

Debt advice client insights

March 2022

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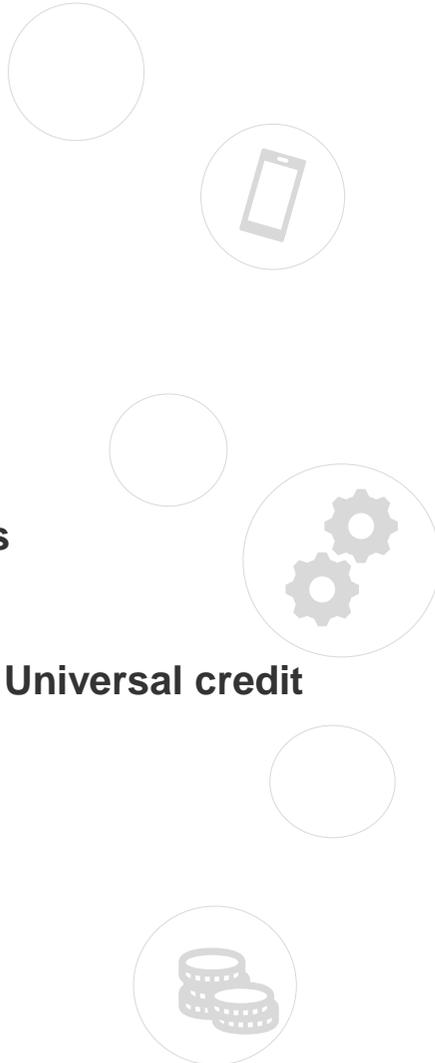
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Background

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

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

Executive summary

The proportion of clients proceeding through full debt advice increased in March compared to previous months; almost 15,000 new clients received full debt advice from StepChange in this month.

There is growing evidence of the impact of an increased cost of living. In March, a growing proportion of new clients were in a negative budget at the time of advice, and the increased cost of living was among the three most commonly cited reasons for debt among new clients, with 13% citing this. Comparably in September 2021, just 7% of new clients cited this as a main reason for debt.

Although there has been a small increase in the proportion of new clients with arrears on their gas bills, there hasn't been a substantial rise in clients behind on energy bills over recent months.

However, this may change in future, with people seeking help after the rise in the energy price cap.

Broadly, clients in March had similar arrears and unsecured debt types as previous months. Credit cards continued as the most commonly held debt type among new clients, and council tax remained as the most commonly held household arrears type.

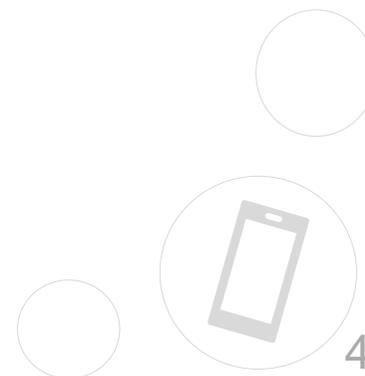
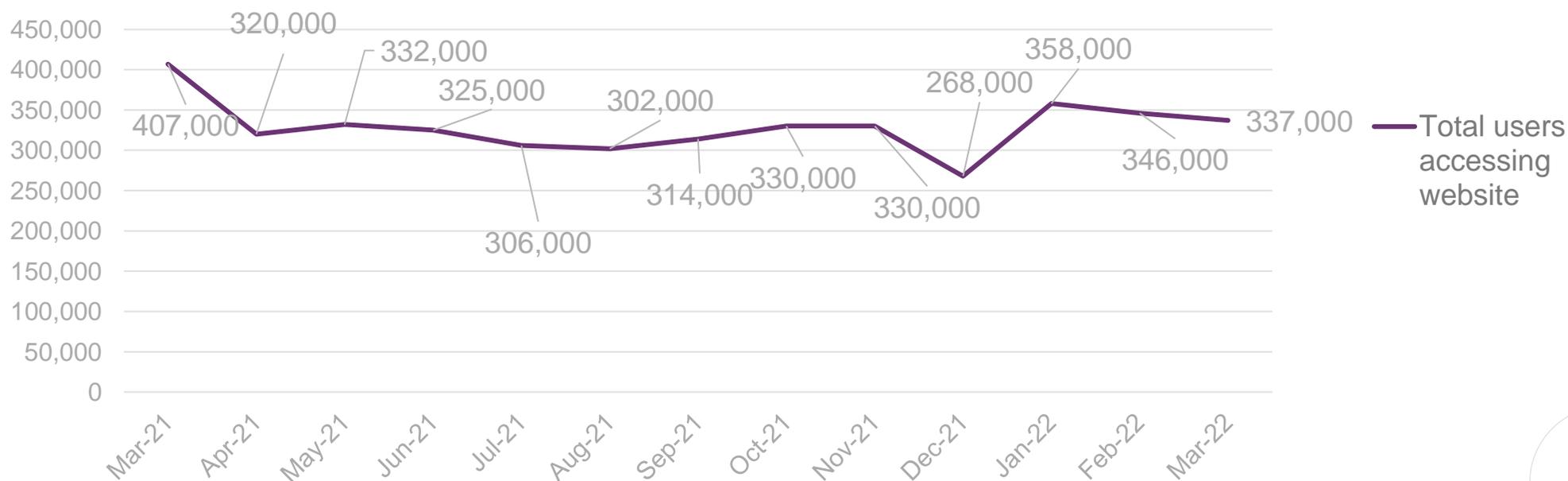
As with previous months, the charity continued to advise a disproportionate number of single parents, women, younger age groups and clients renting their homes. The demographic profiles of those proceeding through debt advice may change over the coming months as the wider impacts of the cost of living increase impacts households across the UK. This will be monitored in future data reports.

