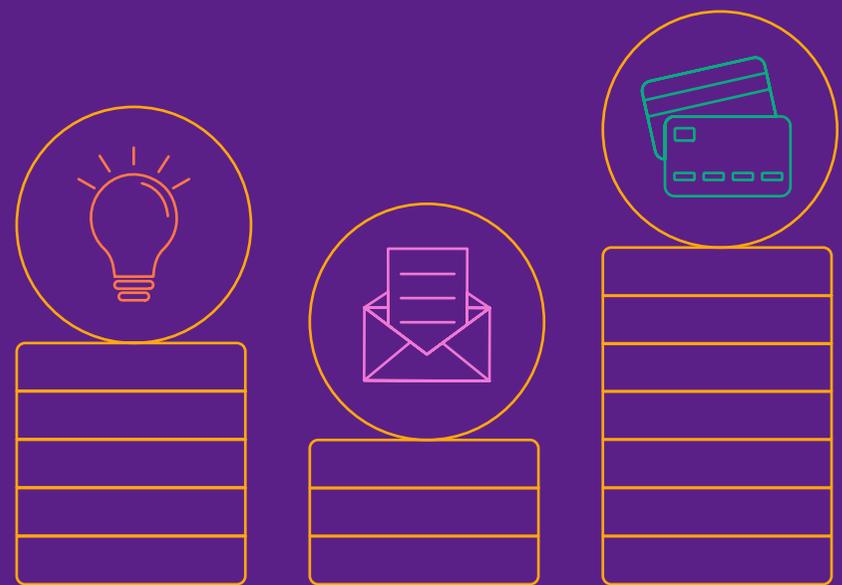


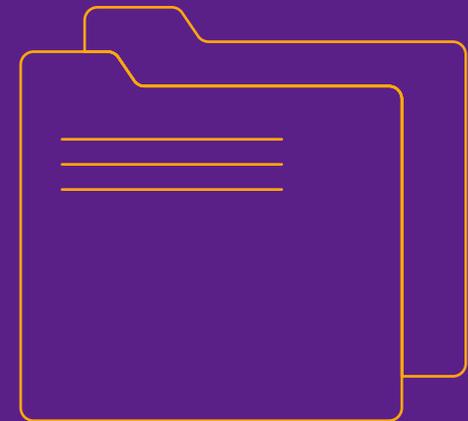
Scotland in the Red

Who owed what
in Scotland in 2025?



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Summary

At StepChange Scotland we're celebrating 30 years of supporting people in Scotland to become debt free. From our humble beginnings in an office above the Clydesdale Bank in Paisley, when we were known as the Consumer Credit Counselling Service, we've grown to become Scotland's largest free debt advice charity. In those 30 years we've helped hundreds of thousands of Scottish clients and dealt with billions of pounds of personal debt. But our purpose has always remained the same – to build a society free from problem debt.

Paper budgets and calculators have been replaced with a digital transformation in debt services. StepChange have never stood still and that's why we're still here today to support the people who need us most.

And the need is profound. In 2025 our clients had average debts and arrears of over £20,000, two-thirds of clients were behind on their essential bills, and average arrears have grown 85% since 2021. More than one in three clients couldn't afford their energy bills and owed over £2,500 to providers – more than a year's average usage.

Debt can happen to anyone, but it does not impact everyone equally. Most of our clients had an additional vulnerability, besides their financial concerns, and were more likely to be in deficit and arrears. But we also supported an increasing share of clients in full-time employment.

As higher living costs become more embedded in society, there is a risk that this level of indebtedness becomes normalised. 2025 was the first time in several years that our clients didn't say the cost-of-living crisis was the main cause of their debt, being more likely to cite a lack of control over their finances.

Behind all the statistics in this report are humans with unique circumstances, facing real pressures and unenviable decisions to try and make ends meet. Households are juggling complex budget challenges, including existing debts, unpredictable incomes, health, relationship issues, and much more.

And we know that wider societal drivers such as enduring high energy costs, unfair council tax collection practices, and the underappreciated impact of economic abuse continue to exacerbate problem debt.

There has never been a greater need for free and accessible expert debt advice – and StepChange Scotland's mission is as important today as it was 30 years ago.

Key findings



Average unsecured debts and arrears grew 10% to £20,116.



38% of clients were in energy arrears, owing almost £2,600 each – substantially more than an average year's usage.



One in five clients said their debt was caused by a lack of control over their finances.



Gas arrears increased by 61% to £2,649 and have more than tripled in the last five years.



Three-fifths of our clients were in employment, with more than two in five working full-time.



55% of clients had an additional vulnerability – and they are more likely to have budget deficits and arrears.



Two-thirds of clients were in arrears on their household bills owing £5,470 each – this has increased by 85% since 2021.



Our clients are getting younger, with the average age falling below 40 for the first time.

Methodology

The figures in this report, unless otherwise stated, are based on the 8,778 new first-time clients who completed a full debt advice session between January and December 2025.

