

# Debt advice client insights

January 2022

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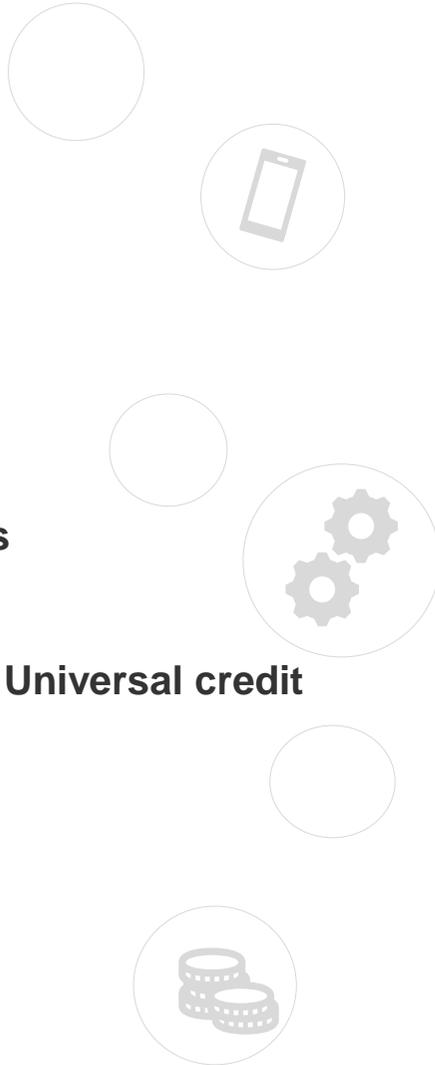
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## Background

This report from StepChange Debt Charity provides insight into the demographic and debt characteristics of new clients who first sought debt advice in January 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 increased between December and January 2022. This represents a usual seasonal trend. Over 14,000 new clients received full debt advice in January. The number of web users visiting the charity's website also increased by 34% between December and January (358,000 users).

The charity has started to see some evidence of the impact of the cost of living on clients. For example, there was a small increase in the proportion of clients citing a 'cost of living increase' as they're main reason for debt.

However, there hasn't been a substantial increase in the proportion of clients behind on energy bills over recent months. With that said, the proportion of clients behind on energy bills at the time of advice still remains higher than pre-pandemic levels.

In terms of characteristics of new clients, the charity continues to advise a growing proportion of women, younger age groups and private renters. The proportion of clients in some form of employment also continued to slowly increase in January.

The proportion of new clients with children also increased between December and January. The charity continued to advise a disproportionately high amount of single parents, who accounted for one quarter (25%) of all new clients in January

