

# Debt advice client insights

February 2022

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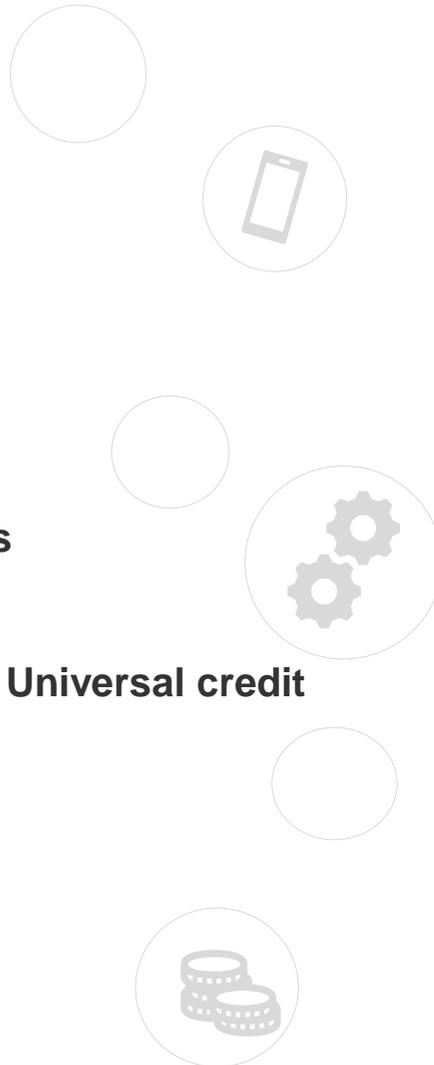
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## Background

This report from StepChange Debt Charity provides insight into the demographic and debt characteristics of new clients who first sought debt advice in February 2022.

This report also provides website traffic information as well as comparisons to previous months and years.

## Executive summary

The number of clients receiving full debt advice in February (13,500) remained relatively similar compared to January (around 14,000). However, the is slightly lower compared to February 2021 (15,700). The number of web visits in February 2022 (346,000) remained consistent with recent months, however was around 7% lower than February 2021 (372,000).

There is growing evidence of the impact of the cost of living affecting household finances. Between January and February, there was a two percentage point increase in the proportion of clients citing a 'cost of living increase' as their main reason for debt (11%); this is now the fourth most commonly cited unique reason among new clients.

The proportion of clients falling behind on electricity and gas bills has increased over the past month. Additionally, we're seeing a greater proportion of clients with deficit budgets at the time of advice. This has

increased by three percentage points from 29% in January to 32% in February

The proportion of clients in receipt of Universal Credit has also slightly increased between January (33%) and February (34%).

However, many of the demographic profiles of new clients remain similar to previous months and years. For example, the charity continues to advise a disproportionate amount of clients from younger age groups, single parents, women and renters.

