

# Debt advice client insights

September 2021

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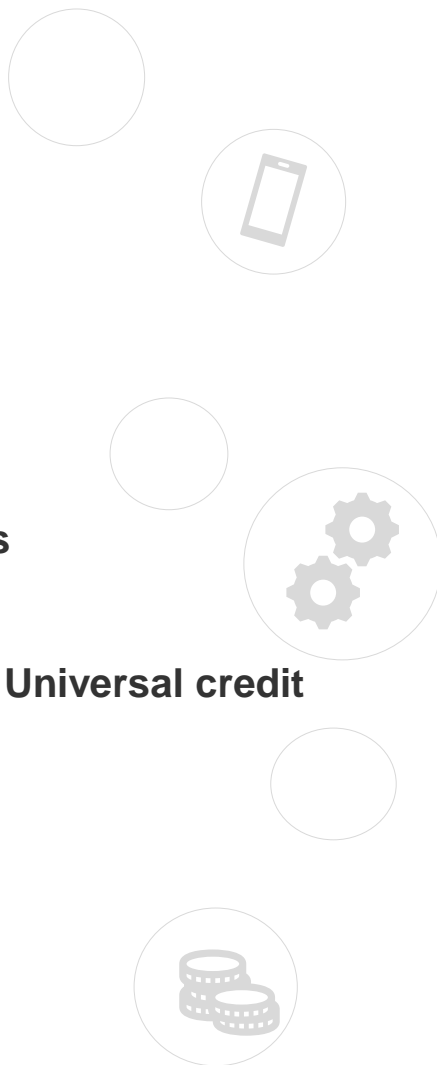
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## Background

This report from StepChange Debt Charity provides insight into the demographic and debt characteristics of new clients who first sought debt advice in September 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 the almost 13,000 new clients who first sought debt advice in September 2021 present similar trends to previous months. For example, clients aged under 40, single parents, women and renters all continue to be over-represented among the new client population.

However, September's data also presents some new findings. The proportion of new clients in receipt of Universal Credit has increased from 32% in August to 34% in September; representing the first increase since June 2021. Clients who accessed advice in September would not yet have been impacted by the removal of the £20 uplift to Universal Credit at the time of advice.

Additionally, the proportion of clients in negative budgets has increased slightly between August (30%) and September (31%). This has also increased for the first time since June 2021.

The findings among new clients in September also show growing levels of difficulty with energy arrears. The proportion of clients with gas arrears increased from 22% to 24% between August and September, and the proportion of clients behind on electricity bills (27%) remains higher than levels found in 2020 (26%). Clients accessing advice in September would not have yet been impacted by the increase in the energy price cap, which came into effect on 1 October 2021.

However, website information shows the growing levels of concern about energy costs. The charity's 'gas and electricity arrears information page' saw a 388% increase monthly increase in page visits between August and September.

