

Debt advice client insights

December 2021

Published February 2022



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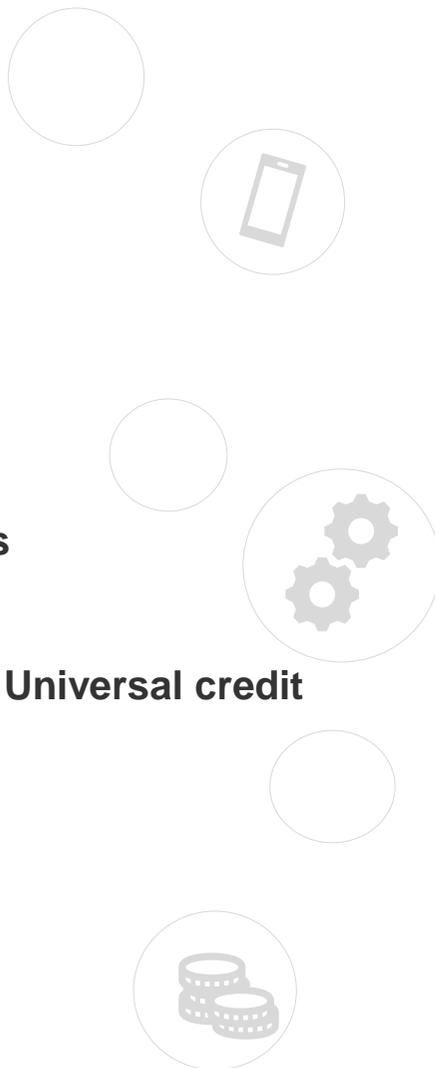
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Background

This report from StepChange Debt Charity provides insight into the demographic and debt characteristics of new clients who first sought debt advice in December 2021. This report also provides website traffic information as well as comparisons to previous months and years.

Previous monthly data reports can be found [here](#). Additionally, earlier this year the charity released the 2020 Statistics Yearbook, highlighting the debt and demographic situations of new clients who received full debt advice between January and December 2020. This document can be found [here](#).

Executive summary

The number of new clients proceeding through full debt advice fell in December compared to previous months, however this trend is visible in previous years, including before the pandemic.

Among the 10,000 clients who received full debt advice in December, there was a slight increase in the proportion of men, clients in full time employment, and single adults with no children.

There are some early indications of the impact of the increased cost of living on those in problem debt. In December, a greater proportion of new clients were behind on their energy bills at the time of advice. Additionally, experiencing a 'cost of living increase' continued to be among the most commonly mentioned reasons for debt among new clients.

Despite December seeing a seasonal dip in volumes, many of the issues which have affected clients during or before the pandemic have continued to affect clients. For example, although the number of users accessing support pages and guidance through the StepChange website also fell in December, the 'emergency funding' page continued to be the most visited debt information page on the charity's website.

Additionally in terms of debt advice, two thirds of all new clients have at least one credit card at the time of advice, and despite a small decrease, council tax remained the most common arrears type among new clients.

