

Debt advice client insights

October 2021

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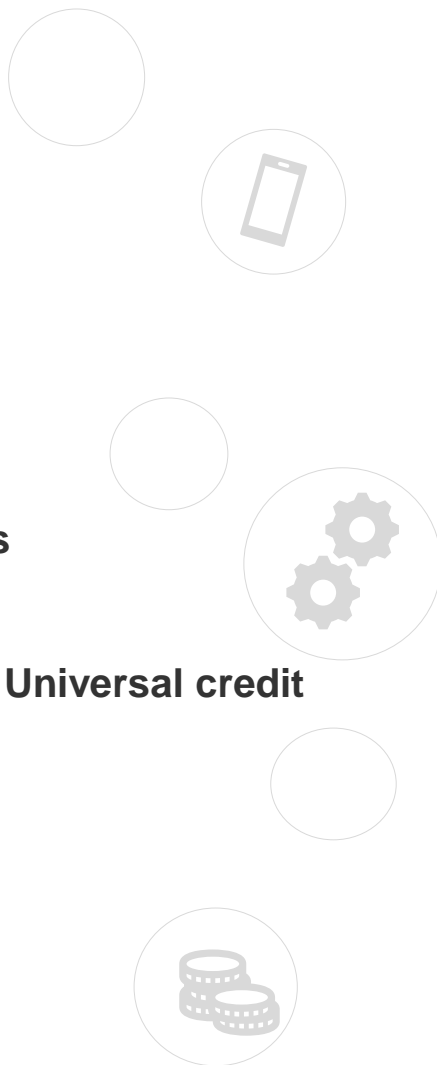
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Background

This report from StepChange Debt Charity provides insight into the demographic and debt characteristics of new clients who first sought debt advice in October 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 demographic and debt characteristics of new clients in October remain largely unchanged compared to September. The charity advised a similar number of new clients (13,000) over the last month.

Clients also cited similar reasons for debt as previous months. For example one in five (20%) say that a lack of control over finances is a main reason. Younger clients and men are among the most likely demographic groups to cite this.

The charity continued to see similar numbers of new clients in receipt of Universal Credit (34%) as September, and a similar proportion of clients with a negative budget at the time of advice (30%).

The debt profiles of new clients in October also remain consistent with previous months, with credit cards being the most commonly held debt type among new clients.

In terms of arrears levels, the rise in the energy price cap hasn't yet impacted the proportion of clients falling behind on energy bills. The proportion of clients with electricity arrears remains high (27%), however there was a two percentage point fall in the proportion of clients with gas arrears between September and October. Additionally, one quarter (24%) of clients were in rent arrears in October.

Renting is the most common housing tenure type among new StepChange clients. Between September and October, there was a two percentage point increase in clients renting from a local housing association or local authority (33%). Renting from a private landlord remains as the most common housing situation (35%) among new clients.

