

Debt advice client insights

August 2022

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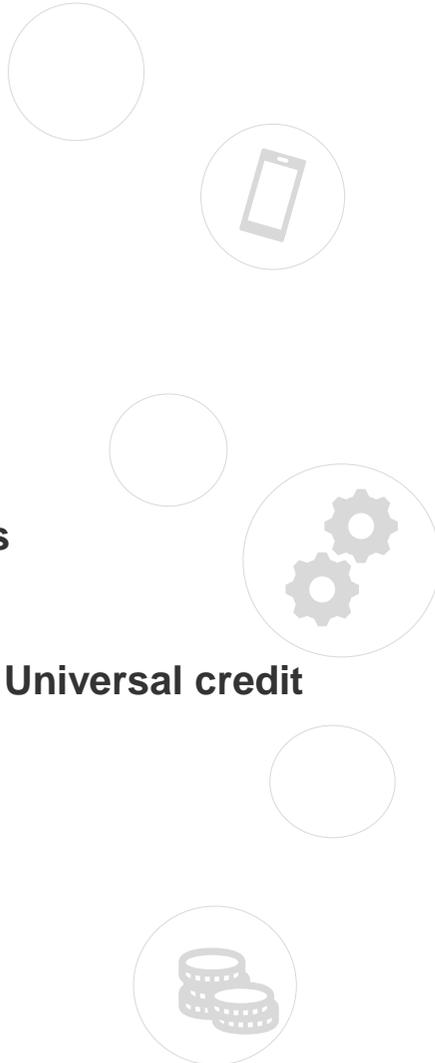
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Background

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

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

Executive summary

In August 2022, the number of visits to the StepChange website has increased. Alongside this increase, the proportion of new clients receiving full debt advice has reached the highest volume to date in 2022, with more clients accessing debt advice via the online channel. This month there has been an increase in traffic for the benefits calculator (up 711%) and emergency funding (up 23%) webpages.

The 'cost of living increase' continues to be cited as the main reason for new clients experiencing debt, with August 2022 seeing a two percentage points increase (22%) for the third consecutive month.

The proportion of new clients in arrears for household bills remains at a similar level to last month. Council tax remains as the most common arrears type, held by just over 3 in 10 (31%) new clients. Energy arrears continue to affect a high proportion of clients, with 30% of clients behind on electric bills and 25% behind on gas bills.

New clients in August 2022 had similar proportions of unsecured debt types to previous months, with credit card debt remaining as the most common unsecured debt type, affecting just under 2 in 3 (64%) new clients.

Around 57% of new clients were in some form of employment at the time of advice, which is in parity with last month. Although, the proportion of new clients in receipt of Universal Credit is slightly up by one percentage point to 32%, whereas clients with negative budgets (32%) is stable month-on-month.