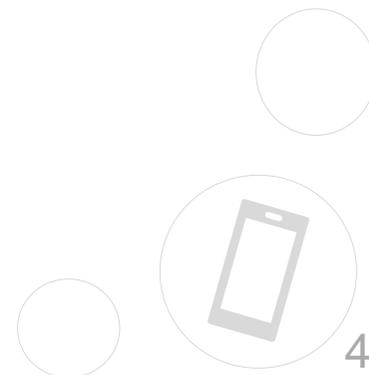
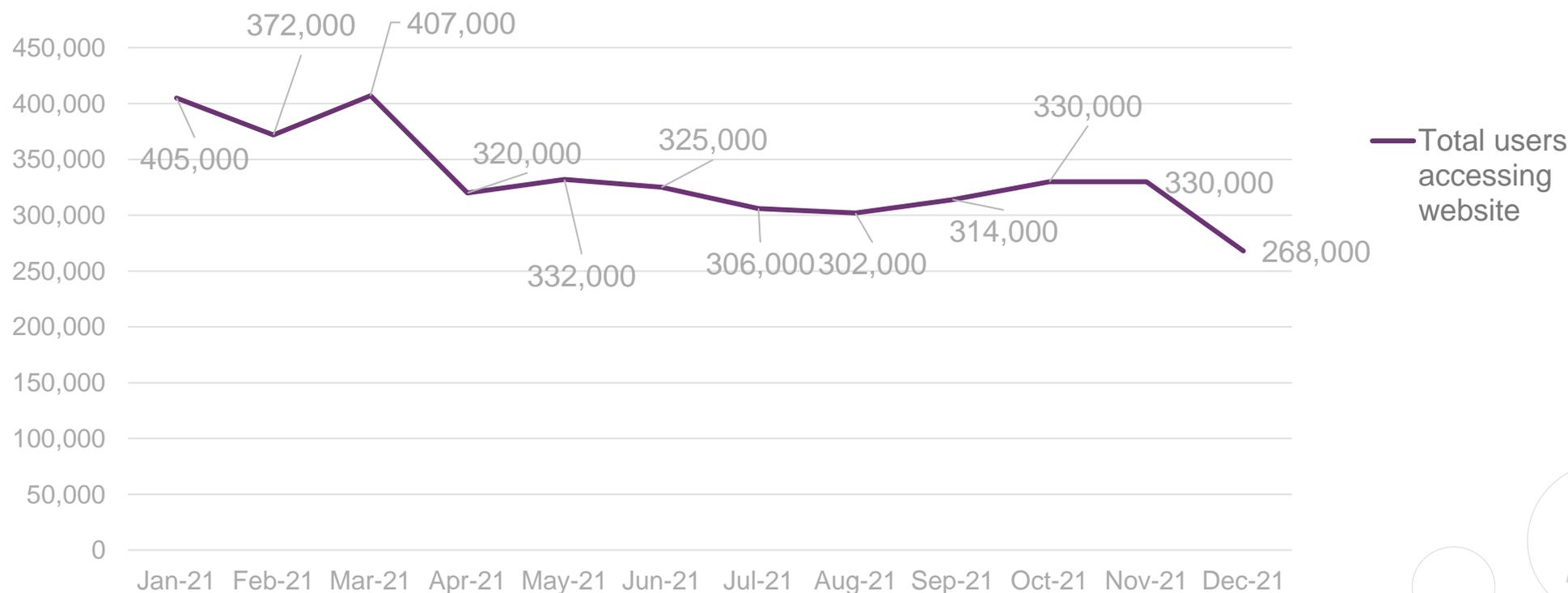
The proportion of new clients in receipt of Universal Credit fell by two percentage points, however still accounted for around one third (33%) of new clients in December 2021.

Website trends

The number of website visits fell in December, which follows a similar trend to previous years. In December, the StepChange website received 268,000 visits, which is down from 330,000 in November.

Despite a fall in volumes, the most commonly visited debt information pages remained the same as previous months. The 'emergency funding' page received 22,000 visits in December, the self-employed income calculator received 10,000 visits, and information regarding statute barred debt received 6,000 visits.