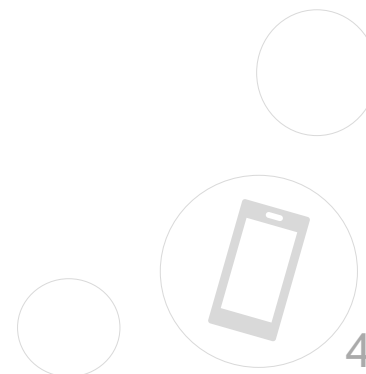
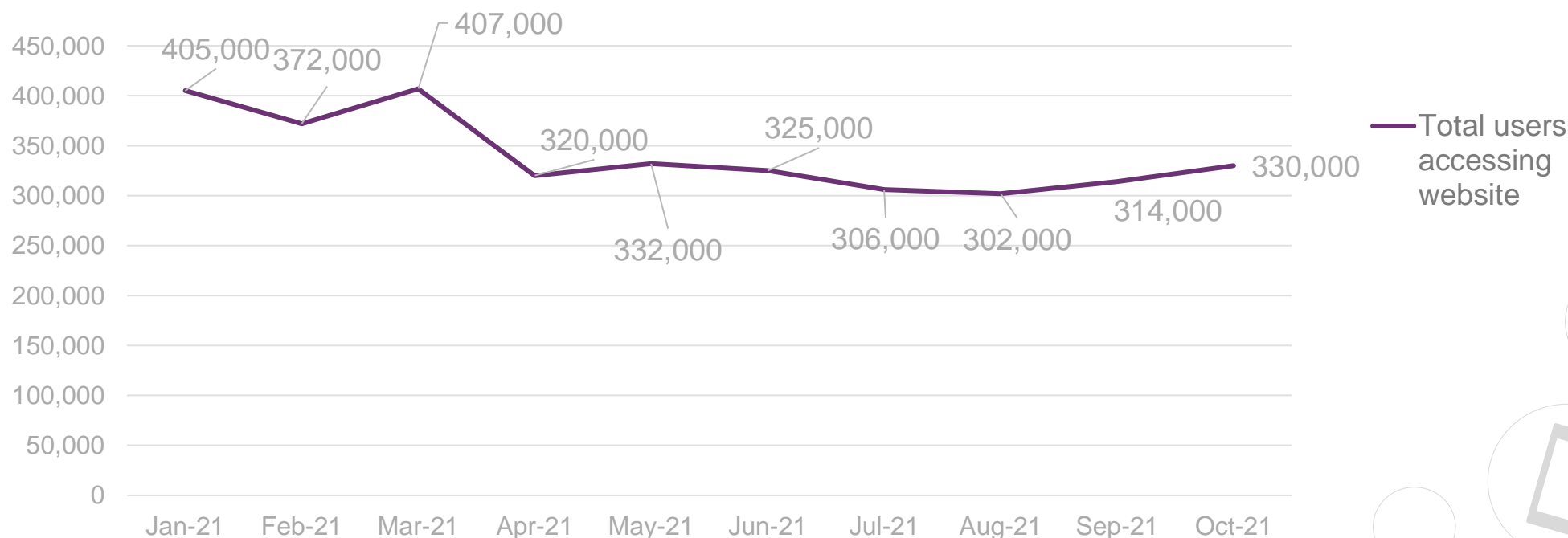
The number of website users was at its highest rate since March 2021, with many users accessing support via the 'emergency funding' page; this remains as the most commonly visited debt information page.

Website trends

The number of monthly users accessing support pages and debt advice through the StepChange website continued to rise in October, with 330,000 users accessing advice or guidance about their personal finances and financial difficulty.

As with previous months, the 'emergency funding' page was the most commonly visited debt information page; between September and October, this page saw a 7% increase in visits (21,000 total visits). The self-employed income calculator (11,000 visits) was the second most commonly visited debt information page. Between September and October, there was also a 50% increase in traffic to the charity's DWP debt management page, which provides support and guidance about benefits and tax credit overpayments (3,600 total visits).