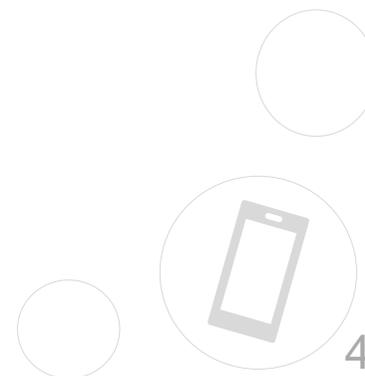
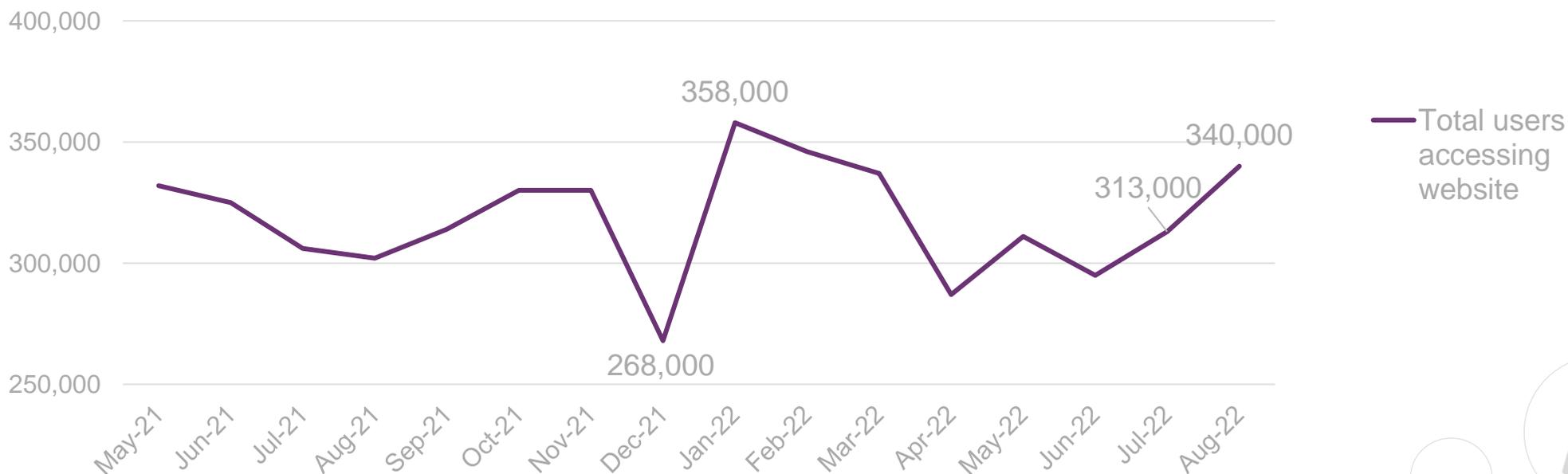
The demographic profiles of new clients in August 2022 were fairly similar to previous months and years. StepChange continues to advise a disproportionately high number of women (62%), 25-59 year olds (81%) and households with children (45%). Although, there has been a slight increase in the proportion of new clients who are homeowners (18%) this month.

Website trends

The StepChange Debt Charity website received visits from 340,000 users in August 2022, an increase of almost 30,000 visits compared to the previous calendar month (313,000 in July 2022).