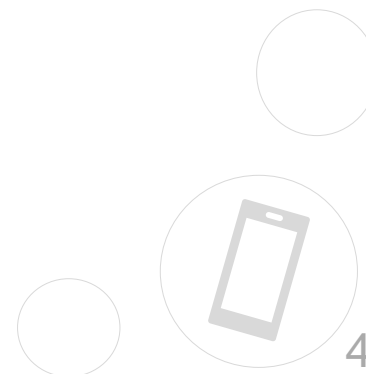
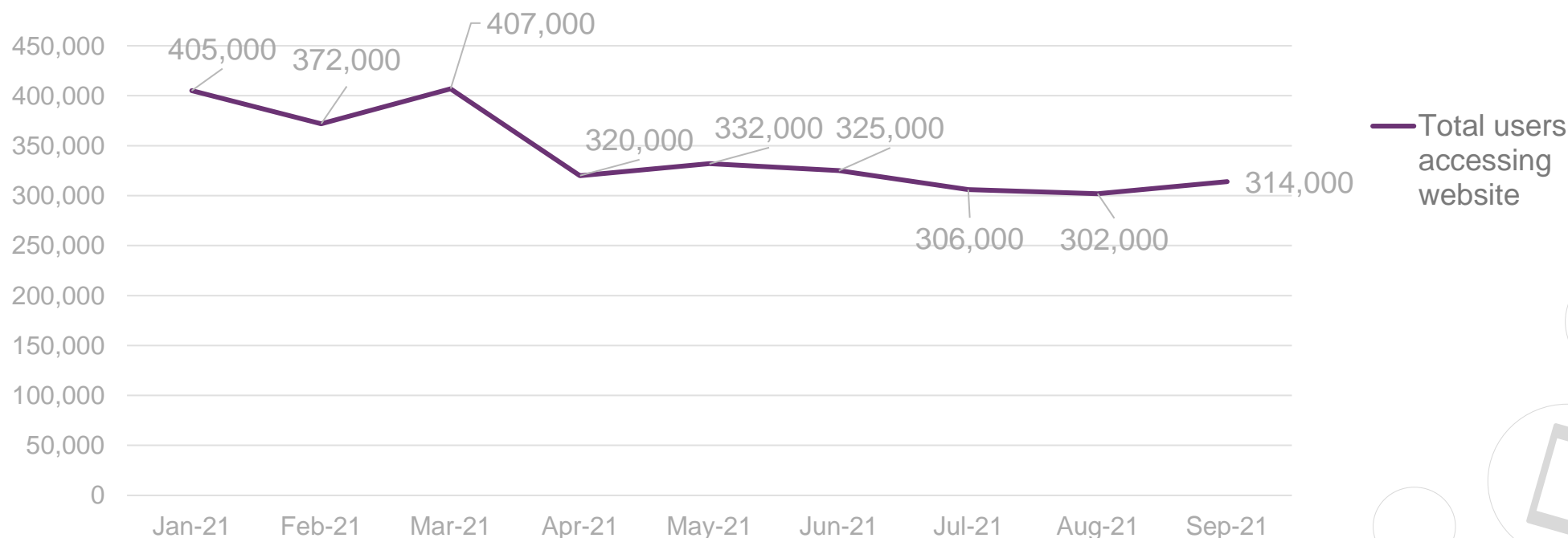
Energy arrears are not however among the most common debt and arrears types among new StepChange clients. In September, 67% of new clients had a credit card debt, and 37% of clients were behind on council tax at advice. <sup>3</sup>

## Website trends

The number of monthly users accessing the StepChange website increased for the first time since June 2021, up from 302,000 in August to 314,000 in September.

The number of page views also increased across many different debt information pages. The most commonly visited debt information page, 'emergency funding', received almost 19,000 visits in September compared to 18,000 in August. Additionally, there was a 388% monthly increase in the number of visits to the gas and electricity arrears information web page (4,000 visits in total). There was also a 71% increase to the 'government help with gas and electricity bills' webpage (1,800 visits in total) between August and September.

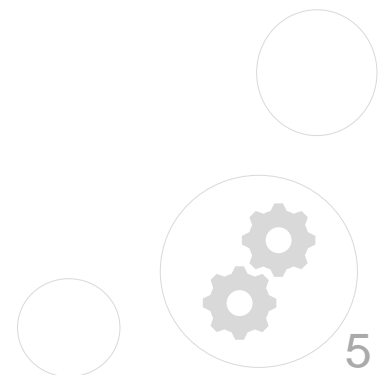
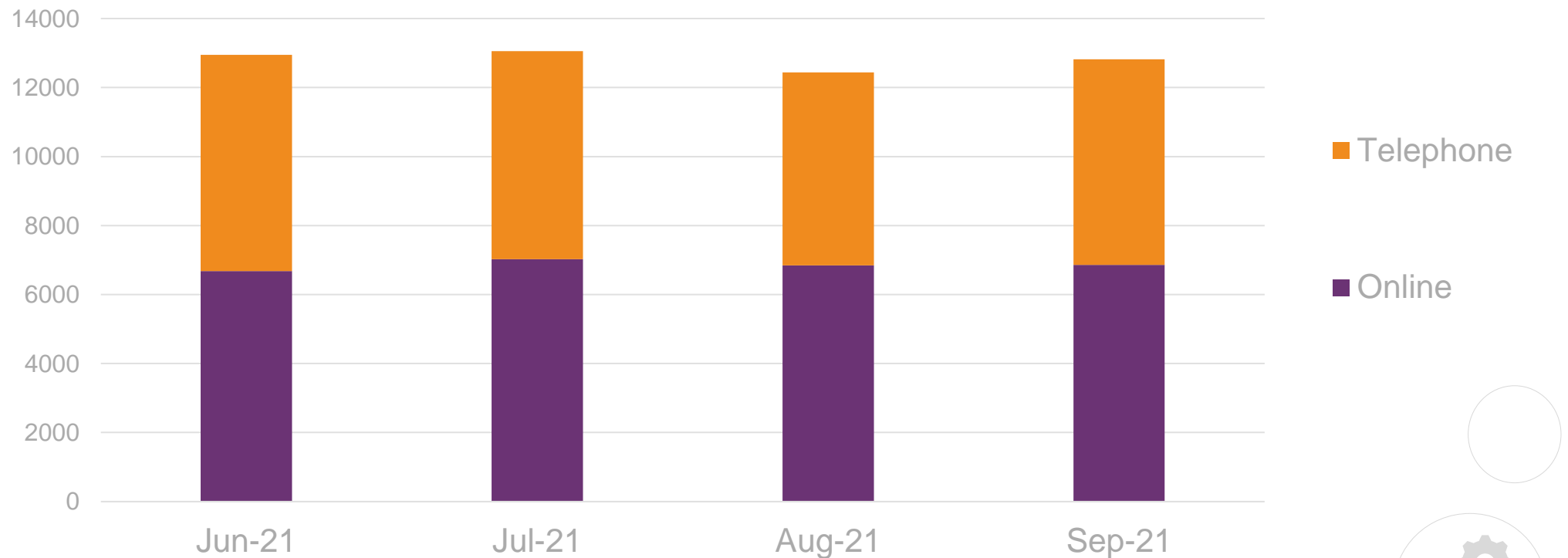
### Total number of website users: January – September 2021