Total number of website users: January – December 2021

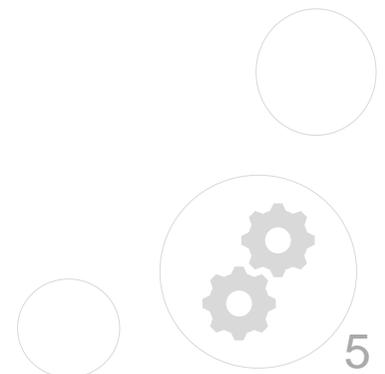
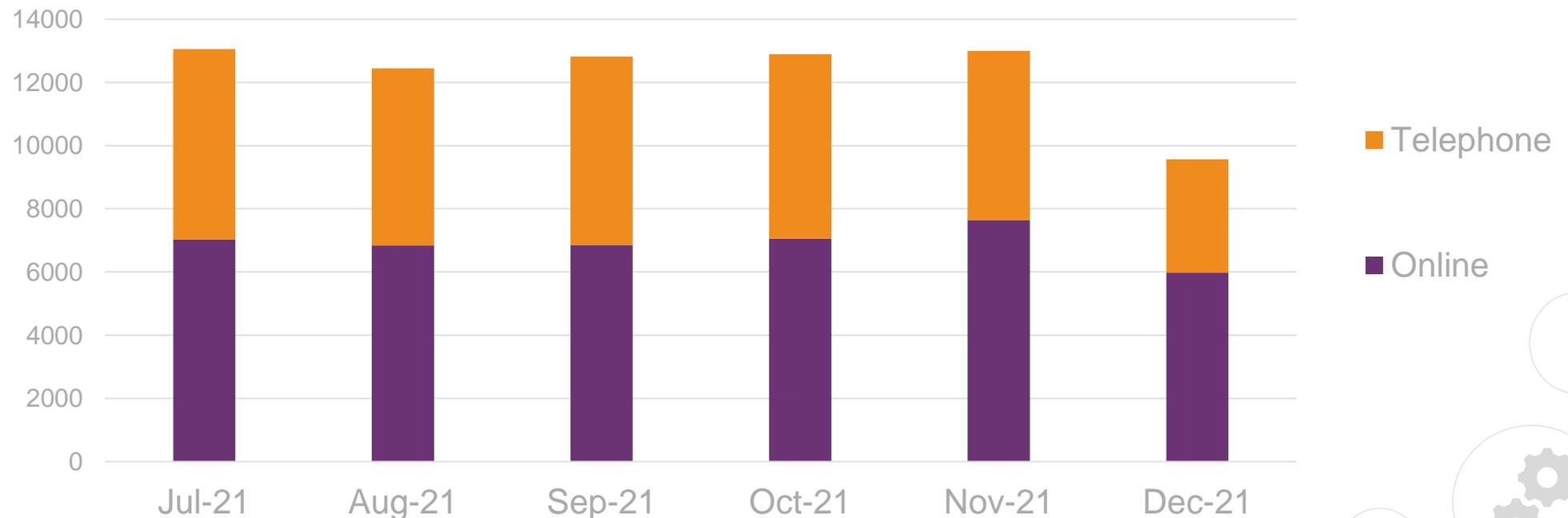


Client volumes

The number of new clients was slowly increasing on a monthly basis before falling to almost 10,000 in December. Comparably in November, 13,000 new clients received full debt advice through the charity's telephony and online channels. However, this is a seasonal trend which is consistent with previous years, including before the pandemic.

Volumes still remain lower than before the pandemic. For example, 17,000 clients completed a full debt advice session in December 2019.