The [emergency funding](#) page remained as the most commonly visited debt information page in July, with over 21,000 visits; a 23% increase compared to the previous month. The [self employed income calculator](#) was the second most visited debt information page, with around 9,000 visits. Information about [statute-barred debt](#) also received around 7,000 visits. There was also a 711% increase in traffic to the [benefits calculator](#) page on the website between July and August.

Total number of website users: May 2021 – August 2022

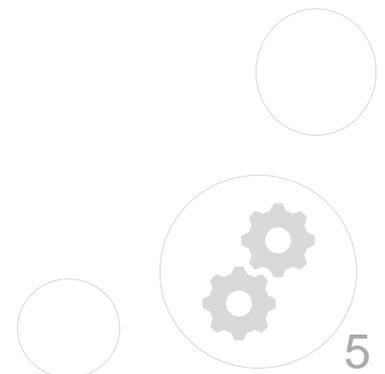
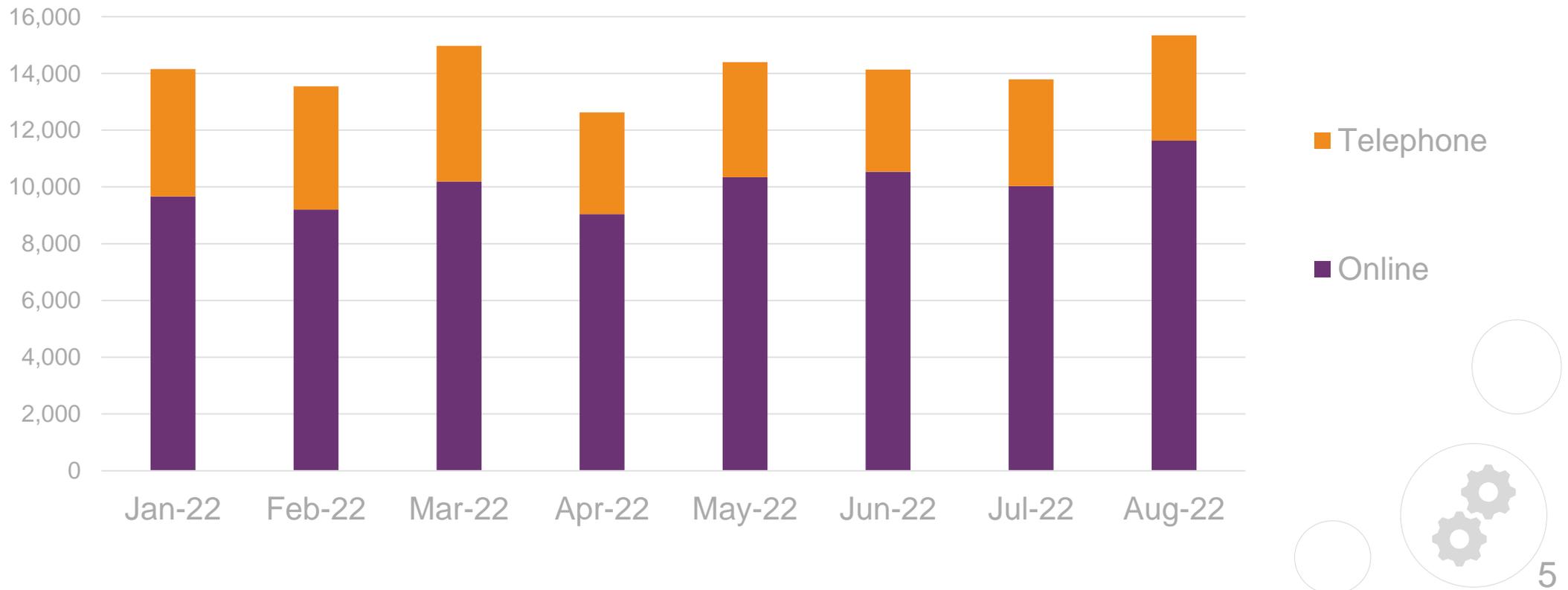