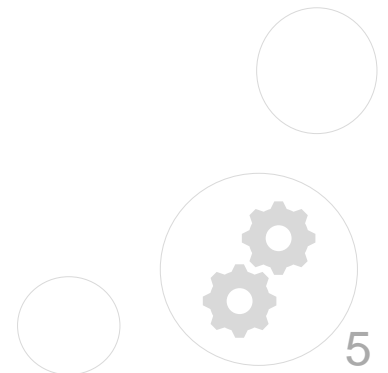
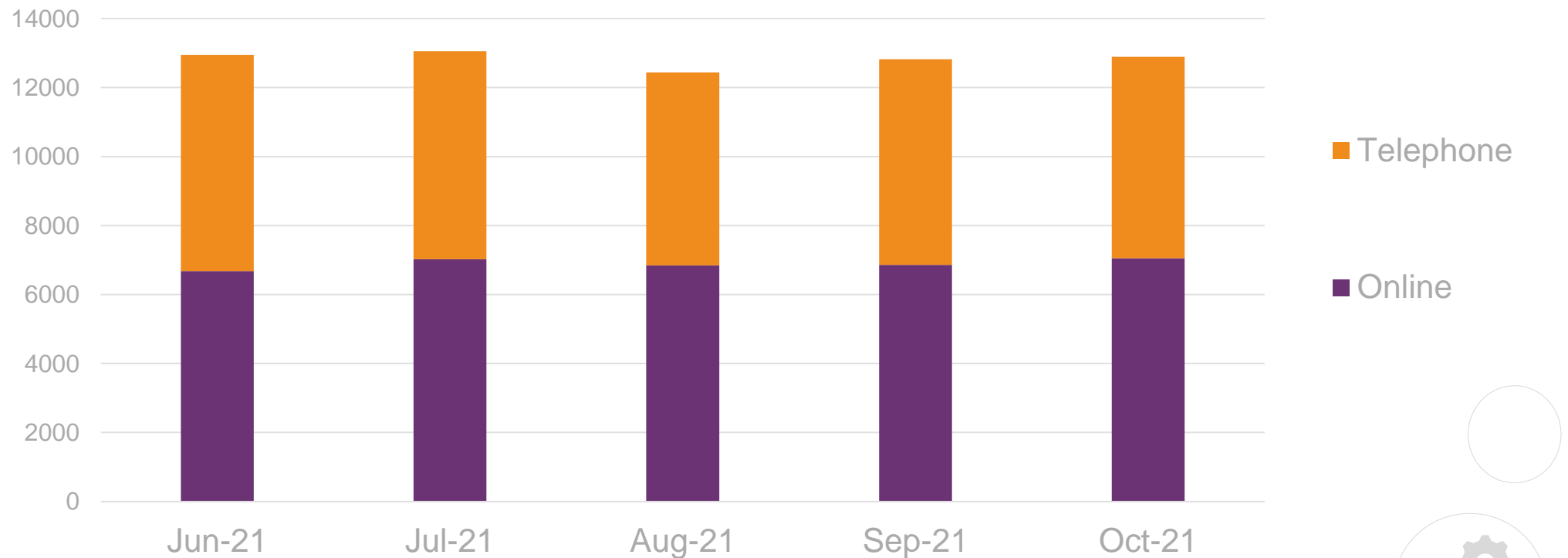
Total number of website users: January – October 2021



Client volumes

In October 2021, almost 13,000 new clients received full debt advice from StepChange across both the online (7,000 new clients) and telephony (5,800 new clients) debt advice channels, which is fairly consistent with previous months. Volumes remain lower than levels found before the pandemic. In October 2019, 25,300 new clients completed a full debt advice session.