Number of new telephony and online clients: July – December 2021

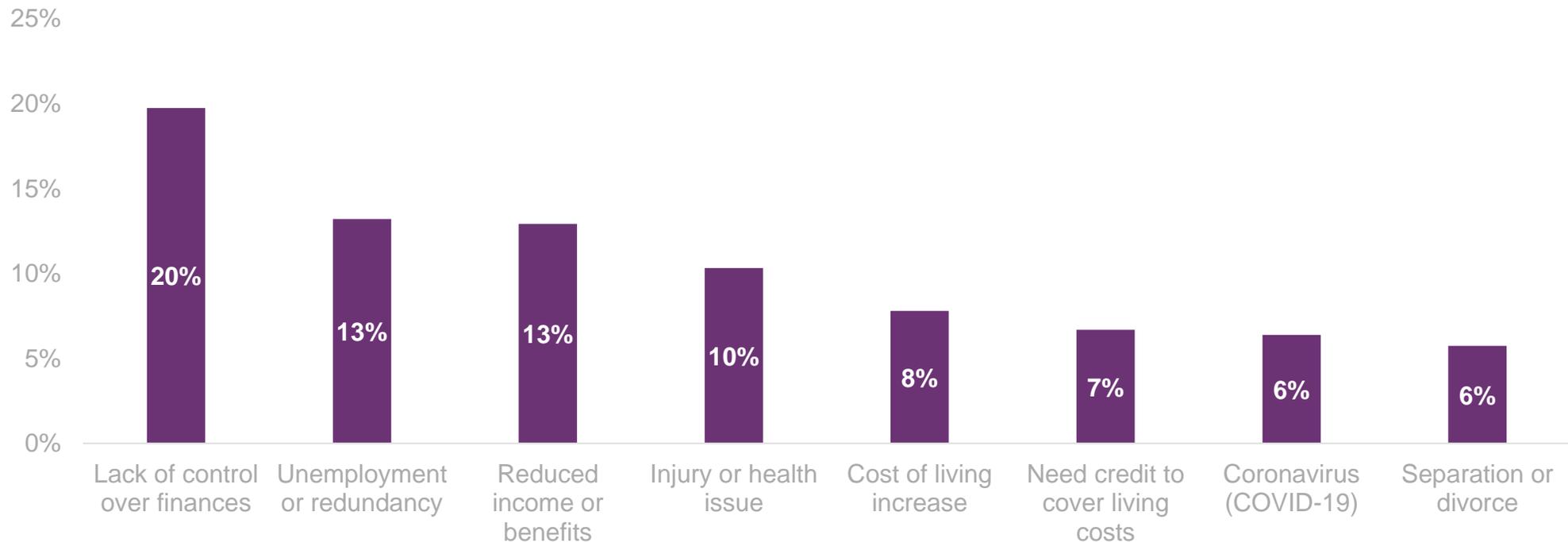


Reasons for debt

A 'lack of control over finances' continued to be the most common reason for debt among new clients receiving full debt advice in December. One in five (20%) of clients cited this as one of their main reasons for debt.

The most commonly cited five reasons remained consistent across November and December. This includes 'a rise in the cost of living (8%)'. Just 6% of clients cited Covid-19 as a main reason for debt in December, down from 9% in 2020.

Most common reasons for debt*: December 2021



*Clients can select multiple reasons for debt

Debt types

There were minimal changes in the proportion of new clients with the most common debt types. Two thirds (66%) of new clients had a credit card debt, which remained consistent with data in November. Personal loan debts continued as the second most common unsecured debt type (48%).

Proportion of new clients with each debt type at the time of advice

	Full year 2020	October 2021	November 2021	December 2021
Credit card	67%	67%	66%	66%
Personal loan debt	52%	48%	49%	48%
Overdraft	39%	37%	36%	36%
Catalogue debt	35%	37%	36%	35%
Short-term high cost credit or payday loan	13%	11%	11%	11%
Store card	14%	12%	12%	12%

Arrears types

Although council tax remained as the most common bill type among new clients in December, there was a two percentage point fall in the proportion of clients falling behind on this bill type between November and December.

A growing proportion of clients had fallen behind on their energy bills, with one percentage point increases in the proportion of clients behind on their electricity (28%) or gas (23%) bills at the time of advice between November and December.

The proportion of new clients in arrears among those who have a responsibility for each bill type*