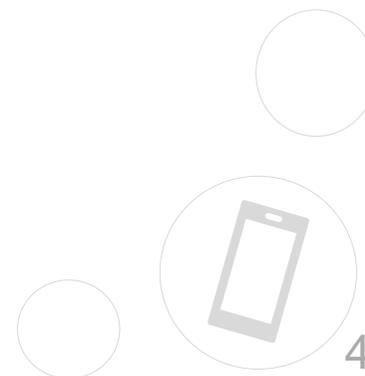
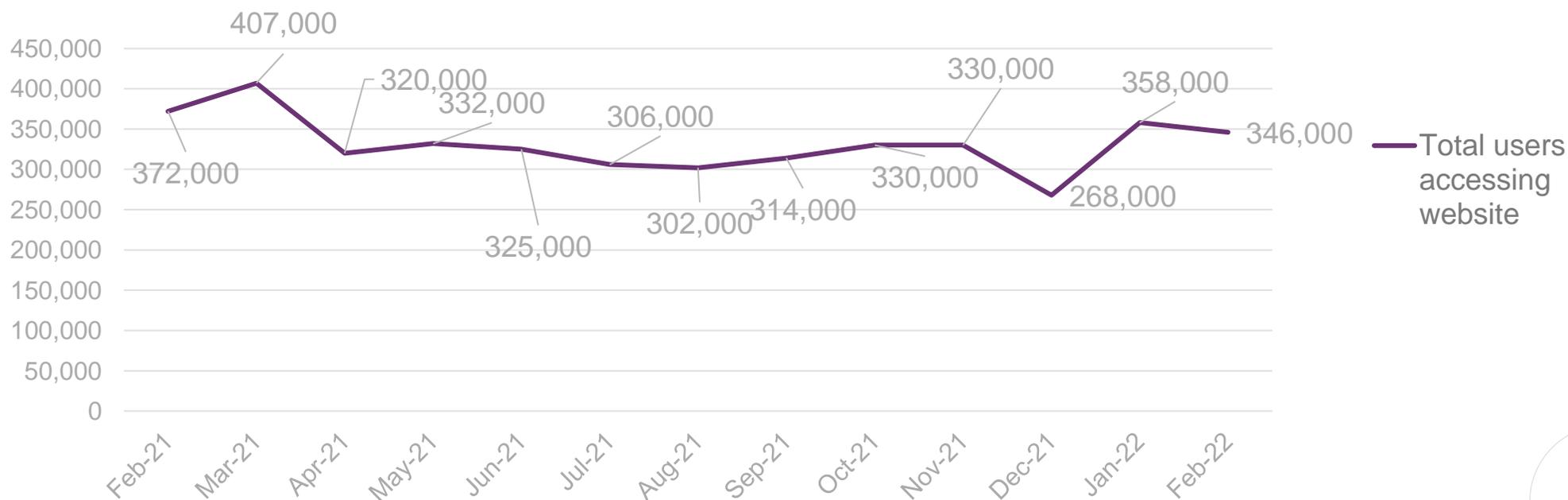
Credit cards continue as the most commonly held debt type among new clients, however February saw fewer new clients holding different types of unsecured debt compared to January.

## Website trends

346,000 new clients visited the charity's website in February 2022. This is slightly lower than the number of users in January 2022 (358,000), and 7% lower than in February 2021 (372,000).

Emergency funding remains the most commonly visited debt information page (19,000), although there has been a fall in visits compared to January 2022 (24,000). There was a sharp increase between January (500) and February (5,400) in the number of visits to information about creditors in administration.

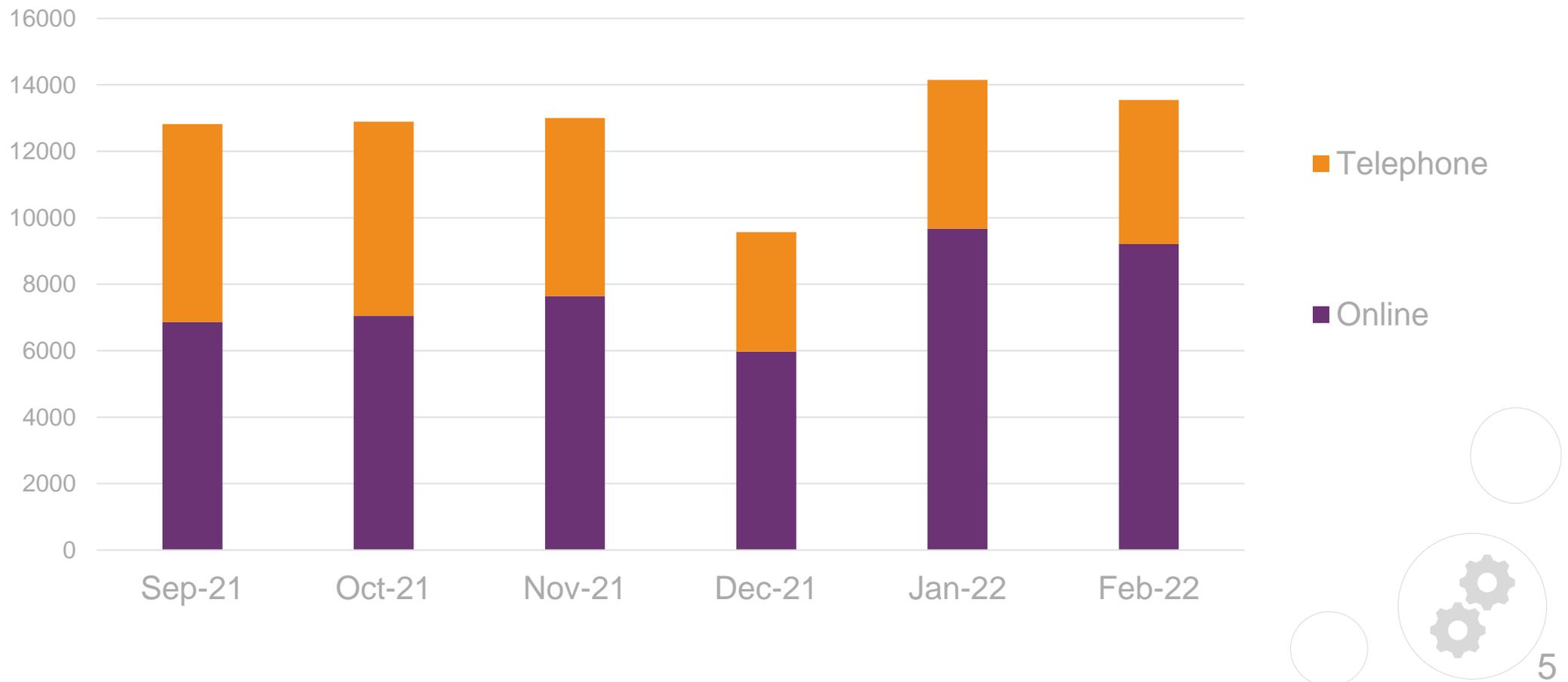
### Total number of website users: February 2021 – February 2022