A full debt advice session is defined as a client completing StepChange's advice process by providing details about their budgeting, debts and arrears, and receiving a debt solution recommendation at the end. These advice sessions can be completed through our online or telephony service, or a combination of both channels which we call omnichannel.

This report includes discussion of clients who have disclosed additional vulnerabilities, over and above their financial concerns. Identification of a vulnerability is at the discretion of each client. The categories are StepChange's own and can include physical and mental health conditions, learning disabilities, sensory impairment, addiction and domestic abuse, among others, which can make dealing with problem debt more difficult. Clients can have multiple vulnerabilities, and some vulnerabilities can be temporary.

Where available we have included data for vulnerable clients as a separate download, with tables that show values adjacent to all clients to illustrate differences between these groups.

In 'Scotland in the Red 2023'¹ we implemented a methodological change to include only first-time advised clients, whereas previous reports had included the most recent debt advice session for re-advised clients. This change provides a more accurate reflection of the experiences of all new clients at the same point in their debt advice journey.

This report mostly draws comparisons between client data from 2025 and 2024, which has been captured according to the same methodology. Where reference is made throughout to data from previous years, this is provided for the indicative purpose of discussing longer-term trends and is not directly comparable.

Figures have been rounded to the nearest whole number and, as a result, some may not correspond with the sum of their individual figures or add up to 100%.



¹Scotland Debt Statistics 2023. StepChange Scotland

New clients

StepChange Debt Charity Scotland supported 8,778 first-time clients in Scotland to complete a full debt advice session in 2025.

In line with UK trends at the charity and across the sector, this represents a reduction in overall client numbers compared to the previous 12 months.

New clients can choose to access our debt advice services online, over the phone or through a combination of these channels. StepChange have a strategic ambition to deliver a service that is “digital-first, powered by experts”², that meets our clients where they are with a service that matches their needs. In 2025, a majority of our clients again chose to access our services either fully or partially through “self-service” online platforms.

A majority of our clients have disclosed an additional vulnerability, over and above their financial concerns, in each of the last five years. In 2025 that increased by two-percentage points to 55%. This almost entirely reversed a reduction in vulnerable clients from the previous year.

New clients completing first time debt advice

	2025	2024
All new clients	8,778	9,749
Clients with no additional vulnerability	3,957	4,561
% of clients with no vulnerability	45%	47%
Clients with an additional vulnerability	4,821	5,188
% of clients with an additional vulnerability	55%	53%

² Our New Strategy, Vision & Mission, StepChange



You can find detailed information about client vulnerabilities on page 21.

Income, expenditure & budget

Our clients' incomes increased to an average of £1,955 per month. This reflects more of our clients being in full-time employment, but the 7% growth in income was below the average rate of 9% for the previous three years. A smaller 5% rise in monthly expenditure helped drive our clients' average monthly budget surplus up by £35 to £191.

A three-percentage point fall in clients with a deficit budget left a quarter of clients with a monthly shortfall. These clients saw their average deficit budget increase by 13% to -£508. Budget deficits have grown in each of the last five years and were 65% higher than in 2021.

Vulnerable clients had an average monthly budget of £109, just over half that of all clients. Vulnerable clients were more likely to have a deficit budget (29%) had a bigger shortfall (-£516). This was up 16% on last year, and 79% since 2021, and was the first time that vulnerable clients have recorded a larger deficit than all clients in that period.

Budget deficits are overwhelmingly caused by lower incomes rather than higher expenditure. In 2025 our average deficit budget client had £758 less coming in each month than surplus clients but only spent an extra £64.



What is a budget?

When you contact StepChange Scotland for help, whether online or on the phone, we'll go through all your income and expenditure to help us build a **budget** showing how much you have left after covering your essential costs like rent, council tax, energy bills etc. This is the **surplus** money you can put towards paying your debts. If you have less coming in than you need to cover your essentials, we call this a **deficit budget**.

Average income, expenditure and budget

	2025	2024
Average monthly income*	£1,955	£1,828
Average expenditure	£1,728	£1,647
Average budget	£191	£156
% of positive budgets	74%	72%
Average budget surplus	£434	£393
% of negative budgets	25%	28%
Average budget surplus	-£508	-£451

*Net monthly income after tax, national insurance and other deductions.

Unsecured debts and arrears

2025 saw the highest levels of debt among StepChange Scotland clients since the global financial crash. Our clients saw their average combined unsecured debts and arrears grow by 10%, or £1,800, in just twelve months to an average of £20,116 each. Unsecured debts grew by 8%, or £1,335, to reach £18,326 – 44% higher than in 2021.

Two-thirds (65%) of clients were in arrears and owed an average of £5,470 in overdue bills. This was a 5% increase on 2024 levels and means that arrears have grown by a massive 85% in five years.

While vulnerable clients had lower unsecured debts (£15,810), they were more likely to be behind on their bills (72%) with higher arrears (£5,745). This was a reversal of the position in 2021 when the average vulnerable client owed 30% less in arrears.

Debt Definitions

Debt and arrears are similar terms but don't mean exactly the same thing. When we talk about **debt** we mean the money that a client owes – this can include things like credit cards, personal loans and so on. An **unsecured debt** is money owed which isn't attached to something like a house – so doesn't include mortgages. When a client has **arrears** this is also money they owe, but it specifically means missed payments and overdue bills.