Website trends

337,000 new clients visited the charity's website in March 2022. This is slightly lower than the number of users in January (358,000), and February 2022 (346,000). This is also lower than March 2021, where 407,000 users visited the website; March 2021 saw a peak in website visits for that year.

Emergency funding remained as the most commonly visited debt information page (19,000) in March, which follows a similar trend to January and February. The self employed income calculator (13,000) and statute barred debt (12,000) were also among the most visited web pages in March 2022.

Total number of website users: March 2021 – March 2022

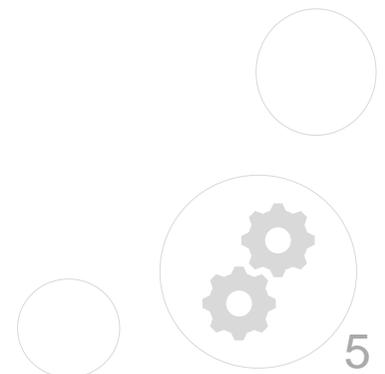
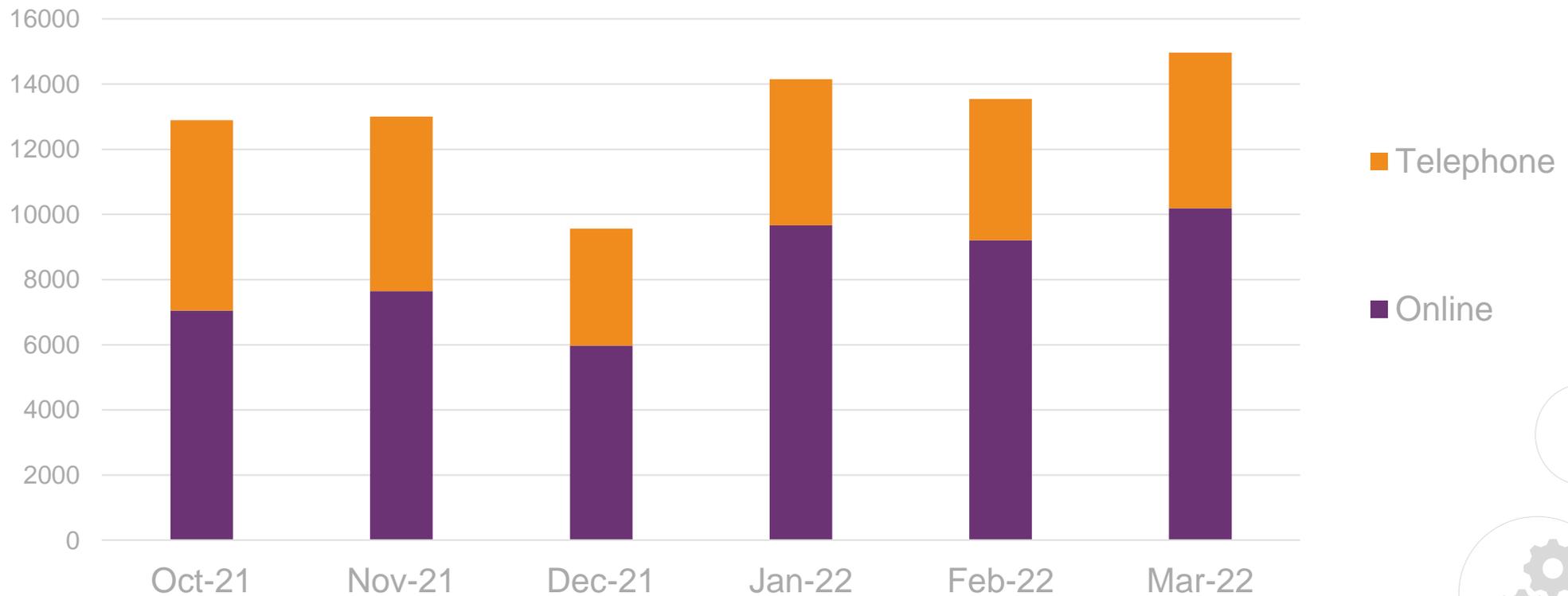