## Client volumes

In September 2021, almost 13,000 new clients sought full debt advice from StepChange. This is a slight increase compared to the previous month (August), however the level of clients accessing full debt advice remains significantly lower compared to before the pandemic. In September 2019, 24,200 clients received full debt advice.

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

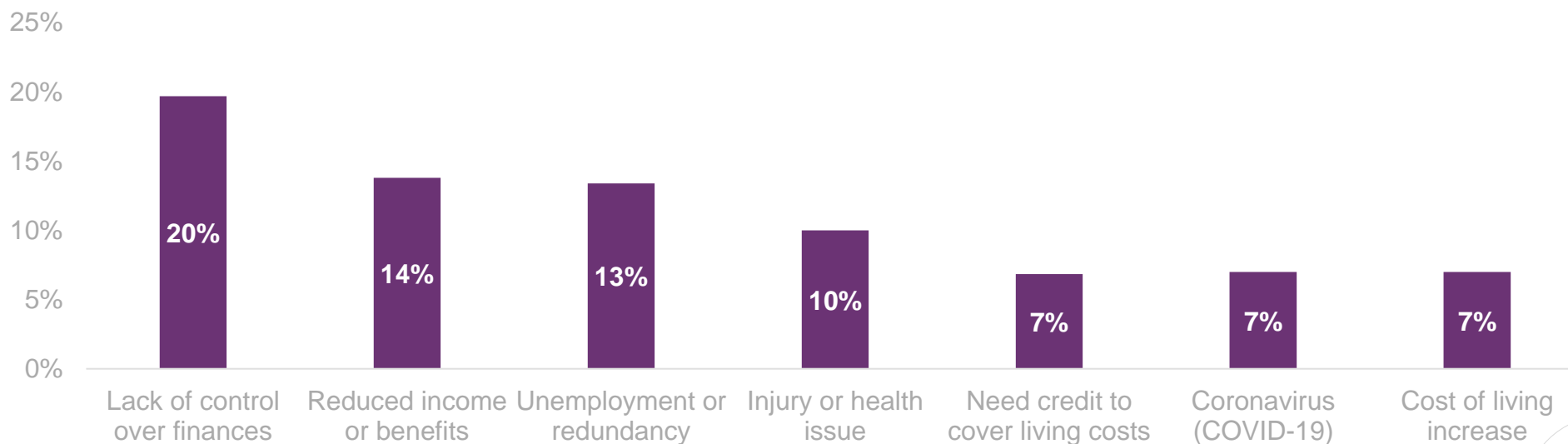


## Reasons for debt

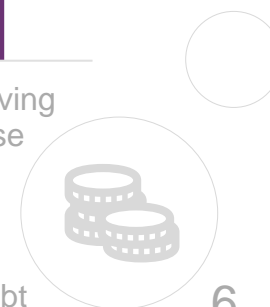
As with previous months, 'lack of control over finances' continued to be the single most commonly mentioned reason for debt among new clients in September, with one in five (20%) of new clients citing this as a main reason for debt. Clients accessing online advice were more likely to report this compared to those who completed debt advice through the telephony channel. One quarter (25%) of clients who accessed online advice cited this as a main reason for debt, compared to 14% of clients who accessed advice through the telephony service.

