,552	£19,015
60 and over	£22,435	£20,877	£18,624

Figure 18: Debt by product – age

	Under 25	25-39	40-59	60 and over
Catalogue	35.8%	35.3%	29.1%	26.9%
Credit card	41.7%	67.0%	72.8%	72.0%
Personal loan	27.6%	46.4%	47.4%	45.7%
Overdraft	57.7%	60.2%	56.7%	50.7%
Store card	10.5%	13.1%	14.3%	11.8%
Home credit	8.0%	10.0%	9.9%	9.8%
Payday loan	42.5%	27.1%	13.1%	4.2%

Average unsecured debt – gender

	2012	2013	2014
Female	£16,855	£14.412	£13,197
Male	£19,889	£17,953	£16,558

Figure 16: Debt by product – income

	Under £10,000	£10,000-£19,999	£20,000-£29,999	£30,000-£39,999	£40,000 and over
Catalogue	30.0%	33.9%	34.9%	32.5%	24.2%
Credit card	52.8%	65.9%	76.7%	84.5%	90.0%
Personal loan	33.8%	43.9%	52.7%	59.0%	62.2%
Overdraft	51.4%	57.4%	62.8%	67.2%	70.0%
Store card	9.8%	13.1%	15.8%	18.3%	18.8%
Home credit	10.3%	10.3%	9.7%	6.8%	3.1%
Payday loan	18.2%	26.3%	21.9%	17.1%	11.8%

Figure 19: Debt by product – gender

	Female	Male
Catalogue	41.7%	20.0%
Credit card	65.1%	67.8%
Personal loan	42.4%	46.8%
Overdraft	56.5%	59.7%
Store card	16.2%	9.1%
Home credit	11.5%	7.2%
Payday loan	20.7%	24.0%

Average debt – family type

	2012	2013	2014
Couples with children	£23,125	£21,121	£19,294
Couples without children	£22,583	£20,333	£18,961
Single parents	£13,184	£12,450	£11,354
Single without children	£13,143	£12,134	£11,191

Figure 20: Debt by product – family type

	Couples with children	Couples without children	Single parents	Single without children
Catalogue	38.0%	28.3%	44.1%	24.8%
Credit card	73.8%	74.2%	58.9%	61.3%
Personal loan	50.6%	48.6%	39.8%	40.2%
Overdraft	61.6%	59.7%	52.4%	57.2%
Store card	16.3%	12.9%	15.3%	10.1%
Home credit	10.5%	7.9%	13.8%	7.9%
Payday loan	19.4%	17.6%	22.6%	25.7%

Figure 21: Average unsecured debt – housing tenure

	2012	2013	2014
Mortgage	£26,304	£24,738	£23,879
Own outright	£19,534	£18,536	£18,311
Rent - housing association	£10,999	£11,085	£9,720
Rent - local authority	£10,422	£10,067	£9,568
Rent - private landlord	£14,534	£13,732	£13,101

Arrears on essential household bills

	2012	2013	2014
Number of clients advised with arrears on essential bills	68,522	109,823	135,681
Proportion of clients advised with arrears on essential bills	34.9%	38.5%	39.8%

Figure 22: Debt by product – housing tenure

	Mortgage	Own outright	Rent - housing association	Rent - local authority	Rent - private landlord
Catalogue	25.8%	24.2%	42.3%	43.8%	31.2%
Credit card	83.6%	73.6%	56.3%	52.5%	66.0%
Personal loan	53.3%	43.7%	39.7%	40.6%	43.0%
Overdraft	66.0%	55.6%	48.7%	46.1%	59.5%
Store card	16.4%	12.8%	12.9%	12.3%	12.4%
Home credit	4.2%	3.9%	16.7%	20.0%	8.3%
Payday loan	10.3%	8.5%	22.0%	21.0%	26.4%

Arrears on selected essential household bills

	2012	2013	2014
Council tax	21.8%	25.1%	28.3%
Electricity	11.5%	13.3%	14.2%
Gas	11.2%	12.9%	13.6%
Mortgage	28.3%	29.9%	27.1%
Rent	20.6%	23.6%	25.0%
TV licence	5.3%	6.9%	7.0%
Water	15.8%	19.9%	22.4%

