

Press Release

August 8 2011

Credit-crunched debtors turn to friends and family

Nearly one in five people contacting leading debt charity Consumer Credit Counselling Service (CCCS) has borrowed money from friends or family, according to newly released figures. In 2010, 18 percent of CCCS clients had an outstanding loan with a friend or family member, owing an average of £3,530.

This figure represented almost one sixth of clients' total average unsecured debt of £22,476. The average monthly repayment agreed by clients who borrowed from family or friends was £124 – making up one of the five or six debt repayments that the typical person contacting the charity was struggling to meet each month.

CCCS started collecting this information separately in 2008 after anecdotal reports from its debt counsellors of an increase in this type of lending, possibly as a result of restricted credit conditions during the recession.

The charity's director of external affairs Delroy Corinaldi said:

“Many people turn to family members or friends for a loan when they are struggling to cope – especially where obtaining credit is difficult because of a poor credit history.

“However, borrowing in this way can place an enormous strain on friendships and family relationships, and should be considered very carefully.”

CCCS advises clients to treat loans from family and friends as priority debts for repayment. This is due to the detrimental impact that non-payment of these debts can

have, both to the client's wellbeing and, in some cases, to the financial position of the relative or friend lending the money.

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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

Media enquiries:

All media enquiries should be directed to:

Frances Walker - francesw@cccs.co.uk

Una Farrell - unaf@cccs.co.uk

Matt Hartley - matthar@cccs.co.uk

Tel: 0207 391 4583 (07950 469101 if outside office hours)