

Press Release

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Debt problems divide London

London has the most complex personal debt problem in the UK, according to a new report from national debt charity Consumer Credit Counselling Service (CCCS). *London in the red* analyzes the financial circumstances of the more than 11,000 Londoners who contacted CCCS's free debt advice helpline in 2011, and shows wide variations in financial difficulty across the city.

Scale of debt problems

- **Squeezed budgets across the capital** – Londoners counselled by CCCS in all but two boroughs, Islington and Westminster, had insufficient income to cover their day to day living expenses, much less debt repayments. The average CCCS client in London had a monthly shortfall of £47, compared to an average surplus of £44 across the UK.
- **High demand in the inner boroughs and south London** – debt advice demand is particularly high in a ring of inner London boroughs including Hackney, Newham, Greenwich and Lewisham – but the highest demand comes from the south London boroughs of Croydon and Sutton. Londoners came to the charity for help with an average of £17,031 in unsecured debt.
- **High burden of debt repayments** – across London, 42 percent of debtors counselled by CCCS faced contractual debt repayments equal to more than half of their income. Kensington and Chelsea – traditionally viewed as among the capital's most financially secure areas – had the highest debt repayment burden, with more than half of clients (54 percent) spending more than half of their income servicing their debt.

Rent and mortgage arrears hotspots

- **Rent arrears hotspots** – Hammersmith and Fulham, Tower Hamlets and Haringey have been identified as London's rent arrears hotspots, with both above average proportions of people seeking help with rent arrears and higher than average arrears for those who have fallen behind. Across the capital, nearly one in eight renters (12 percent) counselled by CCCS were in arrears.
- **Mortgage problems in North East London** – Around one in eight (12.6 percent) homeowners counselled by CCCS across London were behind on their mortgage, with residents of the North East London boroughs of Barking and Dagenham, Havering and Redbridge the most likely to be in arrears.

Payday borrowing

- **Payday borrowing in line with UK average** – Across London, 6.6 percent of debtors counselled via the CCCS helpline held at least one payday loan debt, in line with the UK average for clients counselled by telephone. The average payday loan borrower counselled by CCCS in the capital owed a total of £1,189 on this kind of debt, across an average of 2.2 payday loans.
- **Boroughs south of the river top the payday league table** – Four of the top five boroughs in the payday borrowing league table were in south London (Lewisham, Bromley, Lambeth and Southwark), with as many as one in 10 Lewisham residents counselled by CCCS holding at least one payday loan.

CCCS director of external affairs Delroy Corinaldi said: "When it comes to financial difficulty, London is a divided city – with even neighbouring boroughs having highly varied and complex personal debt problems.

"We are extremely concerned that the financial squeeze and high cost of living in the capital is making it increasingly difficult to repay existing debts. Hundreds of thousands of households may be about to fall, or may have already fallen, into difficulty as a result.

"Free help is available for Londoners who are struggling to cope. Wherever in the capital you live, if your debts have become unmanageable the best thing to do is seek

free, independent and impartial advice from a debt charity such as CCCS as soon as possible.”

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Notes to editors:

1. *London in the red* presents a borough-by-borough analysis of financial difficulty in the capital based on data collected on the 11,015 Londoners counselled via the CCCS telephone helpline in 2011, and is available on request.
2. CCCS's ethos is to help the “can't pays”, not the “won't pays”, and does not condone debt avoidance. CCCS always aims to help its clients pay back what they owe, in a realistic timescale and manner that is suited to each individual's situation.
3. CCCS is self-funding. Lenders share with the charity the benefit they receive from its operation, making a donation from the money repaid to them. This allows CCCS to retain its independence and ensure that its advice is always in the best interest of the client.
4. The CCCS free phone helpline 0800 138 1111 is open 8am to 8pm, Monday to Friday.
5. *CCCS Debt Remedy* is available at www.cccs.co.uk
6. Follow us on Twitter: @CCCSPressOffice

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