

Debt advice client insights

July 2022

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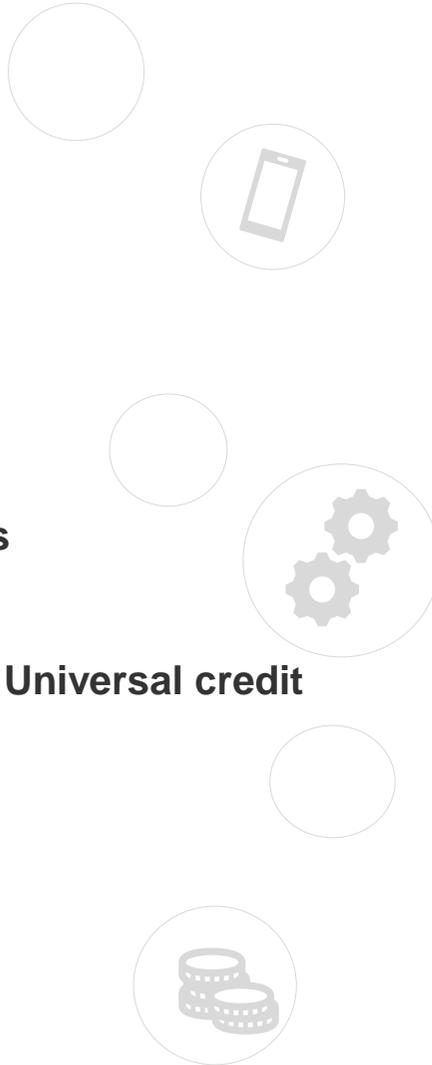
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Background

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

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

Executive summary

The number of new clients receiving full debt advice has remained relatively similar in recent months. However, the number of visits to the StepChange website, which provides general information about debt types and managing household finances, has increased across June and July.

Among the population of new clients who have received full debt advice, an increased percentage have cited an increase in the cost of living as their main reason for experiencing debt. This is the most common reason, with one in five (20%) of new clients in July saying this.

Additionally, one third (33%) of all new clients are behind on their payments (including dual fuel payments). A higher proportion of clients in July were behind on their electricity bills (30%) and gas bills (26%) than previous months. Additionally, the charity advised fewer clients with different types of unsecured debt such as overdrafts and catalogue debts.

Despite this, credit cards remained as the most common unsecured debt type, with around two thirds (65%) of new clients holding this type of debt at the time of advice in July.

In terms of changes to demographic profiles, the charity also advised more clients with children than in previous months; 45% of all new clients in July had children. The proportion of clients who are in a form of employment has also increased over the past year.

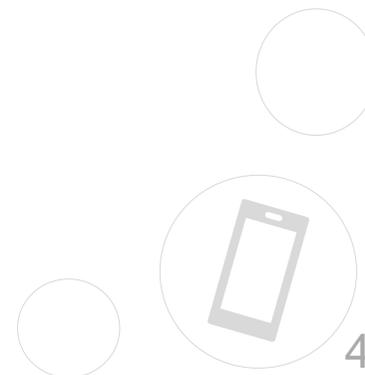
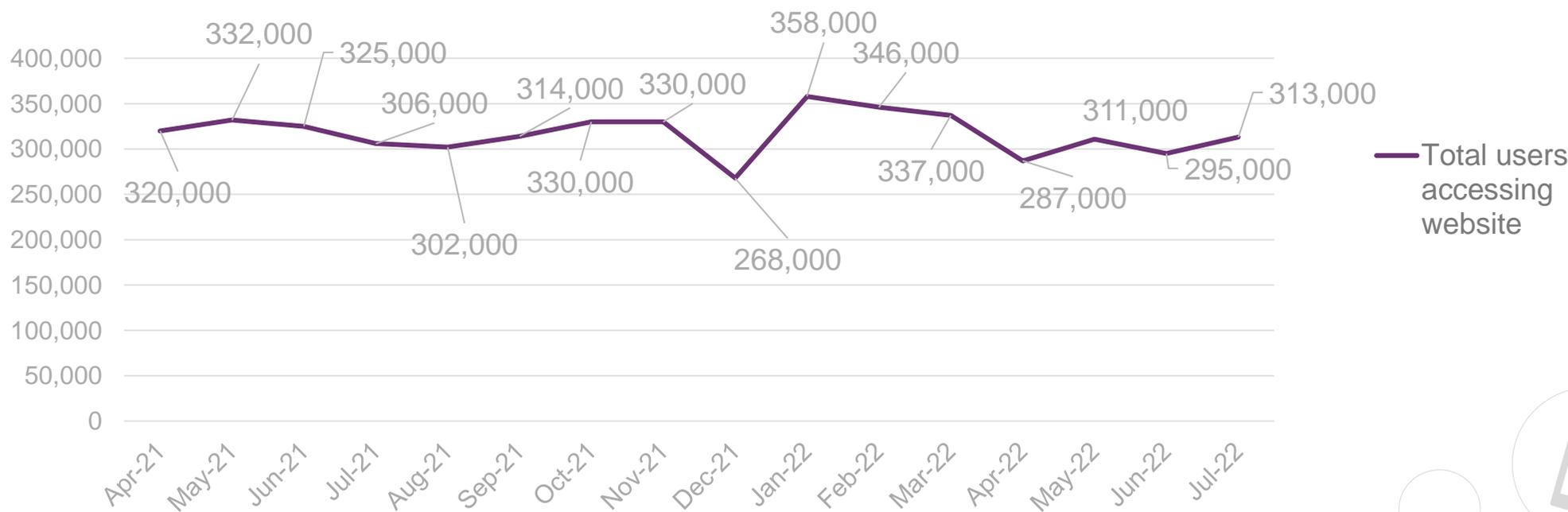
Despite these changes, the overall profiles of those receiving debt advice remains similar over previous months and years. In July, most new clients were aged between 25- 59 (81%), women (62%) and renting their home (65%). Additionally, a similar proportion of clients had a negative budget at the time of advice in July as in previous months (32%).