Number of new telephony and online clients: June – October 2021

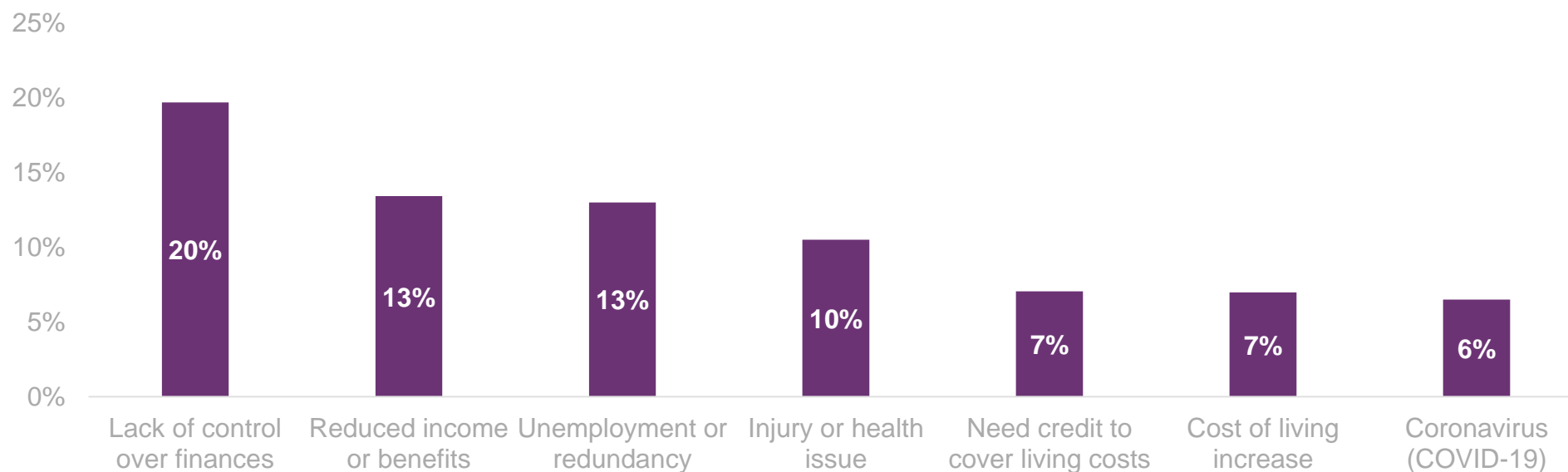


Reasons for debt

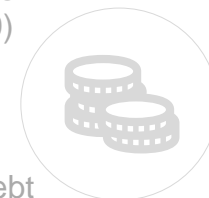
A 'lack of control over finances' continues to be the most common reason for debt among new clients receiving full debt advice, with one in five (20%) citing this as a main reason in October. The proportion of new clients citing this has increased over the course of the pandemic, for example, in 2020 just 14% of clients cited this as a main reason for debt. Men (20%) are also slightly more likely than women (17%) to report this.

Younger clients are also more likely to report this; in October, seven in ten (69%) clients who cited a 'lack of control over finances' as a main reason for debt were aged under 40.

Most common reasons for debt*: October 2021



*Clients can select multiple reasons for debt



Debt types

The debt profiles of new clients in October continued to remain similar to previous months and years. Credit cards continue to be held by the majority (67%) of new StepChange clients at the time of advice.

October saw a slight increase in the proportion of clients with catalogue debts (37%), and a slight decrease in the proportion of new clients with store cards (12%), and personal loan debts (48%).

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

	Full year 2020	August 2021	September 2021	October 2021
Credit card	67%	67%	67%	67%
Personal loan debt	52%	50%	49%	48%
Overdraft	39%	36%	37%	37%
Catalogue debt	35%	36%	36%	37%
Short-term high cost credit or payday loan	13%	11%	11%	11%
Store card	14%	13%	13%	12%

Arrears types

The proportion of clients with council tax arrears at the time of advice continued to increase in October; almost two in five (38%) new clients had this arrears type.

The proportion of clients in gas arrears decreased slightly compared to September 2021, while the proportion of clients in electricity arrears remained consistent at 27%. The proportion of clients with arrears on water bills (33%), and mortgage arrears (18%) slightly increased between September and October.

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

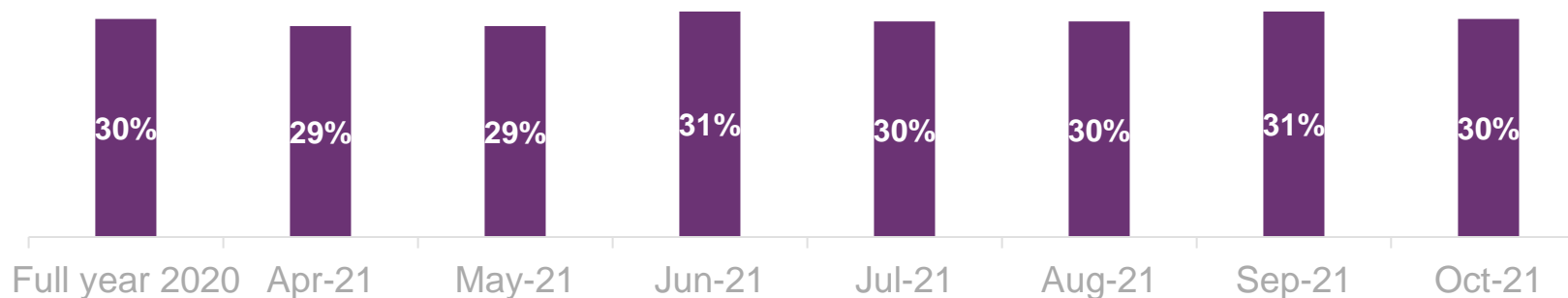
	Full year 2020	August 2021	September 2021	October 2021
Council tax	36%	36%	37%	38%
Electricity	26%	27%	27%	27%
Gas	23%	22%	24%	22%
Water	32%	32%	32%	33%
Rent	27%	24%	24%	24%
Mortgage	17%	18%	17%	18%
TV license	7%	4%	4%	4%