Unsecured debts and arrears

	2025	2024
Average unsecured debts and arrears	£20,116	£18,316
Average unsecured debts	£18,326	£16,991
% Clients in arrears	65%	68%
Average arrears	£5,470	£5,193
No of debts	6	6

Unsecured debts

Credit cards remained by far the most common form of consumer borrowing in Scotland, held by more than two-thirds of clients (68%) who had an average of three credit cards each.

We saw a three-percentage point increase in uptake of both credit cards and personal loans in 2025, bringing these debt types almost back to 2021 levels. This corresponded with a continued decline in the popularity of many other forms of consumer credit – overdrafts have fallen by 13%, store cards by 23% and catalogue debt by 35% over the last five years.

More than one in seven clients were in debt to friends and family, the same as in 2024.

Following sharp falls in previous years, the prevalence of payday loans appeared to stabilise at 7% in 2025.



Unsecured debt type

	2025		2024	
	Clients with debt	Average debt balance	Clients with debt	Average debt balance
Credit card	68%	£8,564	65%	£7,743
Personal loan	48%	£10,530	45%	£10,213
Overdraft	33%	£1,653	34%	£1,455
Catalogue	24%	£1,815	28%	£1,890
Hire Purchase	21%	£10,509	23%	£9,210
Friend and family	15%	£3,657	15%	£3,453
Store card	10%	£1,342	11%	£1,249
Payday loan	7%	£1,425	7%	£1,282

Unsecured debt balances

Borrowing continued to increase across almost all types of unsecured debt in 2025. Average credit card balances grew by 11%, or £821, to £8,564 per client. Personal loan debt rose by £317 to an average of £10,530 – up more than a quarter (26%) since 2021.

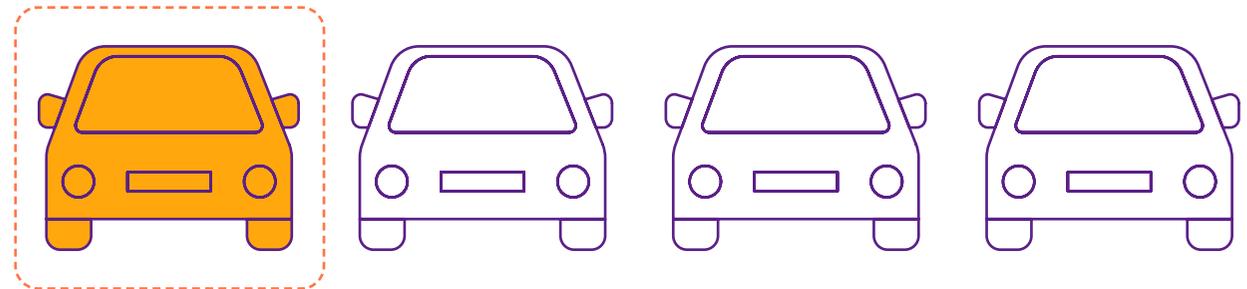
We also saw rising balances in some of the more expensive forms of credit – including an 11%, or £143, increase in payday loan debt. Our clients recorded the highest levels of overdraft and store card debt in recent years, increasing by 14% and 7% respectively. Vulnerable clients' payday loan debt increased by 17% to £1,570 which was 10% more than the average for all clients and higher than at any point in the last five years.

It is critical that people have access to affordable credit from reliable sources. We have called on Scotland's leaders to take steps to boost financial inclusion for those most at risk of falling into problem debt³.

What's happening with Higher Purchase debt?

While the share of clients with Higher Purchase (HP) debt fell slightly last year, the average HP balance saw a sharp increase of £1,299. This debt type has seen by far the highest increase in the last five years – rising 37% since 2021.

Clients can use HP for lots of different purchases – but the vast majority of this debt will relate to car financing. We have seen a lot of volatility in the car market in recent years which caused prices to rise for many consumers.



Around one in four (21%) of our clients had HP debt last year.



³ <https://www.stepchange.org/policy-and-research/parliament/scotland-policy-asks.aspx>

Arrears

In 2025, 65% of our clients were in arrears on their bills. This was a welcome three-percentage point decrease on the previous year but still meant that two-thirds of clients couldn't keep up with their household running costs.

Average arrears balances rose across almost all bill types. Overdue mortgage payments rose by 17% to £7,772 and gas arrears saw a 61% increase to £2,649. Total average arrears increased by 5% to £5,470 – an 85% increase since 2021.

Vulnerable clients were particularly affected as they were more likely to be in arrears (72%) and owed more on average on their bills (£5,745).

Work was no guarantee of protection against higher bills – a majority (52%) of our full-time employed clients were behind on their bills owing an average of £5,437.