## Client volumes

The proportion of clients who received full debt advice in February (around 13,500) remained similar to January (14,000). However this was lower than the number of new clients receiving debt advice in February 2021 (15,700).

### Number of new telephony and online clients: September 2021 – February 2022

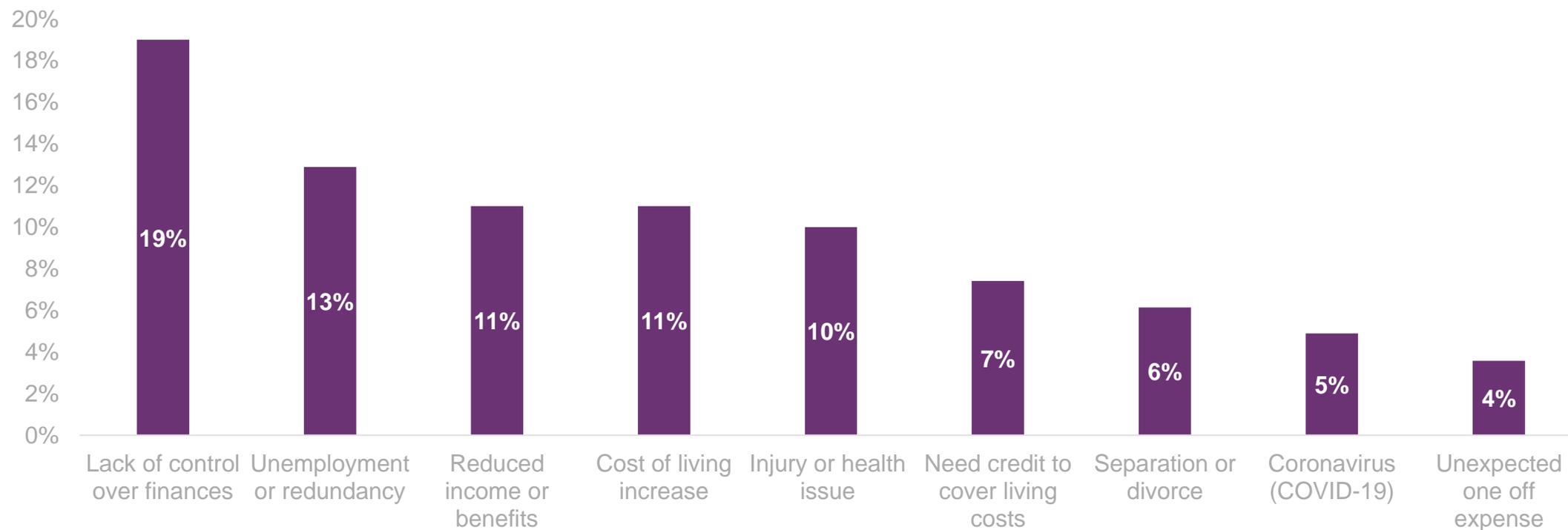


## Reasons for debt

The proportion of clients citing a 'cost of living increase' as their main reason for debt has been steadily increasing over recent months, and increased by two percentage points between January (9%) and February, where one in nine clients cited this (11%).

