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Press Release

New analysis finds 'debt noose' tightening around UK households

Despite reduced debt levels and low interest rates, UK households will find servicing their debts an increasing burden according to independent research published today (February 27) by the debt charity, Consumer Credit Counselling Service (CCCS).

At the end of last year, the average household was paying almost £200 per month in interest, representing nearly a quarter (23.8 percent) of available income. This share rose by 0.1 percentage points from Q3 despite a £2 quarterly fall in interest payments as rising prices of essential items outweighed wage increases and thus reduced discretionary income. Against this economic background, the charity plans to monitor the impact of the cost of credit on the ability of households to meet the costs of everyday living in the months ahead (see below for CCCS Interest Burden Index).

Other findings in the *CCCS Consumer Debt and Money Report Q4 2011* are:

- The demand for debt advice is forecast to remain high and rise in the coming years as unemployment worsens across the UK. Demand for debt advice is expected to hit another peak in 2014, indicating the lasting distress caused in the aftermath of the financial crisis.
- Middle-aged and elderly people in particular will be increasingly affected by debt problems. The report predicts that CCCS's share of clients over the age of 45 will rise from an historic 28.0 percent in January 2005 to a projected 47.6 percent by December 2014.
- Fastest increasing areas of debt help need are Wales and the most highly urbanised areas of the UK such as Yorkshire and the Humber, which have seen

double-digit increases in demand for advice. Yet the areas with the highest actual demand for counselling are London and the North West.

The research is published in the first *Consumer Debt and Money Report* – an expert, in depth look at debt derived from CCCS's own unique data about the hundreds of thousands of struggling debtors who seek its help each year and analysed by the Centre for Economics and Business Research (Cebr).

CCCS Interest Burden Index

- This significant new indicator will be published quarterly from now on as part of the *Consumer Debt & Money Report*. The new CCCS Interest Burden Index measures the monthly interest payments for the average household and the proportion of discretionary income taken up by these payments.
- The Index has found that households are continuing to battle to shed their debt levels as quickly as they can but that debt deleveraging has been slowing in 2011 due to the real disposable income squeeze caused by high inflation and low wage growth.
- This has been compounded by the increased cost of key essentials such as petrol, utilities and housing with many turning to loans to smooth consumption over this tough time for family budgets.

Commenting on the findings, CCCS chairman Lord Stevenson said: “While debt levels continue to decline, interest payments are a growing burden on too many UK households.

“We will continue to monitor these trends and report the changes faced by households throughout the country.”

The CCCS *Consumer Debt and Money Report* will be published quarterly with the aim of providing an authoritative overview of UK household debt which will stimulate debate among families and politicians alike.

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Notes to editors:

CCCS is the UK's leading debt charity. We are the largest specialist provider of independent debt advice and last year helped around 370,000 people with free, impartial and confidential advice and support.

Cebr is a leading independent commercial economics consultancy with particular strengths in macroeconomic and market forecasting.

1. Consumer Debt & Money Report:
http://www.cccs.co.uk/Portals/0/Documents/media/reports/additionalreports/CCCS_Consumer_Debt_and_Money_Report_Q4_2011.pdf
2. CCCS's ethos is to help the "can't pay", not the "won't pay", 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