Client volumes

In line with the increase in the number of website visits, August saw the highest volume of new clients (around 15,340) who received full debt advice in 2022, with around three-quarters of clients (76%) completing this online.

Although the number of new clients remains substantially lower than before the pandemic (August 2019 = 24,000), this month represents the highest proportion of client volumes for August compared to 2020 and 2021.

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

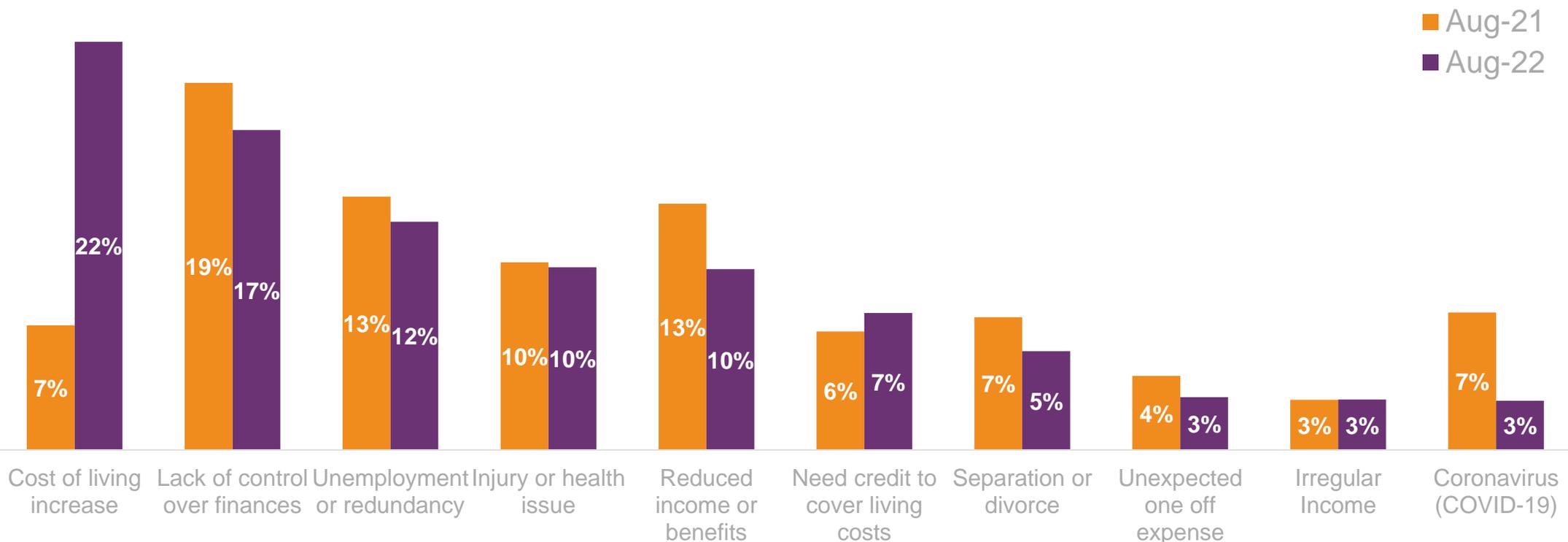


Reasons for debt

The ‘cost of living increase’ continues to be the most common reason for debt among new clients, which is up another two percentage points for the third consecutive month, to 22%. Comparatively, in August 2021, just 7% of new clients cited this as their main reason for debt. Also, ‘need credit to cover living costs’ is marginally up year-on-year to 7%.

Looking at the other reasons for debt among new clients, the proportion for each reason has remained fairly consistent with July 2022.

Most common reasons for debt*: August 2022



*Clients can select multiple reasons for debt

Debt types

New debt clients in August 2022 held the same debt types in similar proportions to new clients in previous months. The proportion of new clients holding credit card debts this month is one percentage point lower than July 2022 and 3% lower than a year ago.

Across the remaining debt types, the proportion of debt held by new clients was on par with July 2022.

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

	August 2021	June 2022	July 2022	August 2022
Credit card	67%	65%	65%	64%
Personal loan debt	50%	46%	46%	46%
Overdraft	36%	34%	33%	33%
Catalogue debt	36%	33%	32%	32%
Store card	13%	12%	12%	12%
Short-term high cost credit or payday loan	11%	10%	10%	10%

Arrears types

The proportion of new clients in arrears for household bills sits at similar levels to July 2022. Council tax remains as the most common arrears type held by just over 3 in 10 (31%) new clients.

August 2022 is the first month this year where the proportion of new clients with electricity (3 in 10) and gas (1 in 4) arrears has not increased any further, following an all time high in July 2022. Compared to August last year, a higher proportion of new clients have electric and gas arrears, up by 4 percentage and 2 percentage points, respectively.

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

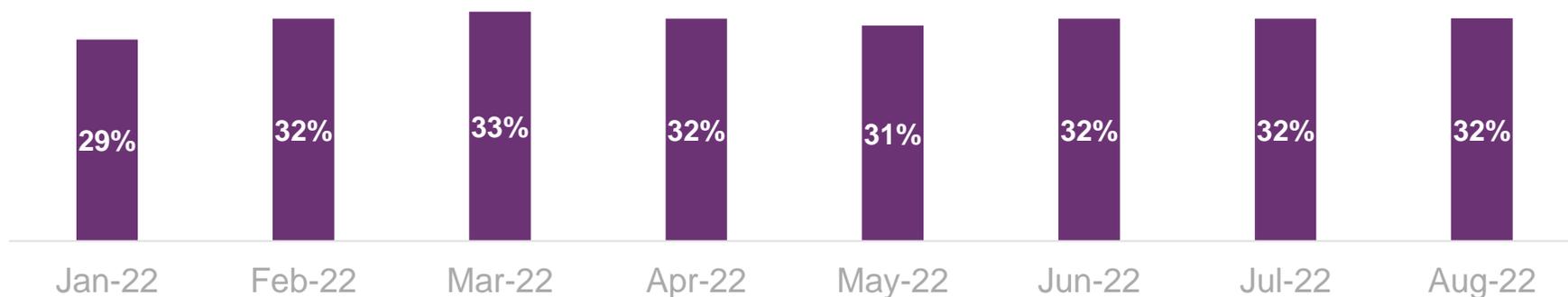
	August 2021	June 2022	July 2022	August 2022
Council tax	36%	33%	32%	31%
Electricity	26%	28%	30%	30%
Water	32%	28%	27%	27%
Gas	23%	23%	26%	25%
Rent	27%	21%	20%	20%
Mortgage	17%	15%	15%	14%
TV licence	7%	3%	3%	3%