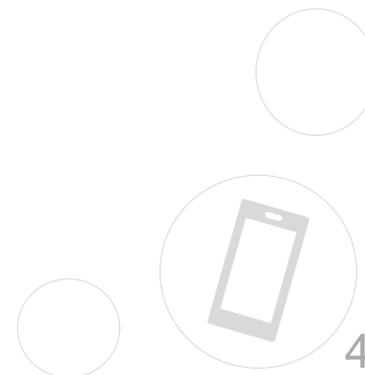
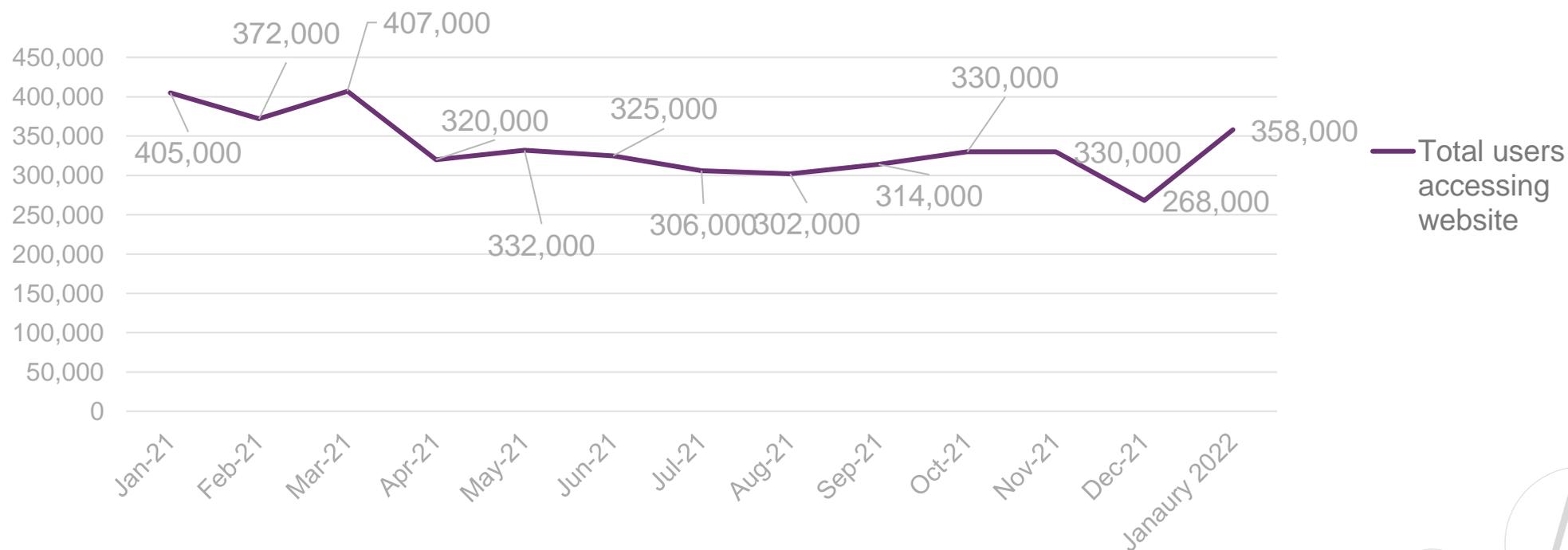
Despite an increase in client volumes, the charity still advised a lower number of clients than before the pandemic. In January 2020, 31,000 new clients received full debt advice.

## Website trends

The number of website visits increased by 34% between December 2021 and January 2022. The StepChange website was visited by 358,000 users in January. However, levels still remain lower than January 2021 (405,000 users).

