

Press Release

July 25 2011

Concern about debt burden of low income households

National debt charity Consumer Credit Counselling Service (CCCS) has said it is concerned about the debt levels of those on low incomes. CCCS points to data which shows that the average unsecured debt of its clients in the income group earning up to £13,500 a year is £12,870. The charity says that it is particularly worried about the unsecured debt to income ratio for this group of clients, which averages 199 percent of their annual income.

This is far more than CCCS clients in the higher earning income groups. The average unsecured debt for CCCS clients earning between £13,500 and £25,000 is £18,547, averaging 124 percent of their annual income and £28,569 for CCCS clients earning between £25,000 and £50,000, averaging 114 percent of their annual income. The average unsecured debt for CCCS clients earning over £50,000 is £50,810, averaging 117 percent of their annual income

The charity fears that this will get worse if the prediction by the Office for Budget Responsibility (OBR), that total personal debt as a share of household incomes is set to rise over the next few years, is correct.

Delroy Corinaldi, CCCS external affairs director, says: "Unmanageable debt is a problem across all income groups but those on low incomes are particularly financially vulnerable, often finding it hard to make ends meet let alone deal with unexpected demands on their living costs.

“I worry about the high debt burden that many are carrying and the impact it has on their ability to keep their heads above water. I am also concerned about the use of credit by many on low incomes and fear that many are using it to pay for day-to-day living expenses, which is an unhealthy use of credit, but what choice do they have as living standards are squeezed?”

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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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