Arrears type

	2025		2024	
	Clients with debt	Average debt balance	Clients with debt	Average debt balance
Dual fuel	45%	£2,588	46%	£2,527
Council tax	30%	£2,292	32%	£2,538
Electricity	32%	£2,658	30%	£2,631
Gas	26%	£2,649	26%	£1,642
Rent	20%	£1,725	21%	£1,553
Mortgage	12%	£7,772	14%	£6,635



Two-thirds of clients are in arrears.

Energy

The share of clients with energy arrears fell by two-percentage points to 38%, but the average energy debt grew by 6% to £2,583. This is well above a year's usage for an average Scottish household. Arrears on gas bills increased by a shocking 61% and were more than triple the average £846 owed in 2021. Electricity and dual fuel arrears have both doubled in that time.

Vulnerable clients were 18% more likely to be in energy arrears (45%) and had higher debt for unpaid bills (£2,621).

At StepChange Scotland we are providing enhanced energy debt advice to meet our clients' needs⁴, but the scale of the problem requires national action. We have welcomed Ofgem's plans for a Debt Relief Scheme, but we also need to see targeted support on energy affordability, for example through social tariffs, to prevent people falling back into debt⁵.

Energy arrears are 42% higher in households with children (£3,057) than in adult only households (£2,157).



⁴ Helping households to manage their bills - gov.scot

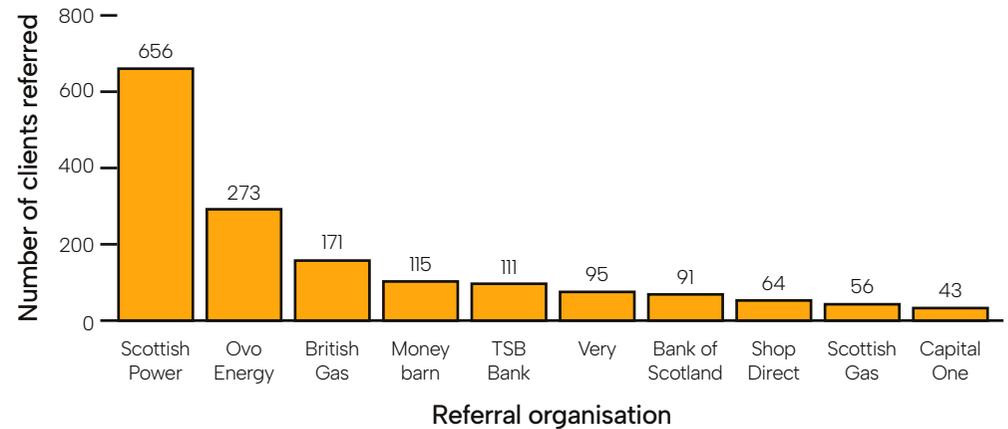
⁵ Scotland Key Policy Asks. Scottish Parliament. StepChange

Combined energy arrears

	2025	2024
Total energy debt	£7,529,001	£8,562,862
Average energy debt	£2,583	£2,431
% with energy arrears	38%	40%

Top ten referral organisations

It is no surprise that energy companies were once again the most common creditors referring customers to StepChange for debt advice.



Housing

Fewer clients were in rent and mortgage arrears last year. A one-percentage point reduction in clients behind on their rent continued a trend that has seen levels of rent arrears drop by 20% since 2021. Clients who rent were still 67% more likely to be in arrears than those with a mortgage. The share of owners in mortgage arrears shrunk by two-percentage points to 12% and has fallen by 29% over the last five years.

Average rent arrears grew by 11% to £1,725. This was an acceleration compared to the 7% increase in 2024 and 4% increases in the preceding two years.

Mortgage arrears grew by 17%, or £1,137, last year. The rate of growth had slowed to 5% in 2024, following sharp 18% and 52% jumps in the previous years, so it was concerning to see it pick up again. Average mortgage arrears have more than doubled (122%) since 2021 with clients owing an extra £4,275 each.

Vulnerable clients were significantly more likely to be behind on both their mortgages (16%) and rent (24%), and they had higher average arrears at £7,830 and £1,812 respectively. 2025 saw an alarming 32% increase in mortgage arrears for vulnerable clients, and a 15% increase in rent arrears.

For more detailed discussion around our clients' housing tenure, see page 17.

One in four (25%) single parents were in rent arrears.



Housing arrears

	2025		2024	
	Clients with arrears	Average arrears balance	Clients with arrears	Average arrears balance
Rent	20%	£1,725	21%	£1,553
Mortgage	12%	£7,772	14%	£6,635

Council tax

Council tax can be a particularly problematic debt for our clients, given the often rapid and robust collection practices by Local Authorities, so it was welcome to see a small two-percentage point decrease in clients behind on their council tax last year.

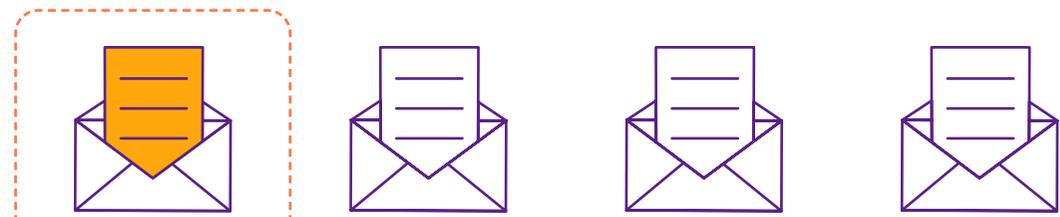
Council tax stood out as the only major arrears type to see a fall in average debt – reducing by 10% to £2,292. This must be seen in the context of a massive 24% increase in council tax arrears in 2024, which means that balances last year were still at their second highest level since 2021.

