

Press Release

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‘Swimming against the tide’ – squeezed households owe less and spend less, but still struggle

Households are working hard to cut spending and reduce their debts, but are ‘swimming against a tide’ of falling real incomes and the high cost of living, debt charity Consumer Credit Counselling Service (CCCS) has warned in its annual *Statistical Yearbook*, published today.

Drawing on its analysis of the 370,000 people who contacted CCCS for help in 2011, the report highlights specific concerns over youth unemployment, the worsening financial position of renters and debt problems increasingly being carried into later life.

Owing less, spending less – but still struggling

- People contacting CCCS for help in 2011 both owed less and spent less on everyday living than in previous years.
- On average, clients owed £20,023 in unsecured debt (down from £22,476 in 2010) and had monthly living costs of £1,369 (down from £1,410 in 2010).
- Despite cutting down on spending, however, stagnating incomes meant debtors had no more money available to repay their debts. The average client in 2011 had just £44 left over after meeting their basic living costs each month (barely unchanged from £43 in 2010).

Unemployment driving debt problems

- Youth unemployment has emerged as a key concern, with 42 percent of CCCS clients under the age of 25 out of work (compared with 27 percent of all clients).

- This has led to a sharp increase in demand for debt advice among under 25s, with the number of younger debtors in this age group counselled by CCCS increasing by 12 percent in 2011, to 17,138.
- Across all age groups, unemployment remains the key driver of debt problems with almost half (48 percent) attributing joblessness or reduced income from employment as the main cause of their financial difficulty last year.

Renters have been hit the hardest

- Renters have been affected most severely by the economic downturn. The number of people contacting CCCS living in rented accommodation increased to 55 percent in 2011 (up from 51 percent in 2009).
- With rent levels near record highs, rent arrears are on the increase. A total of 10,246 renters contacting CCCS for help in 2011 were in arrears – an increase of 30 percent in three years.
- Renters in arrears to private landlords were in the worst position, owing £924 in unpaid rent (compared with £705 for renters in arrears to housing associations and £622 for local authority tenants) and having a monthly budget deficit of £145.

Debt problems being carried into later life

- Demand for debt advice from the over 60s has increased by 15 percent in three years – a sign of the shifting age profile of debtors as consumers struggle to pay debts, accrued earlier in life.
- The charity predicts that this is the beginning of a long-term trend, forecasting that in two years almost half of its clients will be over 45.
- Almost half of clients wait more than a year before seeking advice on dealing with their debts, thus compounding their problems.

CCCS chairman Lord Stevenson said:

“It is good news that our clients are reporting reduced unsecured debts, but stagnating incomes mean that debtors had no more money available to repay what they owe.

“We need to do more to help those in our society who need debt advice and solutions. We call on the Money Advice Service to do more to ensure that people struggling with

their household finances are made aware of the free advice and support available from charities like ours.”

Consumer Affairs Minister Norman Lamb said:

"The yearbook shows that unmanageable debt is rising in all parts of society. It reminds us how vitally important it is to understand the needs of those who seek help, so that we can give them the right kind of help.

“We want people to be better informed and able to make good financial choices, taking back control of their money. I am pleased that there is help available through the fantastic work of the Consumer Credit Counselling Service.”

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The CCCS Statistical Yearbook 2011 is available at

<http://www.cccs.co.uk/Portals/0/Documents/media/reports/statisticsyearbooks/stats-yearbook-2011.pdf>

A video explaining the key findings of the CCCS Statistical Yearbook, together with the human impact of debt problems, is available at <http://www.youtube.com/user/Debtonfilm>

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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