Between December and January, there was a 7% increase in visits to the 'emergency funding' page (24,000 visits in January), which remains as the most visited debt information page. There was also a 93% monthly increase in visits to the second most visited debt information page, the 'self employed income calculator' (20,000 visits in January).

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

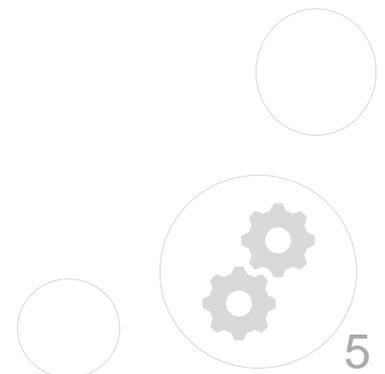
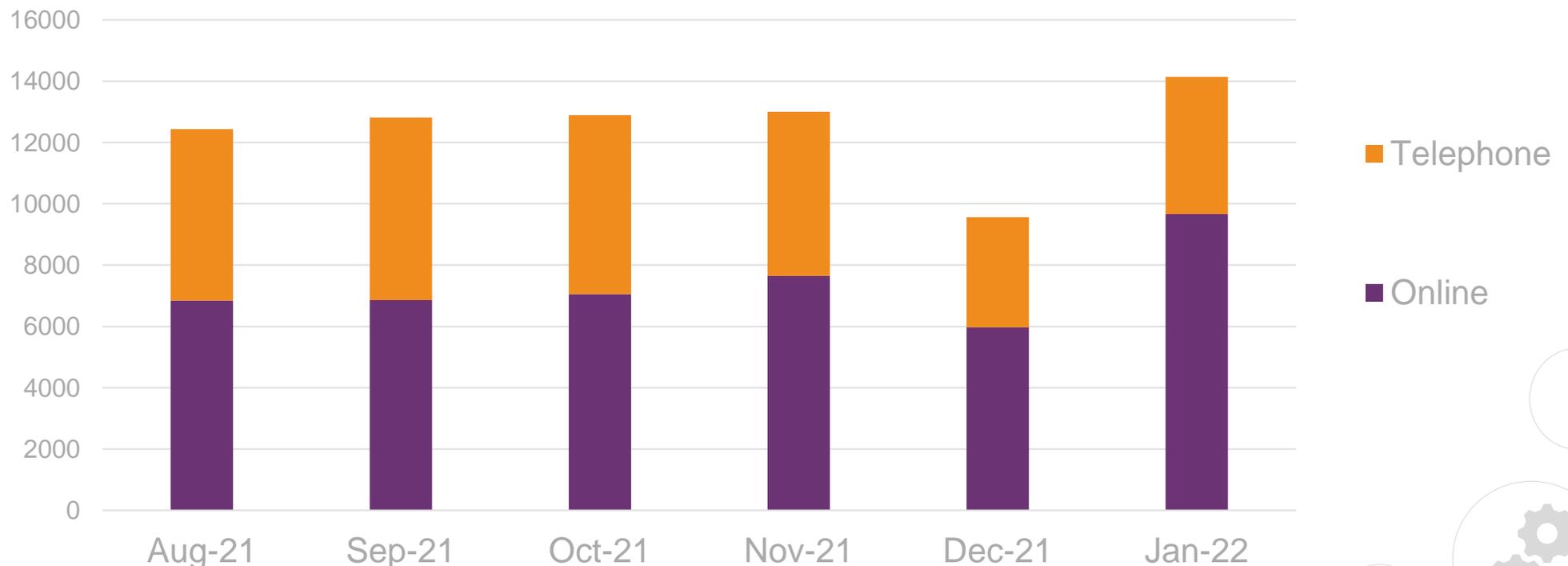