Vulnerable clients were 17% more likely to be in council tax arrears (35%) than all clients but owed slightly less (£2,248).

There is a growing consensus in Scotland that council tax collection is too often unfair and can cause hardship for the most vulnerable. We want to see a review of nationwide collection practices to ensure that everyone gets the opportunity to access debt advice, claim reductions and discounts, and enter fair repayment plans based on affordability⁶.



There are various reductions, discounts and exemptions that can, depending on circumstances, cover all or a substantial portion of council tax charges* – but not everyone is seeing the benefit. 42% of Universal Credit recipients had arrears averaging £2,159, despite potentially being entitled to Council Tax Reduction. And 35% of single clients had arrears, compared to 20% of couples, despite the Single Adult Discount being available.



One in four (24%) of employed clients were in council tax arrears.

Council tax arrears

	2025		2024	
	Clients with arrears	Average arrears balance	Clients with arrears	Average arrears balance
Council tax	30%	£2,292	32%	£2,538

⁶Scotland Key Policy Asks. Scottish Parliament. StepChange

*Council tax in Scotland includes water and waste charges.

Employment

A majority of our clients (58%) were in employment – a one-percentage point fall on the previous year, but still the second highest level in the last five years. This includes the highest proportion of clients in full-time work (43%) that we have seen in recent years, reaffirming that work alone is no guarantee of protection from problem debt⁷.

Our vulnerable clients continued to experience a significant employment gap. Less than a third (31%) were in full-time employment, and only 45% in any form of employment. One in three vulnerable clients (29%) were unable to work due to ill-health or disability – compared to one in six (18%) of all clients.

We saw a three-percentage point increase to 17% of vulnerable clients who are unemployed or seeking work – this is triple the increase seen for all clients.

Employment status

	2025	2024
Full-time employed	43%	42%
Part-time employed	13%	15%
Zero-hour contract	2%	2%
Total in employment	58%	59%
Not working due to illness or disability	18%	18%
Jobseeker	10%	9%
Unemployed	6%	6%
Retired	3%	3%
Carer	2%	3%
Student	3%	2%
Total not in employment	42%	41%

Unfit for work?

Clients who were unfit for work due to ill-health or disability had average unsecured debts and arrears of £12,729. 82% were behind on their monthly bills, and 90% had an additional vulnerability over and above their financial concerns.

They had £0 in their monthly budget, after essential expenditure. One in three (35%) were in a monthly deficit, rising to one in two (46%) for those not receiving disability benefits.

We know that disability benefits are a lifeline for these clients. These payments were the difference between a monthly surplus of £96 and a deficit of -£129. That's why it's vital that devolved disability benefits in Scotland are maintained at an adequate level based on need⁸.



⁷ In Work, But Still In Debt. Client Insights Report. StepChange

⁸ Scotland Key Policy Asks. Scottish Parliament. StepChange

Social security

A majority (53%) of clients were claiming their entitlement to at least one social security benefit. This is marginally the lowest level in the last five years and reflects the changing demographics of our clients, with more full-time workers falling into problem debt.

Almost two-thirds (64%) of vulnerable clients relied on benefits. They were 25% more likely to claim Universal Credit, and 59% more likely to claim disability benefits.

We saw the continued decline in clients receiving a range of legacy benefits and increased concentration of clients on Universal Credit (36%). This reflects the ongoing managed migration with the rate of change predictably slowing as the process advances. Vulnerable clients were more likely to still be receiving legacy benefits, likely reflecting a greater concentration of complex cases.

Child Benefit – with and without?

Child Benefit is slightly different from other benefits. It is progressively means-tested for households with a higher rate taxpayer, but it is not means-tested in the same way as Universal Credit. Many people who are in full-time work, even those on above-average wages, can still qualify for Child Benefit if they have parental responsibilities – for example 23% of our full-time employed clients claimed benefits, but only 5% claimed any benefit that wasn't Child Benefit.



Benefit type

	2025	2024
All clients claiming benefits, including Child Benefit	53%	55%
Claiming any benefit other than Child Benefit	28%	28%
Claim any benefit excluding those whose only benefit is Child Benefit	46%	48%
Universal Credit	36%	35%
Child Benefit	25%	26%
Child Tax Credit	1%	3%
Disability Benefits*	17%	17%
Employment Support Allowance	5%	7%
Housing Benefit	7%	7%

*includes DLA, PIP, Attendance Allowance, Adult Disability Payment.

Housing tenure

The majority of StepChange Scotland clients (63%) lived in rented accommodation – with the largest share (38%) renting from a Registered Social Landlord or Local Authority, followed by private tenancies (23%). There was a narrowing of this gap last year with social rent falling and private rent rising by one-percentage point each. The share of clients who owned their own property, whether mortgaged or otherwise, remained static at 22%.