Arrears level on essential bills – income

	Under £10,000	£10,000-£19,999	£20,000-£29,999	£30,000-£39,999	£40,000 and over
Council tax	£716	£865	£938	£1,072	£1,176
Electricity	£539	£623	£683	£778	£965
Gas	£502	£551	£633	£707	£818
Mortgage	£2,581	£2,520	£3,109	£4,219	£6,363
Rent	£3,288	£3,513	£3,477	£4,524	£5,779
TV licence	£69	£75	£75	£77	£70
Water	£572	£633	£676	£684	£694

Figure 23: Arrears on essential bills – income

	Under £10,000	£10,000-£19,999	£20,000-£29,999	£30,000-£39,999	£40,000 and over
Council tax	35.3%	33.7%	26.2%	22.8%	15.1%
Electricity	19.3%	16.3%	13.6%	14.1%	11.2%
Gas	17.2%	16.2%	13.0%	13.1%	9.8%
Mortgage	37.6%	39.8%	27.8%	25.1%	20.8%
Rent	33.1%	31.8%	21.6%	19.1%	13.7%
TV licence	13.7%	12.1%	7.0%	4.7%	2.5%
Water	28.3%	31.6%	22.2%	18.8%	11.7%

Figure 24: Arrears level on essential bills – age

	Under 25	25-39	40-59	60 and over
Council tax	£530	£766	£961	£951
Electricity	£433	£584	£632	£633
Gas	£363	£538	£572	£602
Mortgage	£1,706	£2,256	£3,011	£4,486
Rent	£820	£871	£923	£856
TV licence	£77	£82	£70	£56
Water	£400	£662	£704	£688

Figure 25: Arrears on essential bills – age

	Under 25	25-39	40-59	60 and over
Council tax	34.9%	25.8%	24.5%	14.6%
Electricity	15.3%	14.7%	13.9%	10.5%
Gas	14.0%	13.6%	13.3%	11.3%
Mortgage	14.5%	21.0%	29.6%	27.8%
Rent	20.0%	20.2%	27.9%	17.9%
TV licence	12.9%	7.5%	6.0%	3.3%
Water	29.9%	23.3%	21.0%	13.0%

Arrears level on essential bills – gender

	Female	Male
Council tax	£805	£879
Electricity	£594	£593
Gas	£545	£531
Mortgage	£2,718	£3,219
Rent	£881	£895
TV licence	£76	£76
Water	£677	£602

Figure 26: Arrears on essential bills – gender

	Female	Male
Council tax	27.1%	22.5%
Electricity	14.8%	12.8%
Gas	14.3%	11.7%
Mortgage	26.2%	27.3%
Rent	25.1%	19.0%
TV licence	7.7%	5.7%
Water	24.2%	18.5%

Arrears level on essential bills – family type

	Couples with children	Couples without children	Single parents	Single without children
Catalogue	£898	£904	£745	£811
Credit card	£634	£608	£628	£522
Personal loan	£568	£508	£595	£476
Overdraft	£2,904	£3,434	£2,747	£2,743
Store card	£915	£830	£924	£852
Home credit	£73	£61	£82	£77
Payday loan	£732	£609	£709	£544

Figure 27: Arrears on essential bills – family type

	Couples with children	Couples without children	Single parents	Single without children
Council tax	23.5%	19.1%	30.9%	26.9%
Electricity	14.0%	10.5%	17.2%	13.9%
Gas	12.7%	9.4%	16.8%	13.6%
Mortgage	22.5%	25.5%	32.2%	30.4%
Rent	22.1%	15.7%	28.1%	22.5%
TV licence	5.6%	4.4%	9.4%	7.9%
Water	20.4%	14.7%	29.7%	22.3%