## Client volumes

Following a seasonal fall in December, over 14,000 new clients received full debt advice from StepChange in January. This remains slightly lower than levels found in January 2021 (15,000).

However, the number of new clients remains substantially lower than before the pandemic; in January 2020, the charity advised over 31,000 new clients.

### Number of new telephony and online clients: August 2021 – January 2022

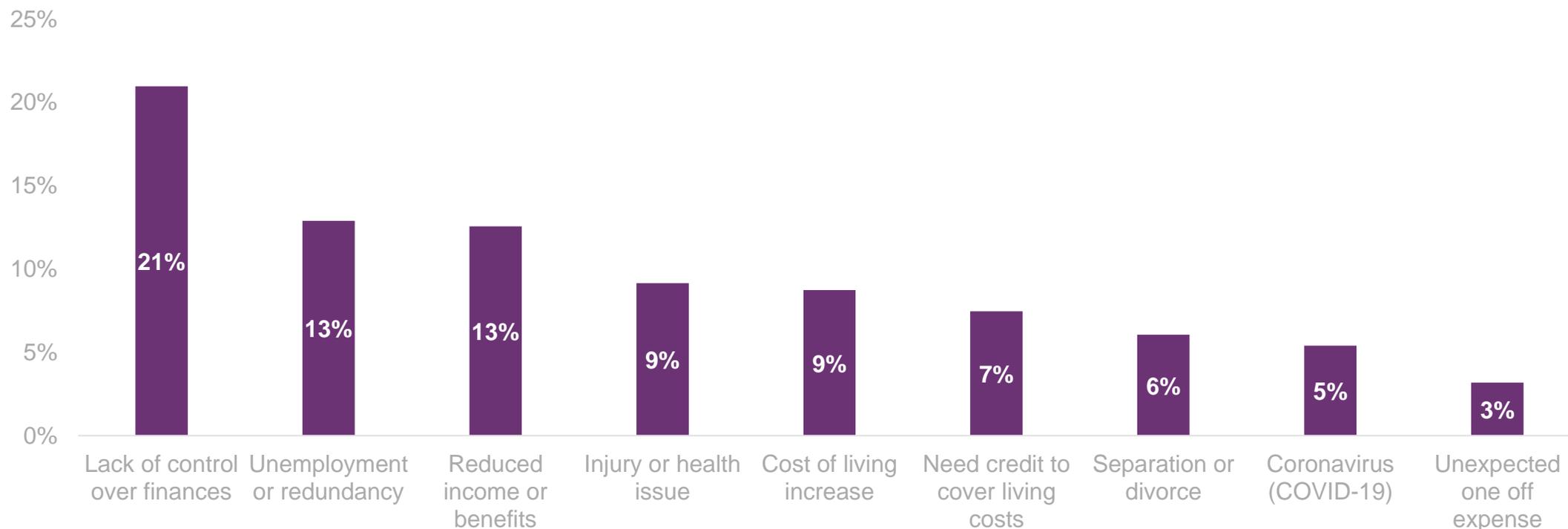


## Reasons for debt

One in five (21%) new clients cited a 'lack of control over finances' as their main reason for debt. This continued as the most commonly cited reason among new debt advice clients.

The proportion of clients citing a 'cost of living increase' continues to slowly grow. In December, 8% of new clients gave this as a main reason, and almost one in ten (9%) cited this in January. Fewer clients mentioned the impact of Covid-19 as a main reason. Only 5% of new clients cited this in January 2022, down from a peak of 16% of new clients in June 2020.

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



\*Clients can select multiple reasons for debt

## Debt types

The proportion of new clients with different unsecured debt types has increased between December and January. Almost seven in ten (68%) had a credit card debt, and half of clients (50%) had a personal loan debt in January. The proportion of clients with catalogue debts also increased by three percentage points, up from 35% in December to 38% in January.

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

	October 2021	November 2021	December 2021	January 2022
Credit card	67%	66%	66%	68%
Personal loan debt	48%	49%	48%	50%
Overdraft	37%	36%	36%	36%
Catalogue debt	37%	36%	35%	38%
Short-term high cost credit or payday loan	11%	11%	11%	12%
Store card	12%	12%	12%	13%

## Arrears types

Despite increases across many of the most common unsecured debt types, the proportion of new clients with arrears on household bills remained consistent or fell slightly. Council tax remains as the most common arrears type held by StepChange clients at the time of advice (38%).

The proportion of clients with electricity or gas arrears fell slightly in January. However this remains much higher than pre-pandemic levels. In 2019, 17% of new clients had electricity arrears, and 13% had gas arrears.

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

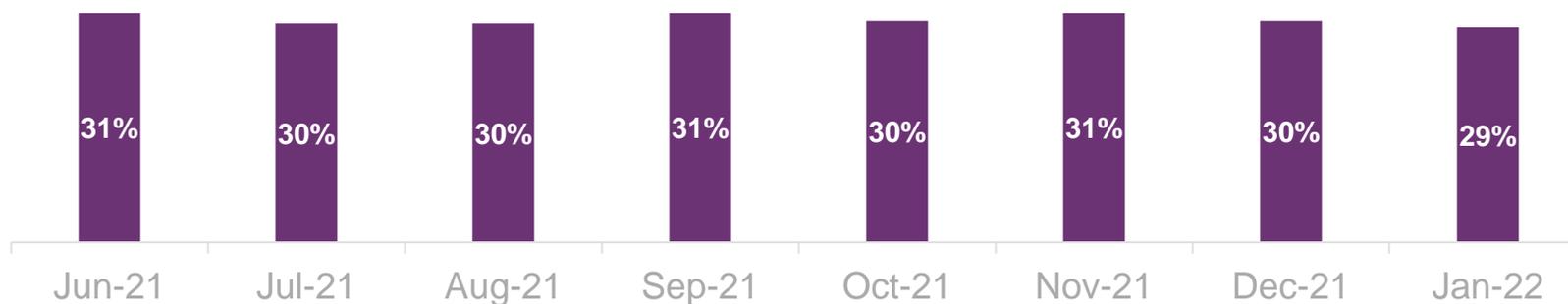
	October 2021	November 2021	December 2021	January 2022
Council tax	38%	40%	38%	38%
Electricity	27%	27%	28%	26%
Gas	22%	22%	23%	22%
Water	33%	32%	30%	31%
Rent	24%	25%	24%	23%
Mortgage	18%	19%	18%	15%
TV license	4%	4%	4%	4%