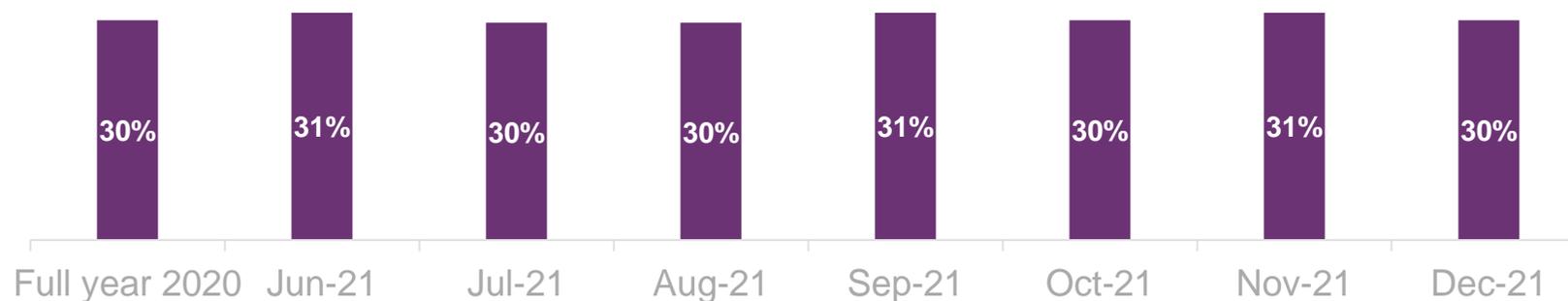
	Full year 2020	October 2021	November 2021	December 2021
Council tax	36%	38%	40%	38%
Electricity	26%	27%	27%	28%
Gas	23%	22%	22%	23%
Water	32%	33%	32%	30%
Rent	27%	24%	25%	24%
Mortgage	17%	18%	19%	18%
TV license	7%	4%	4%	4%

Negative budgets and Universal Credit

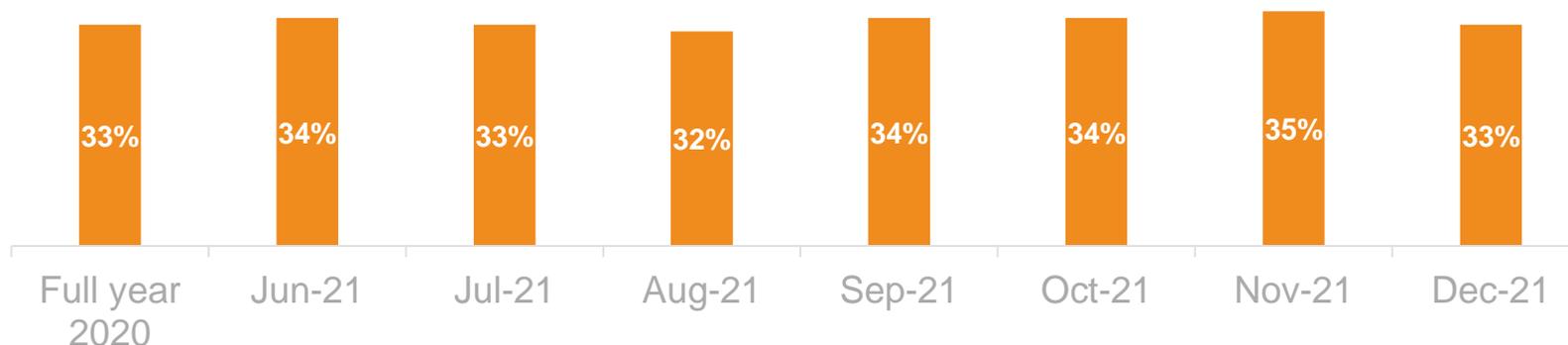
Around three in ten (30%) new clients had a negative budget at the time of advice in December. A negative budget describes where a client's monthly expenditure is greater than their monthly income after proceeding through StepChange's budgeting and income advice process.

The proportion of new clients in receipt of Universal Credit decreased by two percentage points between November (35%) and December (33%).