For the first time since the April 2020, Covid-19 drops out of the top five reasons in September, with just 7% citing this as a main reason for debt.

### Most common reasons for debt\*: September 2021



\*clients can select multiple reasons for debt



## Debt types

Credit cards continue to be the most common debt type among new clients, with a consistent 67% of new clients holding at least one credit card debt at the time of advice.

There has been a small increase in the proportion of new clients with overdraft debts between August and September (37%), and a slight decrease in the proportion of new clients with personal loan debts (49%), which remains lower than levels found in 2020.

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

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

## Arrears types

The proportion of clients in council tax arrears has increased slightly compared to August 2021, and now stands at a marginally higher level compared to 2020. Council tax remains the most common arrears type among new StepChange clients (37%).

There has also been an increase in the proportion of clients behind on their gas bills (24%). The proportion of clients behind on their electricity bills remains at (27%).

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

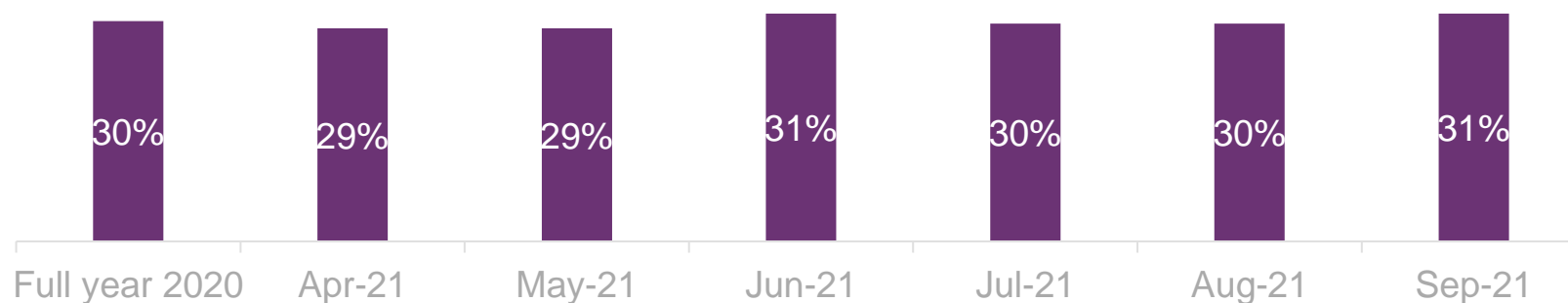
	Full year 2020	July 2021	August 2021	September 2021
Council tax	36%	35%	36%	37%
Electricity	26%	27%	27%	27%
Gas	23%	22%	22%	24%
Water	32%	31%	32%	32%
Rent	27%	23%	24%	24%
Mortgage	17%	19%	18%	17%
TV license	7%	4%	4%	4%



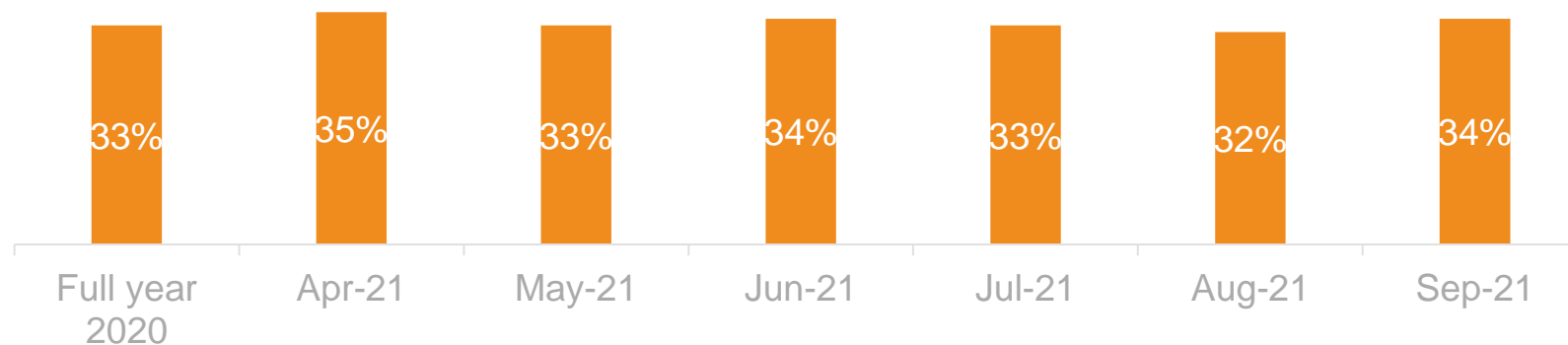
## Negative budgets and Universal Credit