## Negative budgets and Universal Credit

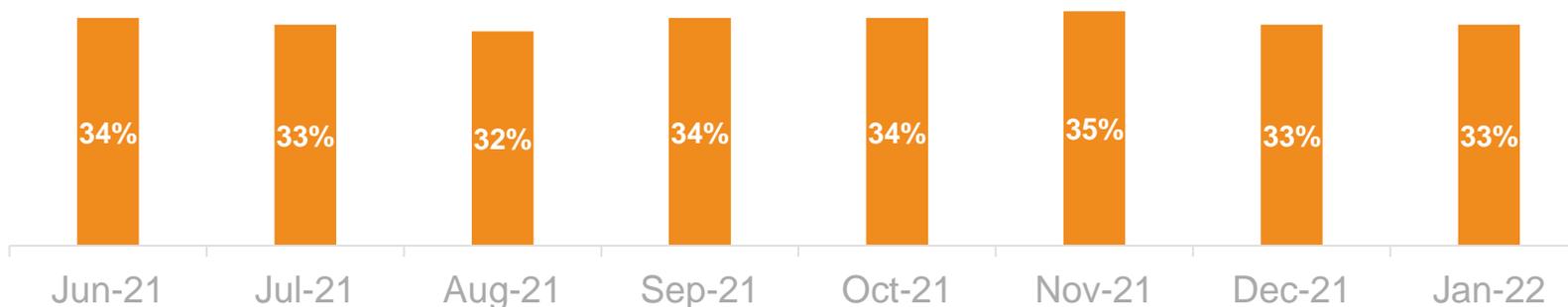
The proportion of clients with a negative budget (where a client's monthly expenditure exceeds their monthly income after completing StepChange's debt advice and budgeting process) at the time of advice declined in January (29%).

The proportion of new clients in receipt of Universal Credit remained consistent across December and January. Around one third (33%) of new clients were in receipt of this social security type.

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



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



## Demographics

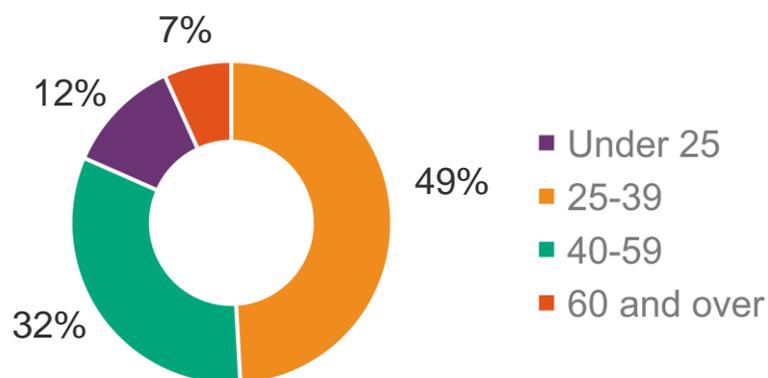
In January, almost two thirds of new clients were women (64%), which represents a three percentage point increase compared to December.

In January, the charity continued to advise a disproportionate number of clients from younger age groups. Three in five (61%) new clients were aged between 18-39. The majority of new clients (81%) are aged between 25 and 59.

### Gender split: New debt advice clients, October 2021 – January 2022

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

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



## Demographics continued - housing tenure

Two thirds (66%) of new clients in January were renters. The proportion of new clients renting from private landlords has slightly increased to 35%, and remains the most common housing tenure type. 31% of clients rented from their local authority or a housing association.

15% of new clients in January owned their own home, either outright, through a mortgage or shared ownership scheme.