The proportion of clients citing a 'lack of control over finances' has decreased from 21% in January to 19% in February, although remains as the single most common reason for debt. Just 5% of clients cited Covid-19 as a reason for debt, down from a peak of 16% in June 2020.

### Most common reasons for debt\*: February 2022



\*Clients can select multiple reasons for debt

## Debt types

Across most of the main unsecured debt types held by clients at advice, the proportion of clients with these debts fell between January and February. However these proportions have returned to levels generally found in previous months.

Credit cards remained the most common unsecured debt type, with two thirds (66%) of new clients holding this debt type.

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

	November 2021	December 2021	January 2022	February 2022
Credit card	66%	66%	68%	66%
Personal loan debt	49%	48%	50%	48%
Overdraft	36%	36%	36%	35%
Catalogue debt	36%	35%	38%	37%
Short-term high cost credit or payday loan	11%	11%	12%	11%
Store card	12%	12%	13%	13%

## Arrears types

The proportion of clients behind on different types of household bill also increased between January and February. The proportion of new clients in council tax arrears increased by one percentage point (39%). The proportion of new clients with mortgage arrears (18%) increased by three percentage points compared to the previous month.

The proportion of new clients in arrears on electricity and gas bills also grew between January and February, although remain consistent with levels found in December 2021.

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

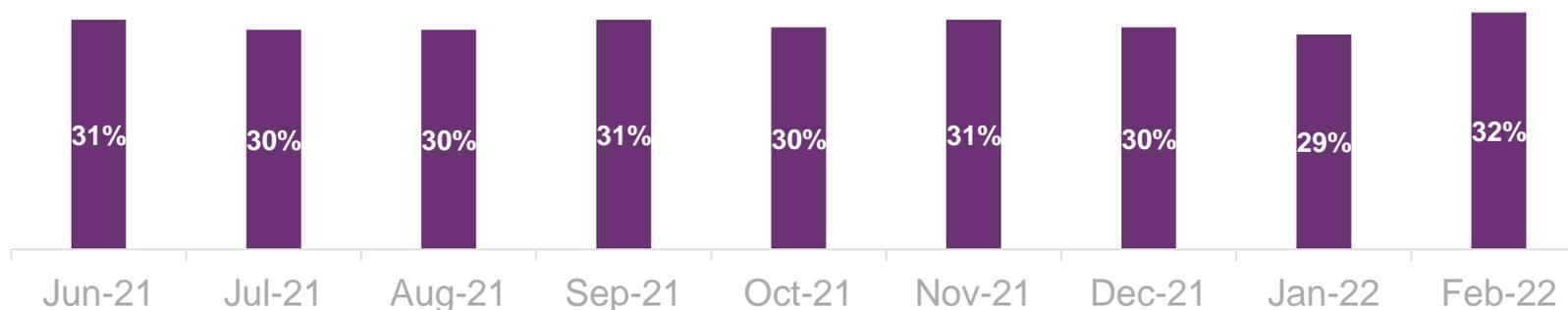
	November 2021	December 2021	January 2022	February 2022
Council tax	40%	38%	38%	39%
Electricity	27%	28%	26%	28%
Gas	22%	23%	22%	23%
Water	32%	30%	31%	32%
Rent	25%	24%	23%	24%
Mortgage	19%	18%	15%	18%
TV license	4%	4%	4%	4%