Figure 28: Arrears level on essential bills – housing tenure

	Mortgage	Own outright	Rent - housing association	Rent - local authority	Rent - private landlord
Council Tax	£947	£930	£847	£761	£790
Electricity	£687	£600	£538	£524	£583
Gas	£622	£607	£525	£465	£526
Mortgage	£2,956				
Rent			£829	£810	£1,034
TV licence	£62	£88	£76	£84	£75
Water	£600	£440	£792	£797	£519

Arrears on essential household bills – housing tenure

	Mortgage	Own outright	Rent - housing association	Rent - local authority	Rent - private landlord
Council Tax	16.6%	16.3%	33.3%	33.0%	26.9%
Electricity	12.2%	13.2%	14.5%	12.0%	16.2%
Gas	11.3%	12.6%	15.2%	12.4%	14.6%
Mortgage	27.1%				
Rent			41.8%	39.5%	11.3%
TV licence	2.9%	3.9%	10.6%	11.0%	7.0%
Water	12.5%	12.6%	33.3%	33.1%	21.5%

Figure 29: Social Policy Reports – Organisations

	2012	2013	2014
Collection agencies	13%	11%	11%
Credit and store card providers	2%	2%	4%
Fee-charging debt management companies	18%	17%	17%
High street banks	20%	23%	29%
Other loan providers	4%	5%	5%
Payday or short-term lenders	29%	25%	13%
Other	14%	15%	22%

Figure 30: Social Policy Reports – Issues

	Proportion of cases
Excessive interest or charges added to debt	14.6%
Substandard customer service	9.6%
Innacurate or technically wrong advice	9.5%
Providing misleading information about StepChange Debt Charity	4.9%
Escessive fees for services provided	4.8%

Appendix II – Full results of client survey

Client survey

Q: Before you had debt advice from us, how would you say the following creditors treated you?

Local council		Excluding not applicable responses
Very well		10.9%
Well	6.3%	35.4%
Don't know	20.6%	14.1%
Badly	8.2%	25.5%
Very badly	14.8%	14.0%
Not applicable	41.8%	

Water companies		Excluding not applicable responses
Very well	5.4%	10.3%
Well	23.1%	44.3%
Don't know	10.1%	19.3%
Badly	8.7%	16.6%
Very badly	4.9%	9.4%
Not applicable	47.8%	

Government (i.e.HMRC)		Excluding not applicable responses
Very well	4.9%	9.4%
Well	16.1%	31.0%
Don't know	11.8%	22.7%
Badly	11.6%	22.4%
Very badly	7.6%	14.6%
Not applicable	48.1%	

Telephone and internet providers		Excluding not applicable responses
Very well	5.6%	9.3%
Well	22.1%	37.1%
Don't know	9.5%	15.9%
Badly	13.8%	23.1%
Very badly	8.7%	14.6%
Not applicable	40.3%	

Mortgage lenders		Excluding not applicable responses
Very well	5.8%	14.3%
Well	13.8%	34.4%
Don't know	6.9%	17.2%
Badly	7.9%	19.5%
Very badly	5.9%	14.7%
Not applicable	59.7%	

Private landlord		Excluding not applicable responses
Very well	6.3%	24.0%
Well	8.3%	31.6%
Don't know	6.2%	23.5%
Badly	2.9%	11.0%
Very badly	2.6%	9.9%
Not applicable	73.8%	

Energy companies		Excluding not applicable responses
Very well	4.9%	8.7%
Well	23.3%	41.3%
Don't know	8.3%	14.7%
Badly	12.7%	22.5%
Very badly	7.2%	12.8%
Not applicable	43.6%	

Social landlord		Excluding not applicable responses
Very well	2.5%	11.7%
Well	6.5%	30.6%
Don't know	7.4%	35.1%
Badly	2.3%	11.1%
Very badly	2.4%	11.4%
Not applicable	78.9%	

Q: Before you had debt advice from us, how would you say the following creditors treated you?