Negative budgets and Universal Credit

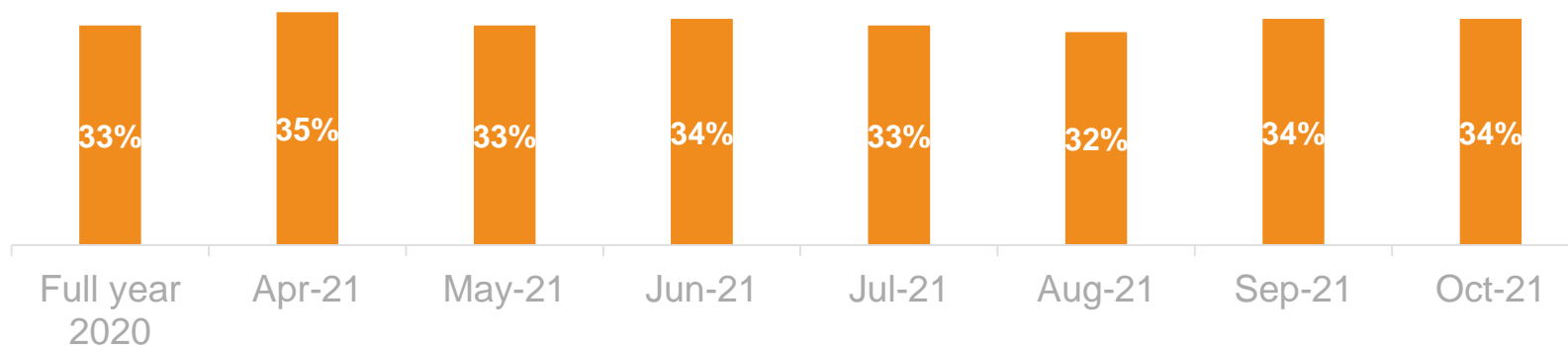
The proportion of new clients with negative budgets fell by one percentage point between September (31%) and October (30%), although remains at a similar level to previous months, and 2020 (30%).

Following an increase between August and September, the proportion of clients in receipt of Universal Credit remained at a similar level in October (34%) as September (34%).

Proportion of new debt advice clients with negative budgets



Proportion of new debt advice clients in receipt of Universal Credit



Demographics

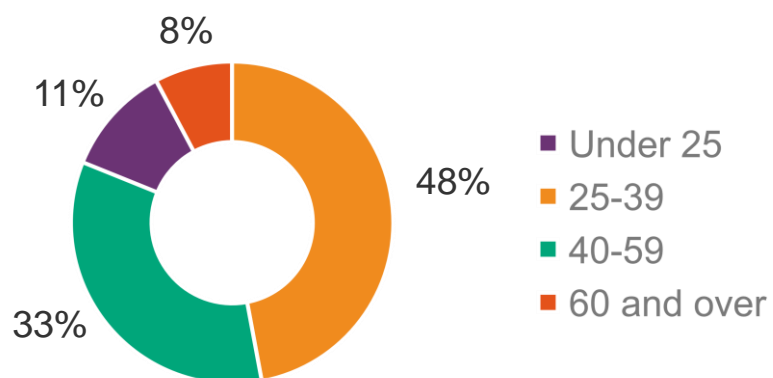
The charity continued to see a large proportion of women accessing advice in October (62%).

The charity also continues to be over-represented by clients aged under 40 compared to the wider UK population. 11% of new clients were aged under 25, and almost half (48%) were aged between 25 and 39 in October.

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

	Full year 2020	August 2021	September 2021	October 2021
Female	60%	62%	62%	62%
Male	40%	38%	38%	37%
Other gender identity	<1%	<1%	<1%	<1%

Age: New debt advice clients, October 2021



Demographics continued - housing tenure

The proportion of clients renting their homes from private landlords remained at 35% in October 2021, and accounts for the most common housing type among new StepChange clients. The Charity has seen a two percentage point increase in the proportion of clients renting from their local council or housing association; one third of all new clients (33%) in October had this housing type.

Around one in six clients (16%) in October were homeowners.