Proportion of new debt advice clients with a negative budget



Proportion of new debt advice clients in receipt of Universal Credit



Demographics

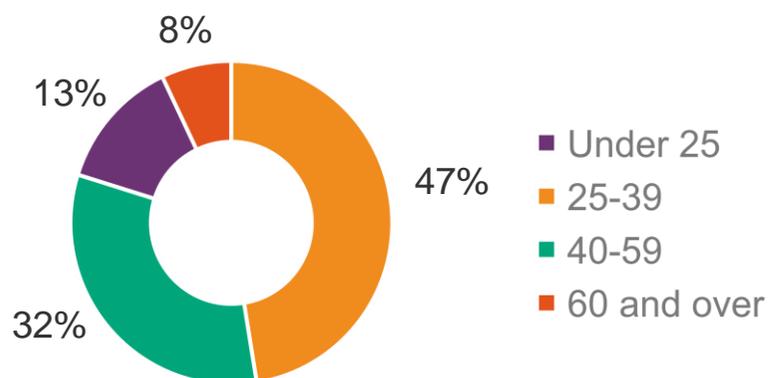
Proportionally, the charity advised a greater amount of men in December compared to previous months. However, the charity continued to be over-represented by women. Women accounted for 61% of all new debt advice clients.

Clients were also more likely be in younger age groups. Three in five (60%) were aged between 18 – 39, while around one third (32%) were aged between 40 and 59, and 8% were aged 60 and over.

Gender split: New debt advice clients, October – December 2021

	Full year 2020	October 2021	November 2021	December 2021
Women	60%	62%	63%	61%
Men	40%	37%	37%	39%
Other gender identity	<1%	<1%	<1%	<1%

Age: New debt advice clients, December 2021



Demographics continued - housing tenure

Renting from a private landlord remained as the most common housing type among new StepChange clients; around one third (34%) of new clients in December were private renters. A similar proportion (32%) of clients rented from a council or housing association.

Around one in five (19%) of new clients own their own home, either outright, through a mortgage or shared ownership scheme.

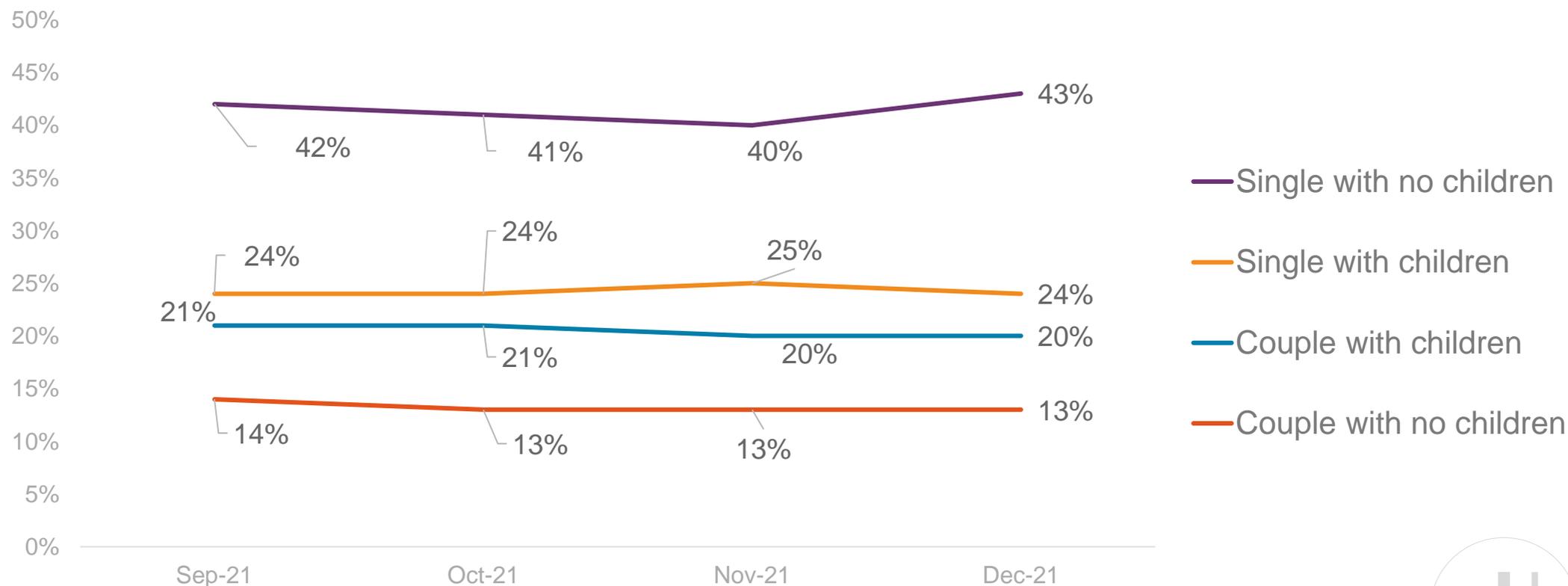
Housing tenure among new clients: October – December 2021