## Negative budgets and Universal Credit

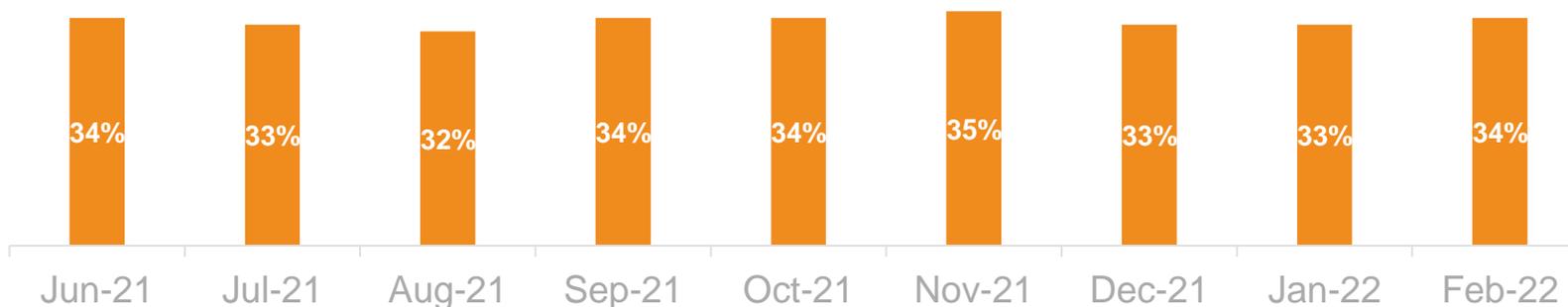
Following a period of decline in previous months, the proportion of new clients with a negative budget (where a client's monthly expenditure is greater than their monthly income after completing the charity's advice and budgeting process), has increased by three percentage points, up to 32%.

The proportion of new clients in receipt of Universal Credit remained consistent also very slightly increased between January (33%) and February (34%).

### Proportion of new debt advice clients with a negative budget



### Proportion of new debt advice clients in receipt of Universal Credit



## Demographics

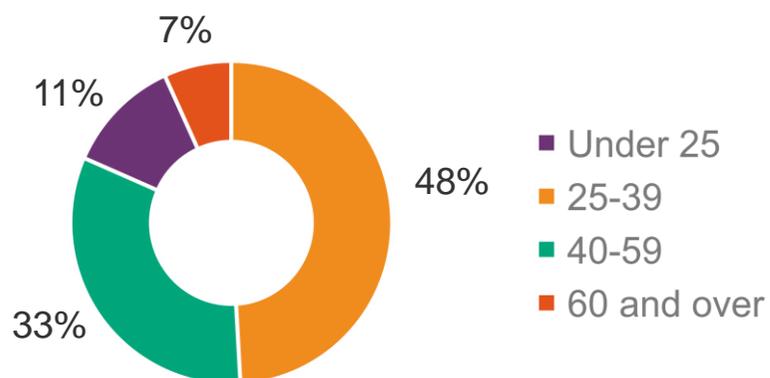
The proportion of women receiving full debt advice fell by two percentage points between January (64%) and February (62%), although still remains disproportionately high.

As with previous months, the majority of new clients (81%) were aged between 25 and 59. Additionally, StepChange continued to advise a disproportionate amount of younger age groups compared to the wider UK population.

### Gender split: New debt advice clients, November 2021 – February 2022

	November 2021	December 2021	January 2022	February 2022
Women	63%	61%	64%	62%
Men	37%	39%	36%	37%
Other gender identity	<1%	<1%	<1%	<1%

### Age: New debt advice clients, February 2022



## Demographics continued - housing tenure

Renting in the private rented sector continues to be the most common housing type among new StepChange clients (34%). However, there has been a two percentage point increase among clients renting from their local council or housing association; one third (33%) of new clients were in this housing type.

Remaining consistent with previous months, 15% of new clients in February owned their own home, either outright, through a mortgage or shared ownership scheme.