The proportion of new clients with a negative budget (where a client's monthly outgoings exceeds their monthly income after proceeding through StepChange's budgeting and advice process) has increased slightly for the first time since June this year. [Previous StepChange research](#) found clients with negative budgets often struggle to make ends meet and are more likely than clients with positive budgets to be falling behind on essential bills up to 15 months after advice. Additionally, the proportion of new clients in receipt of Universal Credit has also increased for the first time since June 2021, up by two percentage points between August and September (34%).

### Proportion of new debt advice clients with negative budgets



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



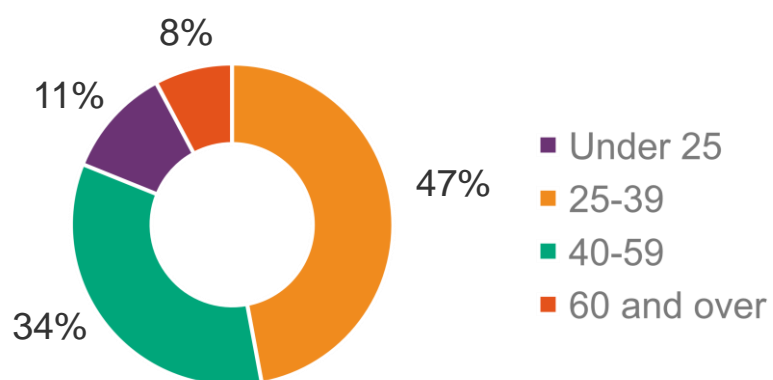
## Demographics

The gender and age demographics of new clients receiving full debt advice in September are unchanged from August. Women, who account for 62% of new clients, and clients aged under 40, who account for 58% of new clients, have been over-represented among StepChange's client population for many months and years extending before the pandemic.

### Gender split: New debt advice clients, July - September 2021

	Full year 2020	July 2021	August 2021	September 2021
Female	60%	61%	62%	62%
Male	40%	39%	38%	38%
Other gender identity	<1%	<1%	<1%	<1%

### Age: New debt advice clients, September 2021



## Demographics continued - housing tenure

There has been a small increase in the proportion of clients renting from a private landlord, up from 34% in August to 35% in September. Renting in the private rented sector remains the most common housing tenure among new StepChange clients.

There has been a slight decrease in the proportion of clients with mortgages between August and September (13% to 12%), and a decrease in clients renting from their council or a housing association (32% to 31%).