Client volumes

Despite a reduction in the number of website visits, March saw the highest number of new clients receive full debt advice in 2022; around 15,000 people sought debt advice from StepChange for the first time in this month.

This follows a similar trend to 2021; more clients sought advice in March 2021 (16,000) than in January and February 2021.

Number of new telephony and online clients: October 2021 – March 2022

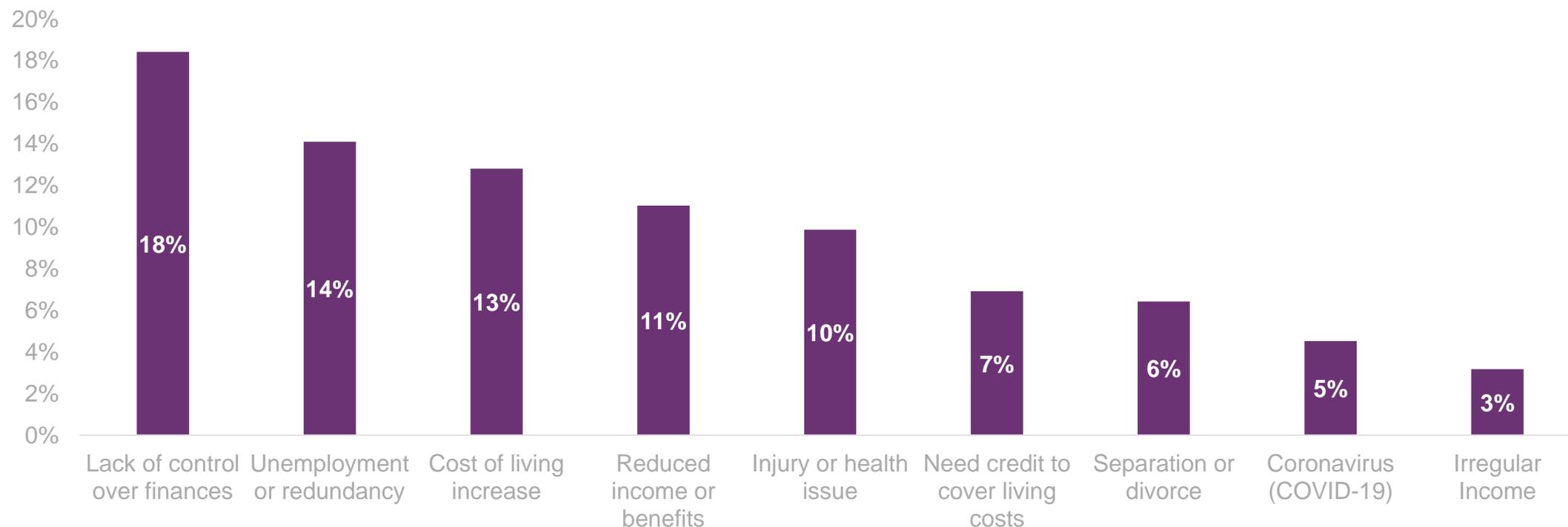


Reasons for debt

There has been a slight decrease between February (19%) and March (18%) in the proportion of clients saying a 'lack of control over finances' is their most common reason for debt. This is also down from 21% in January 2022. However this reason remained as the single most commonly cited reason among new debt advice clients in March.

The proportion of clients citing 'cost of living increase' as a reason for debt continues to increase and is now the third most commonly cited reason among new StepChange clients (13%). The proportion of clients citing this has almost doubled over the past six months; 7% of new clients cited this in September 2021.

Most common reasons for debt*: March 2022



*Clients can select multiple reasons for debt

Debt types

New debt advice clients in March held similar debt types to new clients in previous months. Credit cards remained the most common unsecured debt type, held by two thirds of new clients (67%).