Vulnerable clients were 10% more likely to rent (69%) than all clients. A far larger share (45%) lived in socially rented accommodation, and fewer (18%) were in an ownership situation.

One in eight clients lived with their family in 2025. While we don't count this as renting, many of our clients pay board to their families so it's not a cost-free option.

Clients under 25 were three times as likely (38%) to live with their family than all clients. Those over 60 were eight times more likely (16%) to own their property outright than those under 60 (2%).



Housing tenure

	2025	2024
Rent – housing association/local authority	38%	39%
Rent – private	23%	22%
Board payment (not with family)	2%	2%
Total renting	63%	63%
Mortgage	18%	18%
Own outright	3%	3%
Shared ownership (mortgage and rent)	1%	1%
Total ownership	22%	22%
Living with family	13%	12%
Other housing	3%	3%
Total other housing tenure	16%	15%

Family composition

Two-thirds of clients were single (66%) and more than half (58%) had no children. The most common status was single adults without children – making up more than two-fifths (44%) of all clients in 2025. We saw a two-percentage point decrease in single parents seeking help – but the rate remained high at more than one in five clients (22%) and was three-percentage points higher than in 2021.

Nearly three-fifths (71%) of vulnerable clients were single, two-thirds (62%) did not have children, and half (48%) were single adult households. The percentage of vulnerable single parents has increased by a fifth (21%) to 23% since 2021.

Couples were less likely to be in arrears (54%) compared to single clients (71%), possibly as they were able to share bills. Clients living in a couple, however, had higher unsecured debts (£25,706) than single clients (£14,193).

Family composition

	2025	2024
Couple with children	20%	19%
Single with children	22%	24%
Couple without children	14%	14%
Single without children	44%	43%
Total with children	42%	43%
Total without children	58%	57%
Total couple	34%	33%
Total single	66%	67%

Single parents and debt

Single parents faced particular financial difficulties. They had about half the budget surplus of all clients (£102) and were more likely to be in deficit (29%). More than three-quarters were behind on their household bills (77%) with higher arrears (£5,886). They were more likely to be behind on their council tax (36%), energy bills (54%) and rent (25%). Despite most single parents being in work (53% including 30% employed full-time), they were far more likely to rely on means-tested benefits with two-thirds (66%) claiming Universal Credit. Single parent clients were younger (average age of 36), more likely to rent (73%) and were overwhelmingly female (82%).



Age

The average age of our clients fell to 39 last year. This was the first time that the average has been under 40 and reflects a long-term trend towards younger people seeking help with problem debt. A decade ago, less than half (43%) of our clients were under 40, and they were more likely to be over 60 (12%) than under 25 (10%). This position has reversed in the last ten years. We detailed some of the particular challenges faced by younger people in financial difficulty in our 'Debt's early grip' report⁹.

Vulnerable clients tended to be older than all clients, with an average age of 41, and were more evenly split between under 40s (52%) and over 40s (48%).

Under 25

Clients under 25 had the lowest incomes (£1,415) but also the lowest expenditure (£1,149), leaving them with an above average budget of £213. They were least likely to have a vulnerability (50%) or to claim social security (40%). Nearly two in five (38%) lived with their families, and they had the lowest debts and arrears (£8,150).

25–39

Two thirds (65%) of clients aged 25–39 were in employment – including half working full-time (49%). They had the highest monthly budget surplus of any age group at £241. At £19,066, their average debts and arrears were more than double those of under 25s.

40–59

Clients aged 40–59 had the highest average income (£2,103) but also the highest expenditure (£1,938) leaving a well below-average surplus. They had the highest debt and arrears at £25,331. A quarter (25%) had a mortgage and the average mortgage arrears were £9,838.

60 and over

Clients aged over 60 had the lowest monthly budget at just £113 and were most likely to be in deficit (29%). Two-thirds (68%) had an additional vulnerability, a third (37%) were retired and a quarter (27%) could not work due to ill health and disability.

Age group

	2025	2024
Under 25	11%	10%
25–39	46%	45%
40–59	35%	37%
60 plus	8%	8%
Average age	39	40