Catalogue		Excluding not applicable responses
Very well	3.6%	7.8%
Well	13.4%	29.1%
Don't know	6.9%	14.9%
Badly	13.9%	30.2%
Very badly	8.3%	18.1%
Not applicable	53.9%	

Store card		Excluding not applicable responses
Very well	2.5%	6.9%
Well	9.7%	27.3%
Don't know	7.2%	20.0%
Badly	9.8%	27.4%
Very badly	6.6%	18.4%
Not applicable	64.3%	

Credit card		Excluding not applicable responses
Very well	6.3%	7.5%
Well	26.7%	31.7%
Don't know	6.5%	7.7%
Badly	27.9%	33.1%
Very badly	16.8%	20.0%
Not applicable	15.7%	

Home credit		Excluding not applicable responses
Very well	1.2%	5.1%
Well	5.0%	21.7%
Don't know	7.1%	30.9%
Badly	5.4%	23.5%
Very badly	4.3%	18.7%
Not applicable	77.1%	

Overdraft		Excluding not applicable responses
Very well	5.0%	6.8%
Well	22.4%	30.7%
Don't know	7.3%	10.1%
Badly	21.9%	30.1%
Very badly	16.3%	22.4%
Not applicable	27.1%	

Payday loan		Excluding not applicable responses
Very well	1.6%	5.5%
Well	4.9%	16.4%
Don't know	5.0%	16.8%
Badly	7.5%	24.9%
Very badly	10.9%	36.4%
Not applicable	70.0%	

Personal loan		Excluding not applicable responses
Very well	4.2%	6.5%
Well	19.5%	29.0%
Don't know	6.5%	10.0%
Badly	19.4%	29.7%
Very badly	15.6%	23.9%
Not applicable	34.7%	

Q: Has thinking about your debt problems resulted in any of the following physical health symptoms? (tick any that apply)

Nausea or dizziness	37.7%
Low energy	70.4%
Headaches	65.9%
Upset stomach, including diarrhoea, constipation and nausea	46.8%
Aches, pains and tense muscles	42.1%
Chest pains and rapid hearbeat	37.9%
Insomnia	71.1%
Frequent colds and infections	24.3%
Nervousness and shaking, ringing in the ear	29.5%
None of the these	4.6%

Q: Please read each statement and tick a number 0, 1, 2 or 3 which indicates how much the statement applies to you when thinking about your problem debt.

There are no right or wrong answers.

0: Does not apply to me at all
1: Applies to me to some degree, or some of the time
2: Applies to me to a considerable degree, or a good part of time
3: Applies to me very much, or most of the time

I feel I have nothing to look forward to	
0	17.4%
1	27.3%
2	21.8%
3	33.6%

I find myself getting agitated	
0	8.0%
1	26.8%
2	29.3%
3	36.0%

I find it difficult to relax	
0	6.7%
1	21.2%
2	27.3%
3	44.8%

I feel down-hearted and blue	
0	9.5%
1	23.1%
2	26.8%
3	40.6%

I feel close to panic	
0	20.0%
1	27.5%
2	23.9%
3	28.7%

I am unable to become enthusiastic about anything	
0	16.0%
1	27.2%
2	26.3%
3	30.5%

I feel I'm not worth much as a person	
0	23.8%
1	22.7%
2	20.9%
3	32.6%

I feel scared	
0	17.1%
1	24.2%
2	21.2%
3	37.5%

Q: Have you ever gone to any of the following as a result of mental or physical health problems resulting from your debt? (tick any that apply)

Your GP	47.3%
Accident and Emergency	4.5%
Hospital	5.5%
Don't know	6.2%
Not applicable	36.4%

Q: Have your debt problems had a negative impact on your relationships with:

Family?		**Excluding not applicable responses**
Got a lot better	2.5%	2.7%
Got a little better	5.6%	6.1%
No change	27.4%	30.1%
Got a little worse	29.3%	32.2%
Got a lot worse	26.3%	28.8%
Not applicable	8.9%	

Friends?		**Excluding not applicable responses**
Got a lot better	1.4%	1.6%
Got a little better	3.6%	4.1%
No change	36.8%	42.4%
Got a little worse	26.2%	30.2%
Got a lot worse	18.7%	21.6%
Not applicable	13.3%	

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