The proportion of clients with personal loan debts fell by two percentage points between February (48%) and March (46%).

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

	December 2021	January 2022	February 2022	March 2022
Credit card	66%	68%	66%	67%
Personal loan debt	48%	50%	48%	46%
Overdraft	36%	36%	35%	34%
Catalogue debt	35%	38%	37%	37%
Short-term high cost credit or payday loan	11%	12%	11%	11%
Store card	12%	13%	13%	13%

Arrears types

A continued high proportion of new clients were behind on their electricity bills at the time of advice. Almost three in ten clients with a responsibility for paying an electricity bill were behind (28%). In 2019, 17% of new clients were behind on their electricity bill, and 26% were behind in 2020.

The proportion of clients in arrears on their gas bills has slightly increased between February (23%) and March (24%). In 2019 and 2020, 13% and 23% of clients were behind on their gas bill at the time of advice respectively.

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

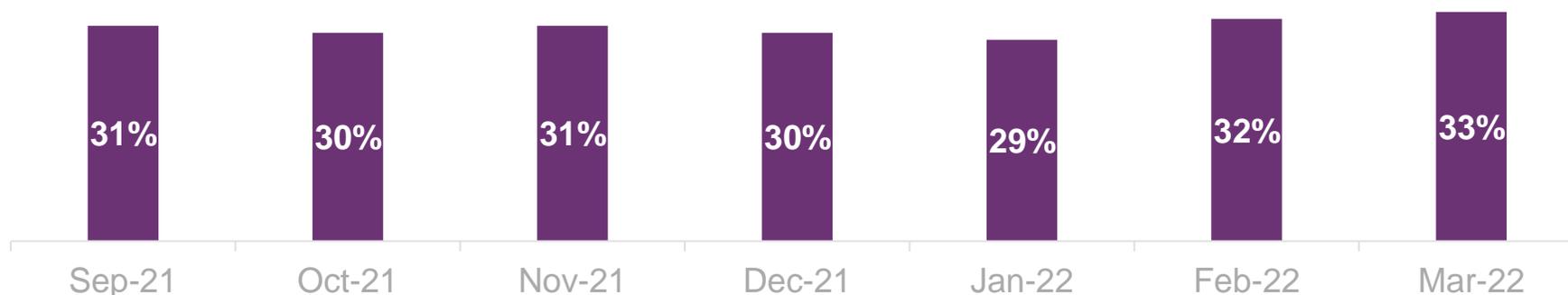
	December 2021	January 2022	February 2022	March 2022
Council tax	38%	38%	39%	38%
Electricity	28%	26%	28%	28%
Gas	23%	22%	23%	24%
Water	30%	31%	32%	32%
Rent	24%	23%	24%	23%
Mortgage	18%	15%	18%	18%
TV license	4%	4%	4%	3%