### Housing tenure among new clients: October 2021 – January 2022

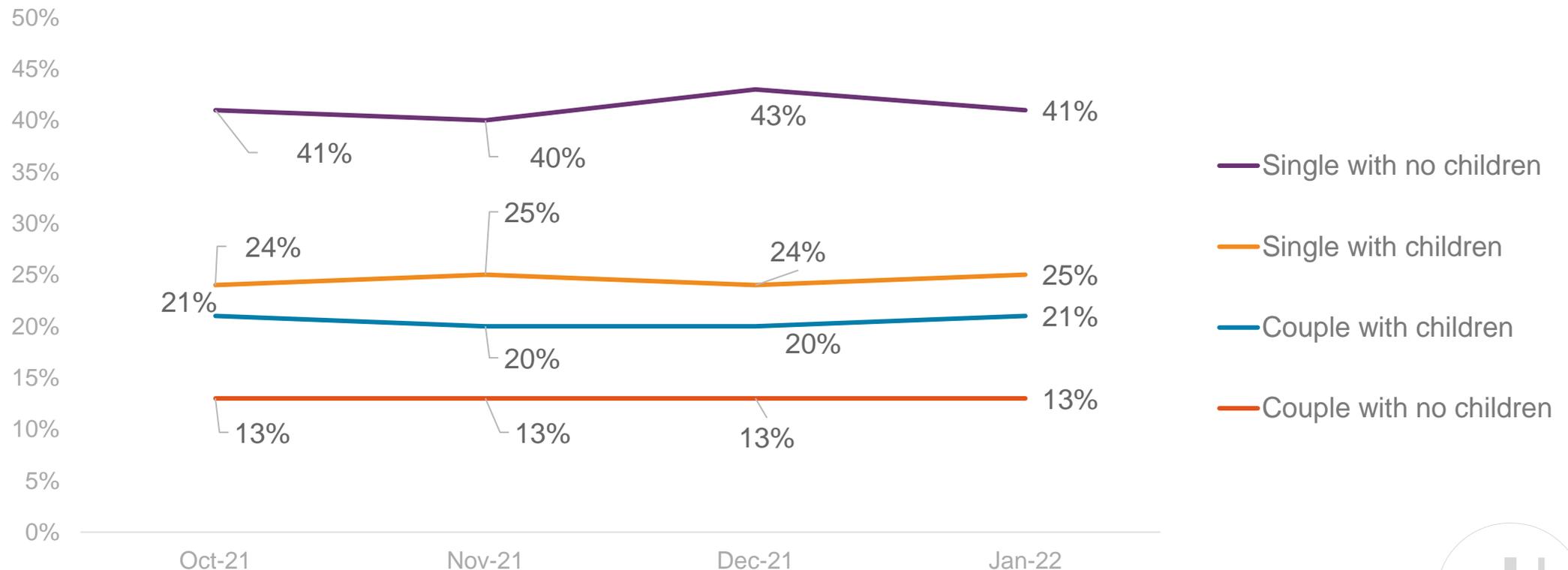
	October 2021	November 2021	December 2021	January 2022
Board payment (not with family)	2%	3%	2%	2%
Living with family	13%	12%	13%	13%
Mortgage	12%	12%	12%	12%
Other	3%	3%	2%	3%
Owns property outright	2%	2%	2%	2%
Renting - Council or Housing Association	33%	32%	32%	31%
Renting - private landlord	35%	35%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

## Demographics continued - family composition

The proportion of new clients with children rose between December and January; 46% of new clients had at least one child in January. The proportion of single parents (25%) increased, alongside the proportion of couples with children (21%).

Clients are still more likely to be single with no children (41%) than any other household composition type.

### Family composition: October 2021 – January 2022



## Demographics continued - employment

A growing proportion of clients were in a form of employment in January, which included a two percentage point increase in the amount of clients in part time employment (15%). The proportion of new clients who are unemployed (20%) fell by one percentage point since December (21%).

### Employment status: January 2022

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

- 14% 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
- 3% of new clients in January were carers

In January 2022, 58% of new clients were in employment



## What's next?

The latest data shows signs of the impact of the cost of living increase; an increasing proportion of clients citing this as a main reason for debt, and a higher proportion of clients relying on credit could provide early indicators of the impact on those already experiencing financial difficulty.

Volumes of clients proceeding through debt advice still remain lower than levels before the pandemic. However, the increase in web traffic, particularly to the 'emergency funding' web page, and the increase in the number of clients seeking advice between December and January, reflects the difficulty that many are already experiencing.

Additionally, the impact of the rise in cost of living may worsen many client's financial situations, as highlighted in our [recent research](#). We will continue to monitor and report on the financial impact of inflation rises, energy price rises and other measures in upcoming months.

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

The charity will also be releasing the 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 14,149 clients who first sought debt advice from the charity between 1 – 31 January 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)