Negative budgets and Universal Credit

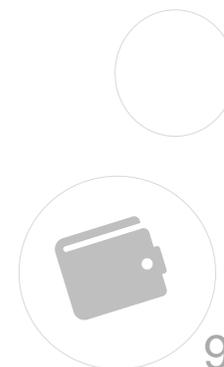
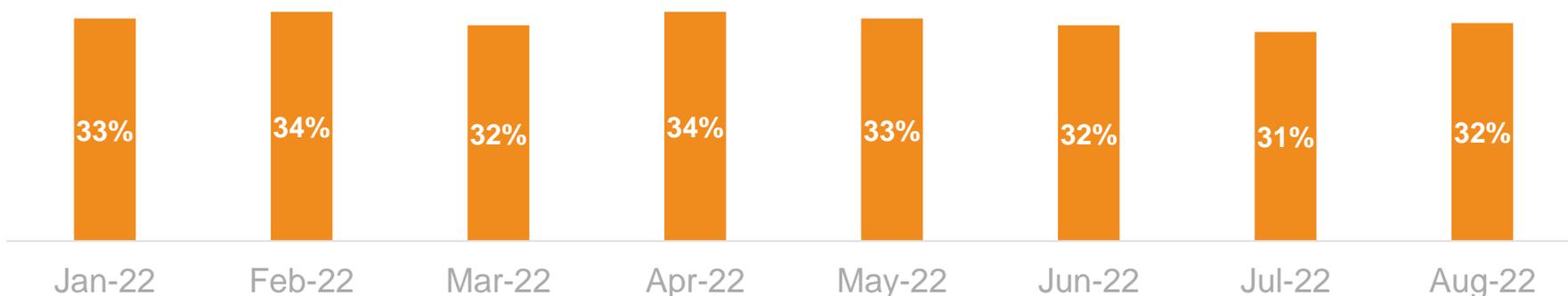
The proportion of new clients with a negative budget (where a client's monthly expenditure exceeds their monthly income after proceeding through StepChange's advice and budgeting process) remained at 32% for the third consecutive month in August 2022.

Around one third (32%) of new clients are in receipt of Universal Credit, a proportion which is fairly consistent with the previous months this year.

Proportion of new debt advice clients with a negative budget



Proportion of new debt advice clients in receipt of Universal Credit



Demographics

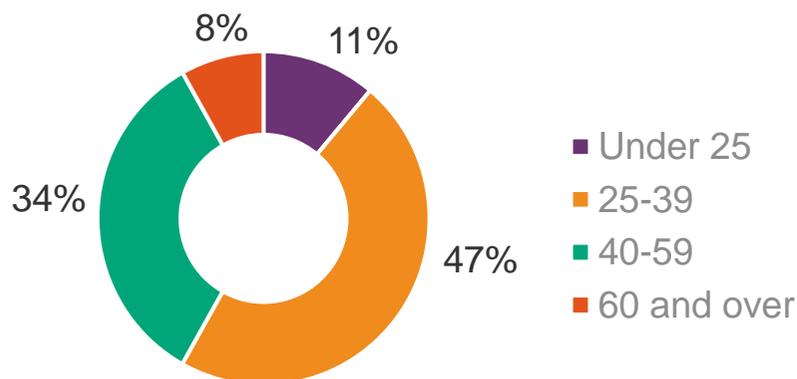
The proportion of women among StepChange's new client population is unchanged compared to the previous month and a year ago. In August 2022, just over 6 in 10 (62%) new clients were women.

The age profile of new clients were similar to previous months, with around 4 in 5 (81%) aged between 25 – 59.

Gender split: New debt advice clients

	August 2021	June 2022	July 2022	August 2022
Women	62%	62%	62%	62%
Men	38%	38%	38%	38%
Other gender identity	<1%	<1%	<1%	<1%

Age: New debt advice clients, August 2022



Demographics continued - housing tenure

The housing situations of new clients in August 2022 were very similar to previous months and years, with renting in the private sector (33%) continuing to be the most common housing type. This was followed by renting from a council or housing association by just under one third (32%) of new clients.

In August 2022, there was a two percentage point increase in the proportion of new clients who are homeowners (18%).