Negative budgets and Universal Credit

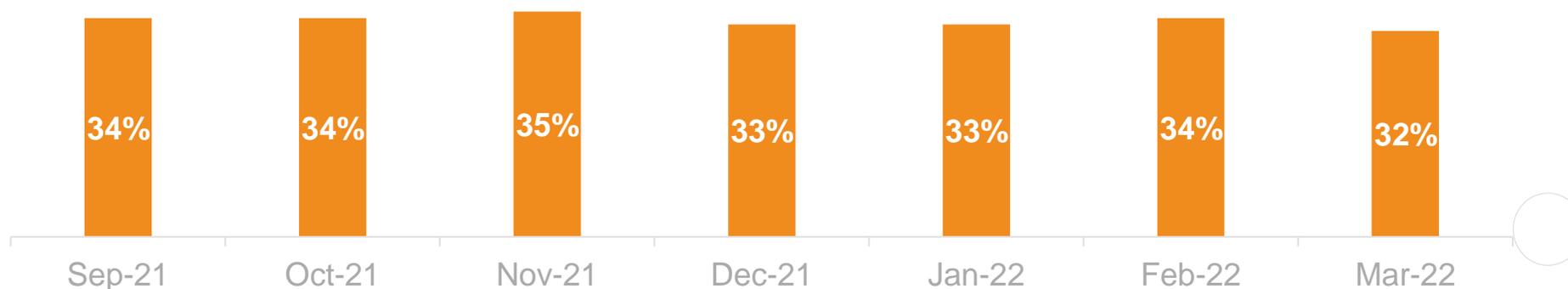
There has been a small increase in the proportion of clients with a negative budget (where a client's monthly expenditure exceeds monthly income after proceeding through advice) between February (32%) and March (33%). March saw the highest proportion of negative budget clients over the past six months; this includes an increase of four percentage points since January.

The proportion of new clients in receipt of Universal Credit fell slightly from 34% in February to 32% in March, however this isn't yet indicative of a longer term trend; each month, around one third of new clients are in receipt of Universal Credit

Proportion of new debt advice clients with a negative budget



Proportion of new debt advice clients in receipt of Universal Credit



Demographics

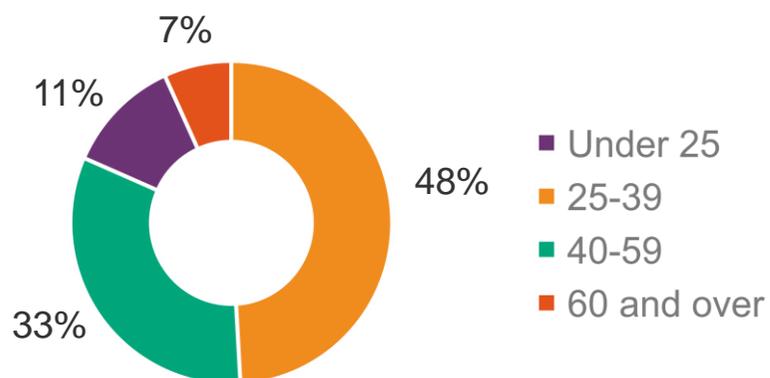
The proportion of women receiving full debt advice remains disproportionately high; almost two thirds of all new debt advice clients in March were women (64%).

The age breakdown for new clients in March remained at similar proportions to February. As with previous months, the majority of new clients (81%) were aged between 25 and 59.

Gender split: New debt advice clients, December 2021 – March 2022

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

Age: New debt advice clients, March 2022



Demographics continued - housing tenure

Renting in the private sector continues to be the most common housing type among new StepChange clients in March (34%). The proportion of new debt advice clients renting from their local council or housing association (33%) remains high.