⁹ Debt's Early Grip. 18–24 Year Olds. StepChange

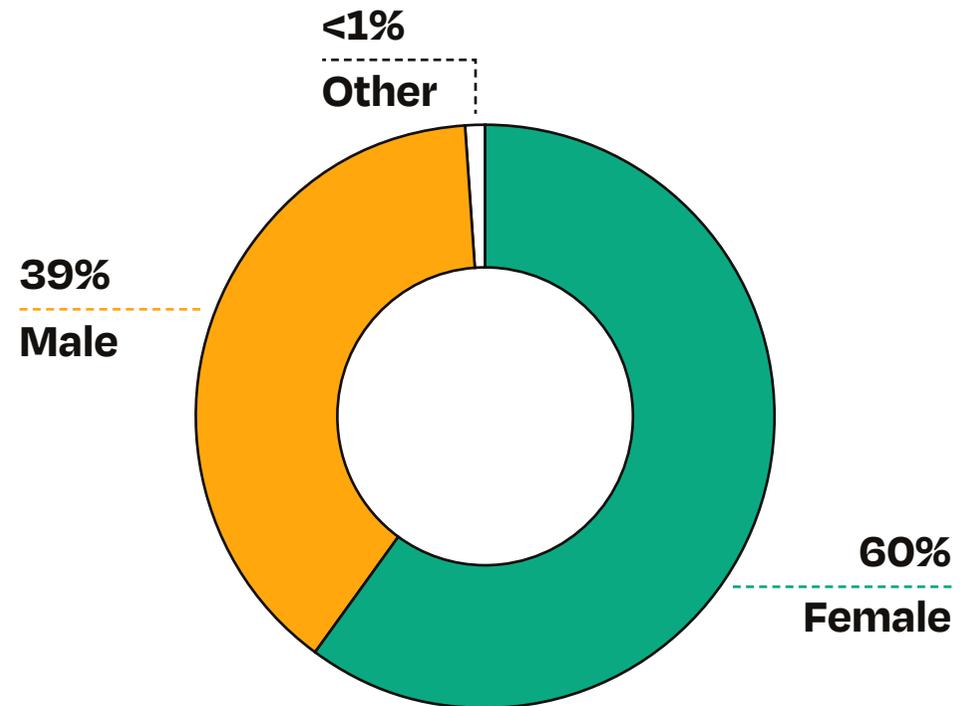
Gender

StepChange Scotland has traditionally always supported more women with financial problems than men. This was true again in 2025 as women made up three-fifths (60%) of new clients. This represented a three-percentage point contraction in the gender gap and it was the second year in a row that the gap had narrowed. But there's a long way to go to return to the 12-percentage point gender gap we saw a decade ago.

Our 'Bearing the burden'¹⁰ report detailed women's experiences of problem debt and the challenges they face including lower incomes, higher expenditure, bigger arrears, and greater parental responsibilities.

In 2025, 37% of female clients were in full-time employment compared to 54% of men. Women comprised 82% of single parent households and 63% of vulnerable clients. One in seven vulnerable female clients (15%) disclosed experience of domestic violence.

1% of vulnerable clients identified as another, non-binary, gender identity. Overall 91% of those identifying as another gender identity, disclosed an additional vulnerability.



Gender

	2025	2024
Female	60%	62%
Male	39%	38%
Other gender identity	<1%	<1%
Male to female gender gap	21%	24%

¹⁰ Unravelling Women's Debt Dilemma. StepChange

Vulnerability

A majority of StepChange Scotland clients have additional vulnerabilities over and above their financial concerns and, in 2025, this increased by two-percentage points to 55%. This highlights the importance of having free, expert debt advice accessible to people when, and how, they need it.

Mental health concerns remained the most common issue, affecting 70% of vulnerable clients. StepChange welcomed the passing of legislation to introduce a Mental Health Moratorium in Scotland, but the protections are still not in place. With 13% of our vulnerable clients divulging suicidal tendencies in 2025, it's clear that Scotland needs to have safeguards in place as soon as possible.

Economic abuse and coerced debt

One in ten vulnerable clients (10%) in 2025 disclosed having experienced domestic abuse. StepChange have been campaigning to raise awareness of economic abuse as a form of domestic abuse. Our landmark 'Too close to home' report¹¹ exposed the scale of coerced debt – affecting 1.6m people in the UK and leaving a third of victim-survivors with problem debt. Most never receive advice or support. We need to see concerted action to deliver economic justice, including debt write offs and credit file restoration.



Vulnerabilities

	2025	2024
Mental health	38%	37%
Neurological or physical	14%	14%
Health	12%	11%
Family issues	10%	9%
Emergency issue	7%	7%
Addiction	6%	6%
Other vulnerable category	12%	16%

¹¹ Coerced Debt Report. Too Close To Home. StepChange

Reasons for debt

One in five clients (20%) cited a lack of control over their finances as the primary cause of their debt. Our 'In work. But still in debt'¹² report detailed a host of reasons behind this including budgeting challenges, existing debts, low and unpredictable incomes, health related issues, family relations, and wider governmental and economic factors.

This was the first year since 2021 that the cost-of-living crisis was not the most common explanation, although it was still a major concern affecting one in six clients (16%).

Given the rising debt and arrears levels outlined elsewhere in this report, this seems to reflect an acceptance of enduring affordability challenges as a new normal, rather than a temporary crisis. That's why policy makers must take steps to rebuild financial resilience and ensure that people have clear pathways out of debt¹³.

We know that problem debt can affect anyone at any time and the majority of our clients (51%) described a significant life event, such as redundancy, ill-health, or a relationship breakdown, as the cause of their financial difficulty*.

Vulnerable clients were 70% more likely to ascribe their debt problems to an injury or health issue (17% compared to 10% of all clients). This rises to 22% of clients on disability benefits.