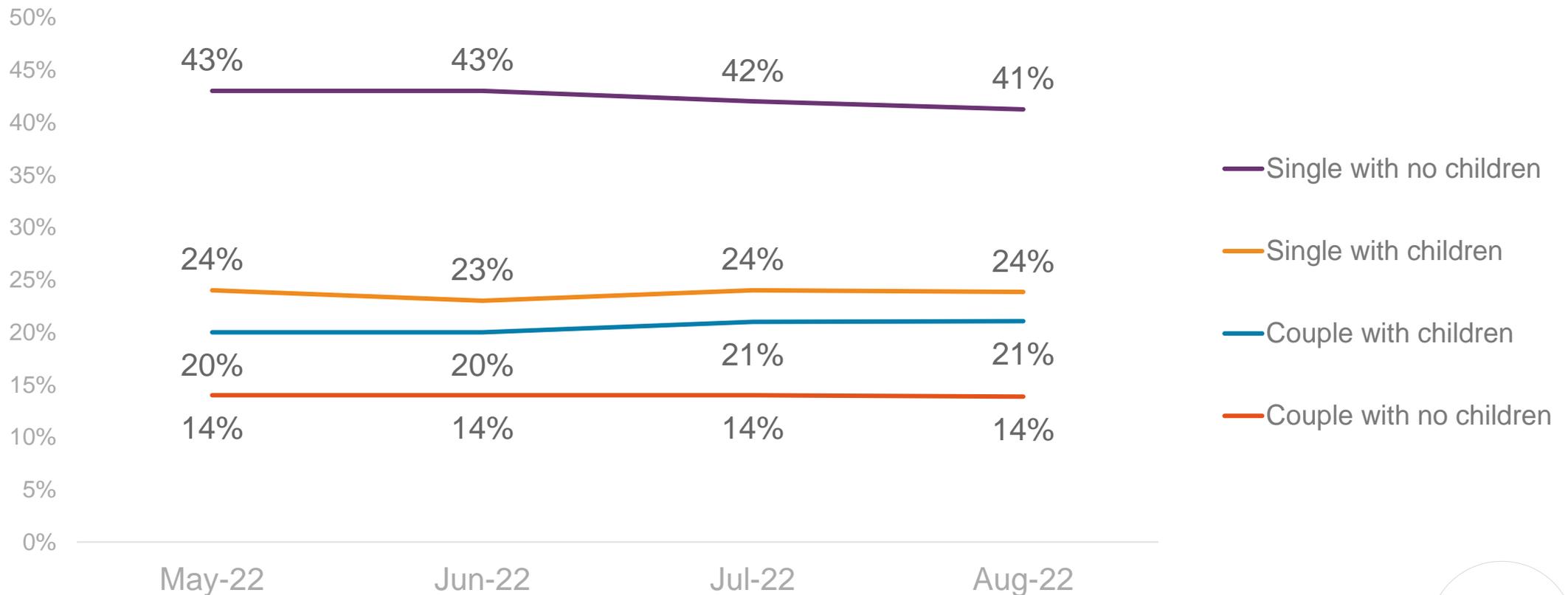
Housing tenure among new clients

	August 2021	June 2022	July 2022	August 2022
Board payment (not with family)	2%	2%	2%	2%
Living with family	12%	14%	13%	12%
Mortgage	13%	12%	13%	13%
Other	3%	3%	3%	3%
Owns property outright	2%	3%	2%	3%
Renting - Council or Housing Association	32%	31%	31%	32%
Renting - private landlord	34%	34%	34%	33%
Shared ownership (mortgage and rent)	1%	1%	1%	2%

Demographics continued - family composition

New debt clients are more likely to be single with no children (41%), although this household composition has been steadily declining by one percentage point for the last two consecutive months. All other family composition groups are unchanged in August 2022, when compared to the previous calendar month.

Family composition: May – August 2022



Demographics continued - employment

The employment status of new clients this month was fairly similar to last month, with around 57% of new clients in some form of employment. This proportion is one percentage point higher than August 2021 (56%).

Employment status

Employment type	July 2022	August 2022
Carer	3%	3%
Full-time employed	42%	42%
Not working due to illness or disability	15%	16%
Part-time employed	13%	13%
Retired	4%	4%
Student	2%	2%
Unemployed: looking for work	11%	10%
Not in employment and not looking for work	8%	8%
Zero hour contract	2%	2%

- The proportion of new clients not working due to an illness or disability is marginally up by one percentage point to 16% this month.
- In August 2022, the proportion of new clients who were unemployed and looking for work fell by one percentage point, to every 1 in 10 (10%) clients.

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



Methodology

This data is based on the 15,340 clients who first sought debt advice from the charity between 1 – 31 August 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)