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

Housing tenure among new clients: December 2021 – March 2022

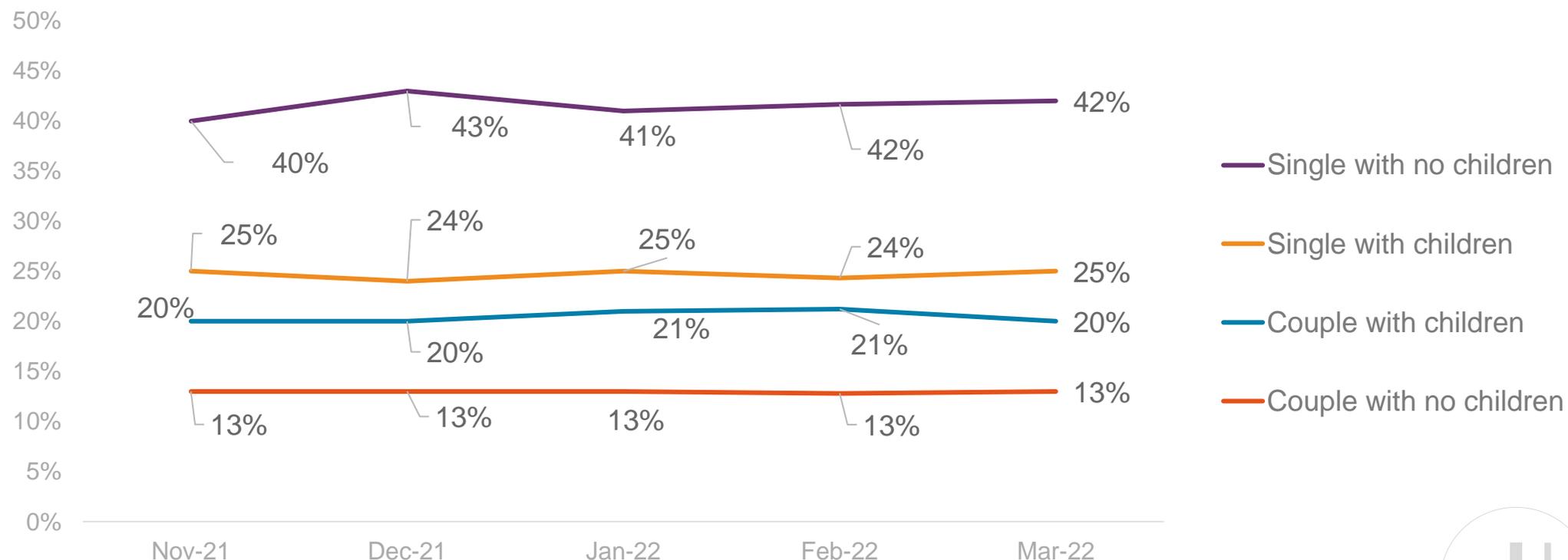
	December 2021	January 2022	February 2022	March 2022
Board payment (not with family)	2%	2%	3%	3%
Living with family	13%	13%	12%	13%
Mortgage	12%	12%	12%	12%
Other	2%	3%	3%	3%
Owns property outright	2%	2%	2%	2%
Renting - Council or Housing Association	32%	31%	33%	33%
Renting - private landlord	34%	35%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

Demographics continued - family composition

The charity continued to advise a high proportion of single parents, accounting for around one quarter (25%) of new debt advice clients in March 2022. More than four in ten new clients (45%) of all clients had responsibility for children in March.

Clients are still most likely to be single with no children (42%) compared to any other household composition type in March. This trend was consistent with previous months.

Family composition: November 2021 – March 2022



Demographics continued - employment

After falling between January (41%) and February (39%), the proportion of clients in full time employment increased to 40% in March 2022.

Around one in ten (9%) clients were unemployed and not looking for work.

Employment status

Employment type	February 2022	March 2022
Carer	3%	3%
Full-time employed	39%	40%
Not working due to illness or disability	16%	15%
Part-time employed	15%	15%
Retired	3%	3%
Student	2%	2%
Unemployed: looking for work	11%	12%
Not in employment and not looking for work	9%	9%
Zero hour contract	2%	2%

- 12% of clients were not in employment and looking for work
- Two in five (40%) of new clients were in full-time employment
- 3% of new clients in March were carers

In March 2022,
57% of new
clients were in
employment



Methodology

This data is based on the 14,966 clients who first sought debt advice from the charity between 1 – 31 March 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.

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)