

Press Release

October 11 2012

Overdraft debt on the rise

Credit card and personal loan debt is being replaced with overdrafts according to national debt charity Consumer Credit Counselling Service (CCCS). While overall debt levels in the UK are declining, as are the debt levels of those seeking CCCS's help, the charity has seen a sharp rise in overdraft debt. The average overdraft debt of a CCCS client has gone up from £1,748 in 2007 to £2,082 in 2012.

The number of people seeking its help with their overdraft debt has risen sharply, from 58,069 in 2007 to 134,540 in 2011. It has already been surpassed this year, with 69,663 people seeking its help with their overdraft debt in the first half of 2012.

Overdraft problems growing with age

Overdraft levels are higher and growing faster as CCCS clients age.

- The average overdraft debt for those seeking CCCS's help under the age of 25 is £1,128 and has only risen by £9 since 2007. The number of people in this age group seeking the charity's help with their overdraft debt has risen from 5,520 in 2007 to 7,992 in 2011.
- It is £1,824 for those aged 25 to 40, with an increase of £139 in the same period. Those in this age group seeking the charity's help with their overdraft debt went from 23,353 in 2007 to 31,313 in 2011.
- For those between the ages of 41 to 59 it is £2,345, rising by £407 in the last five years. The number of people in this age group seeking the charity's help with their overdraft debt rose from 24,811 in 2007 to 38,298 in 2011.
- The biggest increase is for those aged 60 and over, with their average overdraft of £2,397 rising by £597 while the number of people in this age group seeking

the charity's help with their overdraft debt went up from 4,362 in 2007 to 6,950 in 2011.

The charity says that the rise in overdraft debt is likely to be a result of people finding it harder to obtain credit cards and personal loans and using their overdrafts to fill the gaps in buckling household budgets.

Commenting on the findings, Delroy Corinaldi, CCCS external affairs director said:

“People tend to view what they owe on their overdrafts differently to other types of debt such as credit card or personal loan. It is not unusual for those contacting the charity for help to not calculate what they owe on their overdraft as part of their overall debt.

“The problem with this is that it makes it easier for them to use their overdraft for day to day expenses, temporarily masking any problems they may be having with making ends meet.

“This is not sustainable which is why rising numbers of people are struggling with the rising amounts they owe on their overdrafts.

“It is important that people look at how they are using their overdrafts and seek help if they have concerns about how they will repay it.”

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Notes to editors:

1. 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.
2. 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.
3. The CCCS free phone helpline 0800 138 1111 is open 8am to 8pm, Monday to Friday.
4. CCCS *Debt Remedy* is available at www.cccs.co.uk
5. Follow us on Twitter: @CCCSPressOffice

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