	Full year 2020	October 2021	November 2021	December 2021
Board payment (not with family)	3%	2%	3%	2%
Living with family	15%	13%	12%	13%
Mortgage	12%	12%	12%	12%
Other	2%	3%	3%	2%
Owns property outright	3%	2%	2%	2%
Renting - Council or Housing Association	31%	33%	32%	32%
Renting - private landlord	34%	35%	35%	34%
Shared ownership (mortgage and rent)	1%	1%	1%	1%

Demographics continued - family composition

There has been a three percentage point increase in the proportion of single adults with no children between November and December; 43% of new clients in December were in this household composition group, up from 40% in November. The charity has seen a substantial increase in the proportion of single adults with no children over the course of the pandemic. In 2019, 36% of clients were in this family group.

Family composition: September – December 2021



Demographics continued - employment

The proportion of new clients in full-time employment continued to rise in December (41%), compared to November (40%). However, the proportion of clients in part time employment fell by two percentage points between November (15%) and December (13%).

Employment status: December 2021

Employment type	%
Carer	3%
Full-time employed	41%
Not working due to illness or disability	15%
Part-time employed	13%
Retired	3%
Student	2%
Unemployed: looking for work	12%
Unemployed: not looking for work	9%
Zero hour contract	2%

- 15% of new clients in December were not working due to illness or disability
- Two in five (41%) of new clients were in full-time employment
- Around one in five (21%) new clients in December were unemployed.

In December 2021, 56% of new clients were in employment



What's next?

Despite lower debt advice volumes and web visits in December, this latest data emphasises that many of the longer term issues affecting household finances such as experiencing life events and drops in income are continuing to cause financial difficulty.

The most commonly affected demographic groups are also longstanding, with women, younger age groups, single parents and renters overrepresented in StepChange's new client population.

The growing proportion of clients in arrears on energy bills is an early sign of the impact of the increasing cost of living upon household finances. This paints a worrying future picture for those at risk of, or already in, financial difficulty.

The next monthly data report, which will explore the demographics and debt profiles of clients in January 2022, will be published in early March 2022.

The charity will also be releasing the Statistics Yearbook in the coming months, which will explore the debt types, demographics and situations regarding new clients who first received full debt advice between January and December 2021.

Notes on the methodology

This data is based on the 9,566 clients who first sought debt advice from the charity between 1 – 31 December 2021. All new clients accessed debt advice either through the charity's telephony service, or online channel.

All comparisons to 2020 are based on clients who accessed debt advice through the charity's new debt advice system, Pulse. More details about this system and the data in 2020 can be found in the 2020 Statistics Yearbook, which can be found [here](#).

Arrears types methodology (page 8): The number of clients in arrears on each household bill type is a percentage of the total count of clients who are responsible for paying that bill type. All household bill arrears figures in this document use this methodology.

References

[Office for National statistics \(2021\). Families and Households in the UK: 2020](#)

If you require further information about this report, please contact policy@stepchange.org.

If you think you might need debt advice, support with budgeting, or managing persistent debt, StepChange can help with expert advice. Visit www.stepchange.org or call 0800 138 1111 Mon-Fri 8am-8pm, Sat 8am-4pm and take the first step towards taking back control of your finances.



www.stepchange.org



0800 138 1111 (Freephone)