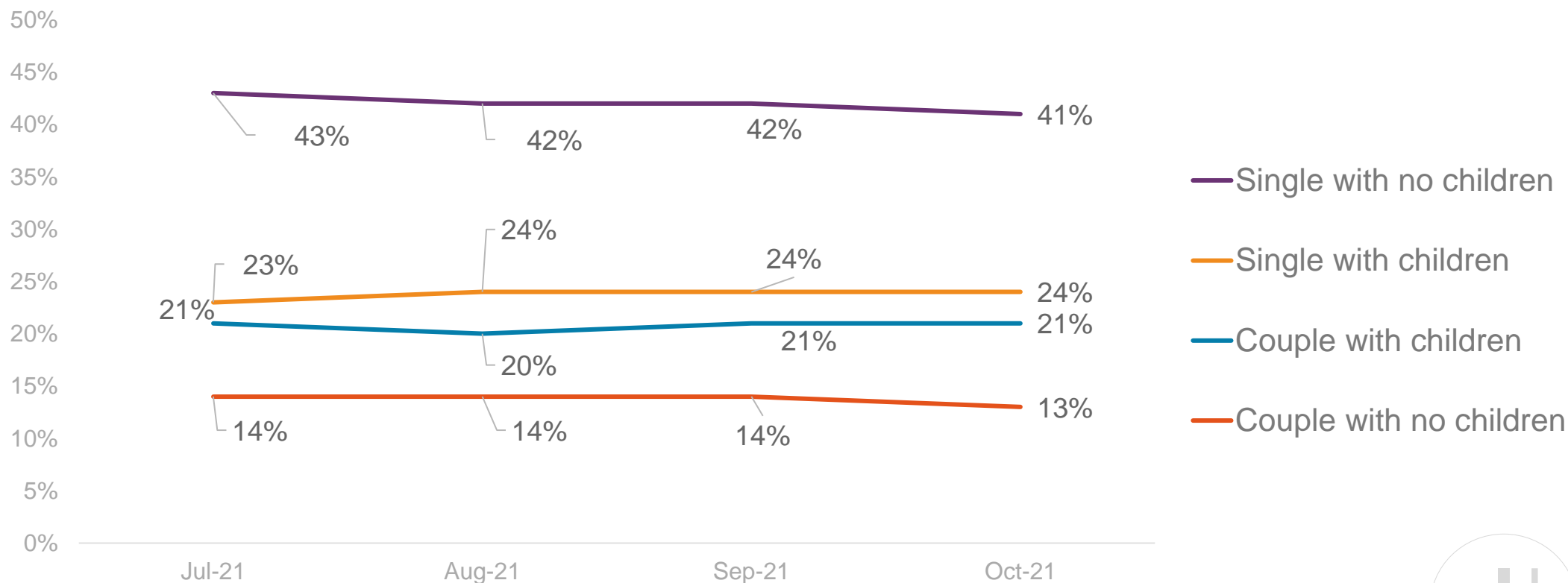
Housing tenure among new clients: August – October 2021

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

Demographics continued - family composition

The latest data show 45% of all new clients in October had children. This proportion has increased compared to 2020 (41% of new clients had children), although is lower than levels found in 2019 (50% of all new clients had children). Clients who are single with no children remain the most common family composition type, although there has been a slight decrease over recent months as the proportion of clients with children has increased.

Family composition: July – October 2021



Demographics continued - employment

Among the 39% of new clients in full-time employment in October, 26% of clients are in a couple with children, compared to 21% of all new clients in October. Clients in full time employment are also more likely to be renting from a private landlord (41%) compared to all new clients in October (35%).

Employment status: October 2021

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

The proportion of clients in part time employment fell from 15% in September to 14% in October.

The proportion of unemployed clients looking for work (12%) and not looking for work (8%) have also decreased compared to September (from 13% and 9% respectively).

In October 2021, 55% of new clients were in employment



What's next?

The impacts of the energy price cap and the removal of the £20 uplift haven't yet affected the proportions of clients with energy arrears or in receipt of Universal Credit. Largely, new clients in October had similar debt and demographic profiles to clients in previous months.

It's unclear when volumes will begin to increase, however, as with previous months and years, clients who are renters, women, younger age groups, and single parents continue to be over-represented in StepChange's new client population compared to wider UK statistics.

However, the increase in website visits including an increase in traffic to information regarding DWP debt management and benefits overpayments, and a 7% increase to the 'emergency funding' page, suggests growing levels of concern about financial difficulty among potential new clients.

The next debt advice client insights report will be published in the January, which will highlight the experience of new clients who first received full debt advice in November 2021.

Notes on the methodology

This data is based on the 12,891 clients who first sought debt advice from the charity between 1 – 31 October 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.

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)