### Housing tenure among new clients: November 2021 – February 2022

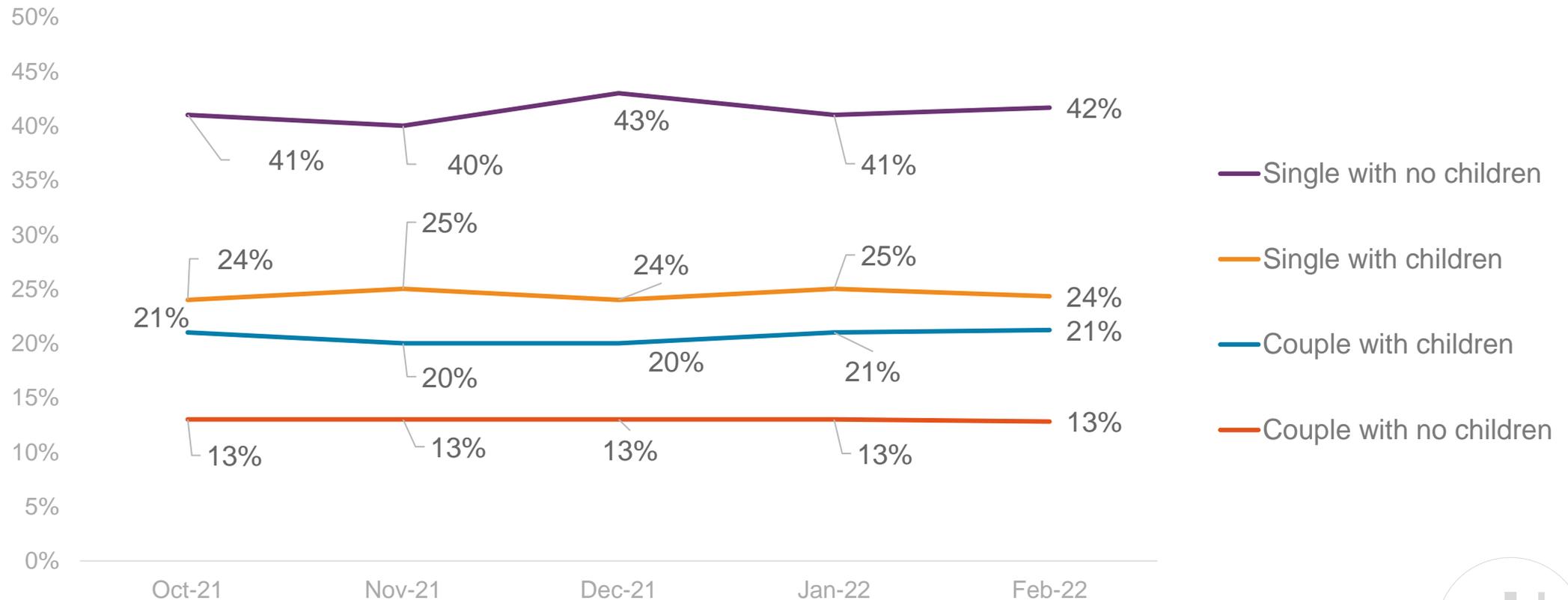
	November 2021	December 2021	January 2022	February 2022
Board payment (not with family)	3%	2%	2%	3%
Living with family	12%	13%	13%	12%
Mortgage	12%	12%	12%	12%
Other	3%	2%	3%	3%
Owns property outright	2%	2%	2%	2%
Renting - Council or Housing Association	32%	32%	31%	33%
Renting - private landlord	35%	34%	35%	34%
Shared ownership (mortgage and rent)	1%	1%	1%	1%

## Demographics continued - family composition

The family composition types of clients remained similar compared to previous months. The charity continued to advise a high proportion of clients with children, particularly single parents (24%).

Clients are still most likely to be single with no children (42%) than any other household composition type.

### Family composition: November 2021 – February 2022



## Demographics continued - employment

The proportion of new clients in full-time employment fell between January (41%) and February (39%). The charity also advised a growing proportion of clients who are not in employment due to illness or a disability (16%).

### Employment status

Employment type	January 2022	February 2022
Carer	3%	3%
Full-time employed	41%	39%
Not working due to illness or disability	14%	16%
Part-time employed	15%	15%
Retired	3%	3%
Student	2%	2%
Unemployed: looking for work	12%	11%
Unemployed: not looking for work	8%	9%
Zero hour contract	2%	2%

- Around one in ten (11%) clients were unemployed and looking for work
- Two in five (39%) of new clients were in full-time employment
- 3% of new clients in February were carers

In February 2022, 56% of new clients were in employment



## What's next?

A higher proportion of clients falling behind on energy bills, and a growing proportion citing 'cost of living' increases among their main reason for debt, signals the growing pressure on households.

Currently, the demographics, debt types and number of clients accessing advice remains fairly consistent with previous months. However, a higher proportion clients were in negative budgets in February than January.

With the energy price cap rise on the horizon, we may see changes to the number and characteristics of people requiring debt advice.

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

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

## Methodology

This data is based on the 13,543 clients who first sought debt advice from the charity between 1 – 28 February 2022. All new clients accessed debt advice either through the charity's telephony service, or online channel.

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.

If you require further information about this report, please contact [policy@stepchange.org](mailto: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](http://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](http://www.stepchange.org)



0800 138 1111 (Freephone)