### Housing tenure among new clients: July – September 2021

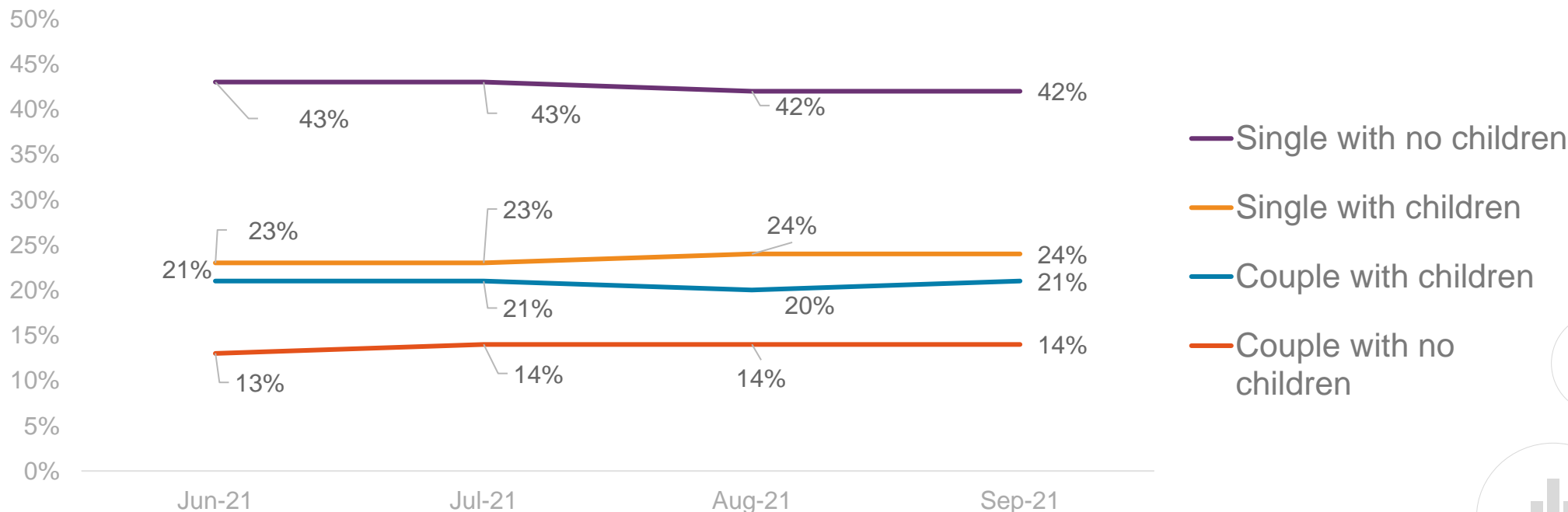
	Full year 2020	July 2021	August 2021	September 2021
Board payment (not with family)	3%	3%	2%	3%
Living with family	15%	13%	12%	13%
Mortgage	12%	13%	13%	12%
Other	2%	2%	3%	2%
Owns property outright	3%	2%	2%	2%
Renting - Council or Housing Association	31%	31%	32%	31%
Renting - private landlord	34%	35%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

## Demographics continued - family composition

There have been no significant changes among the types of households contacting StepChange for advice between August and September. The proportion of couples with children increased by one percentage point (21%). Additionally, in September single parents continued to account for around one quarter (24%) of all new StepChange clients; comparably just 6% of UK households are single parent families (ONS, 2020).

Single adults with no children remain the most common family type, accounting for 42% of all new clients in September. This has increased from 36% of all new clients in 2020.

### Family composition: July – September 2021



## Demographics continued - employment

The proportion of clients in full-time employment fell by one percentage point from August, although still remains higher than levels found in 2020. 39% of new clients were in full-time employment in September, compared to 36% in 2020.

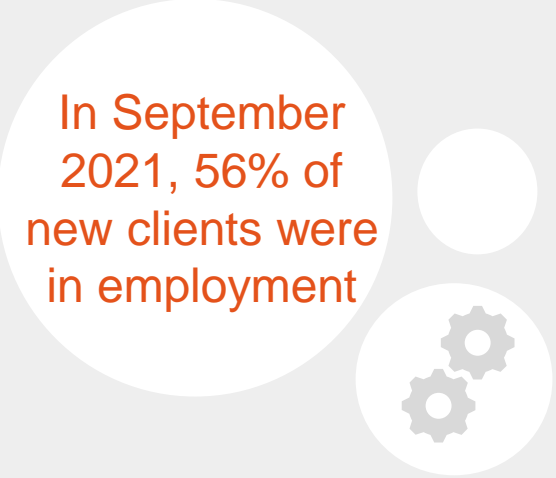
### Employment status: September 2021

Employment type	%
Carer	3%
Full-time employed	39%
Not working due to illness or disability	15%
Part-time employed	15%
Retired	4%
Student	2%
Unemployed: looking for work	13%
Unemployed: not looking for work	9%
Zero hour contract	2%

The proportion of clients in part time employment slightly increased between August (14%) and September (15%) 2021.

Around one in eight (13%) new clients in September were unemployed and looking for work.

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



## What's next?

September's data highlights some potentially new alarming trends. This includes growing levels of new clients in energy arrears, and in receipt of Universal Credit at the time of advice.

The proportion of new clients in council tax arrears had also increased between August and September, alongside a growing number of clients with overdraft debts. Additionally, although lower than levels found in previous years, the volume of website users and the number of clients accessing debt advice had also increased between August and September.

However, the charity also continues to see many longstanding debt and demographic trends in client debt advice data. Clients aged under 40, women, renters and single parents continue to be over-represented compared to the wider UK population.

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

## Notes on the methodology

This data is based on the 12,800 clients who first sought debt advice from the charity between 1 – 30 September 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](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)