We supported 200 clients in Scotland in 2025 who had fallen into problem debt as a consequence of becoming pregnant or giving birth.



Reasons for debt

	2025	2024
Lack of control over finances	20%	18%
Cost of living increase	16%	20%
Unemployment or redundancy	14%	13%
Injury or health issue	10%	10%
Reduced income or benefits	10%	10%
Need credit to cover living costs	8%	7%
Separation or divorce	6%	5%
Other	16%	18%

¹² In Work. But Still In Debt. Client Insights Report. StepChange

¹³ Scotland Key Policy Asks. Scottish Parliament. StepChange

* Significant life events include unemployment or redundancy, injury or health issue, separation or divorce, unexpected one-off expense, pregnancy or childbirth, bereavement, gambling, drugs or alcohol.

Local authority

	Local authority	Case %	Average unsecured balance	Average arrears balance
1	Glasgow	14.9%	£14,948	£5,007
2	Edinburgh	7.6%	£16,780	£5,929
3	North Lanarkshire	7.0%	£19,167	£4,117
4	Fife	6.2%	£20,404	£5,209
5	South Lanarkshire	6.2%	£22,060	£5,248
6	Aberdeenshire	4.9%	£21,477	£6,005
7	Aberdeen	4.7%	£17,840	£5,560
8	Highland	3.7%	£20,260	£5,579
9	West Lothian	3.7%	£18,662	£5,390
10	Renfrewshire	3.5%	£18,603	£4,788
11	Falkirk	3.2%	£17,838	£4,357
12	East Ayrshire	3.1%	£19,439	£6,231
13	North Ayrshire	3.1%	£16,655	£5,230
14	Dundee	2.8%	£14,457	£4,877
15	Dumfries and Galloway	2.6%	£18,157	£5,418
16	Perth and Kinross	2.2%	£20,281	£5,971

	Local authority	Case %	Average unsecured balance	Average arrears balance
17	Angus	2.0%	£18,549	£5,405
18	Scottish Borders	2.0%	£17,805	£4,612
19	South Ayrshire	2.0%	£21,383	£6,397
20	East Lothian	1.9%	£17,125	£5,681
21	West Dunbartonshire	1.8%	£13,100	£7,359
22	Midlothian	1.6%	£22,478	£7,077
23	Moray	1.6%	£15,813	£4,741
24	Inverclyde	1.4%	£15,002	£7,778
25	Argyll and Bute	1.2%	£17,997	£4,866
26	East Dunbartonshire	1.2%	£23,386	£4,876
27	Stirling	1.2%	£18,374	£4,004
28	Clackmannanshire	1.1%	£19,253	£6,042
29	East Renfrewshire	1.1%	£21,757	£5,205
30	Na h–Eileanan Siar	0.3%	£20,886	£20,686
31	Shetland Islands	0.2%	£19,046	£5,196
32	Orkney Islands	0.1%	£18,462	£6,943

Conclusion and recommendations

Our 2025 client data tells a story of households still struggling to get back on their feet after several difficult years. While incomes and budgets improved modestly last year, those gains were more than swallowed up by spiralling debts and arrears that continued to rise precipitously. Those with additional vulnerabilities predictably faced even greater challenges.

The pressures of the cost-of-living crisis may have become embedded as a day-to-day reality for many, but the truth is that these figures are not sustainable. Any desperately needed recovery in household finances has to start with debt and arrears levels coming down from this high point. It will require meaningful action on the structural factors which undermine budgets, reduce affordability and drive households into hardship.

That's why we recently published our key policy priorities for the upcoming Scottish Parliament election detailing practical actions to help tackle problem debt:



Reform council tax collections to deliver a fair system that provides the opportunity to access debt advice, claim reductions and discounts, and agree repayment plans based on affordability.



Support victim-survivors of economic abuse across Scotland to achieve economic justice and get free from coerced debt.



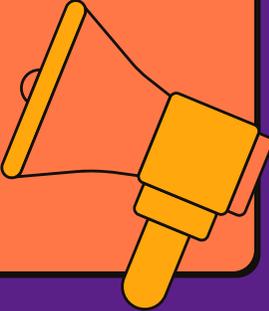
Tackle unmanageable energy debts and address ongoing high costs through targeted support to those most vulnerable, for example through social tariffs.



Invest to build capacity and sustainability in the vital free debt advice sector, and modernise the insolvency system to ensure that there are debt solutions that work for everyone.



Work across departments to rebuild household financial resilience, provide strong social security protections, and improve access to affordable credit.



You can read more about our key policy asks in our manifesto for the upcoming Holyrood election at stepchange.org.

Editor: Malcolm McConnell

We want to create a society free from problem debt. For more expert debt research and insights, 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 9am to 2pm or use our online debt advice service.



Get in touch:

 **0800 138 1111** (Freephone)

 [**scotland@stepchange.org**](mailto:scotland@stepchange.org)

 [**www.stepchange.org**](http://www.stepchange.org)

 [**stepchange-debt-charity**](https://www.linkedin.com/company/stepchange-debt-charity)

 [**stepchange.medium.com**](https://stepchange.medium.com)

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