Website trends

The StepChange Debt Charity website received visits from 313,000 users in July 2022, an increase of over 18,000 compared to the previous calendar month (295,000 in June 2022).

The [emergency funding](#) page remained as the most commonly visited debt information page in July, with over 17,000 visits. 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 6,000 visits. There was also a 32% increase in visits to information about [TV licensing fines](#) between June and July 2022.

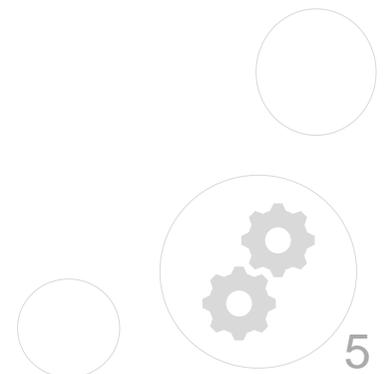
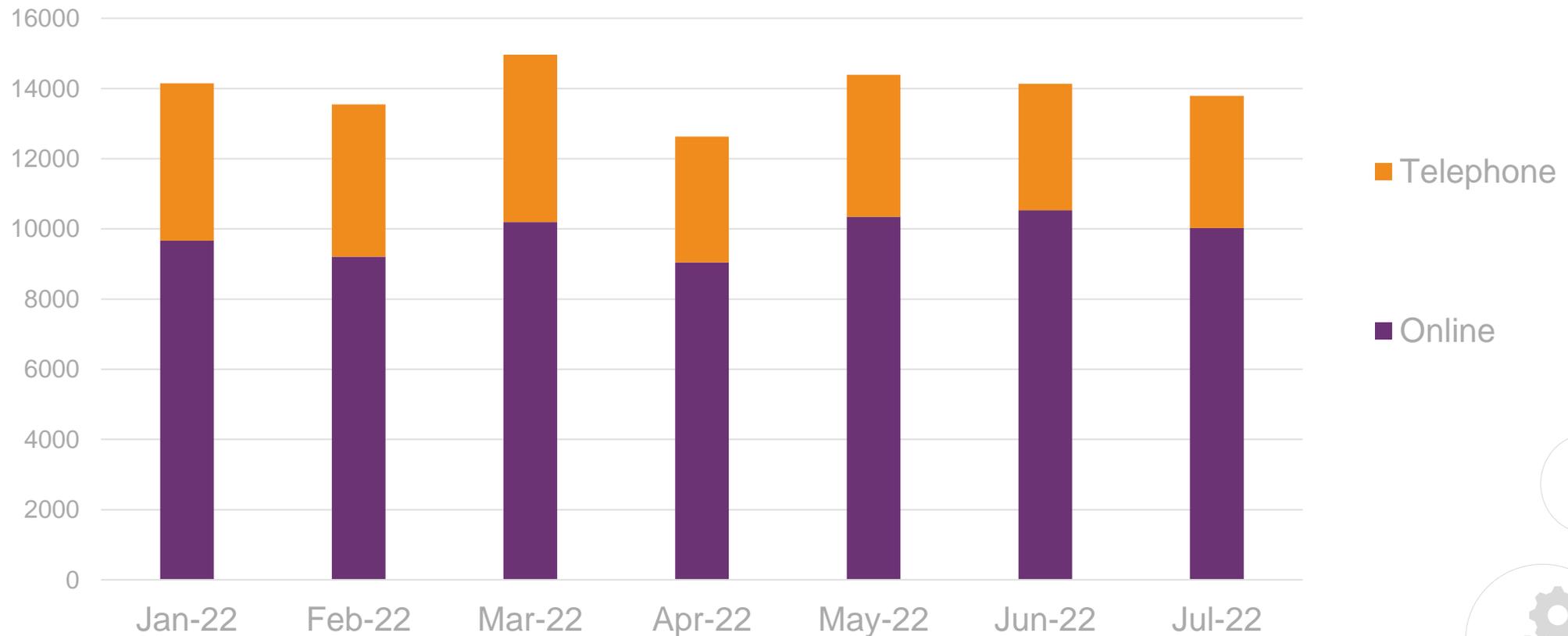
Total number of website users: April 2021 – July 2022



Client volumes

Around 14,000 new clients received full debt advice in July, which is a similar number to the previous calendar month, and in July 2021.

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

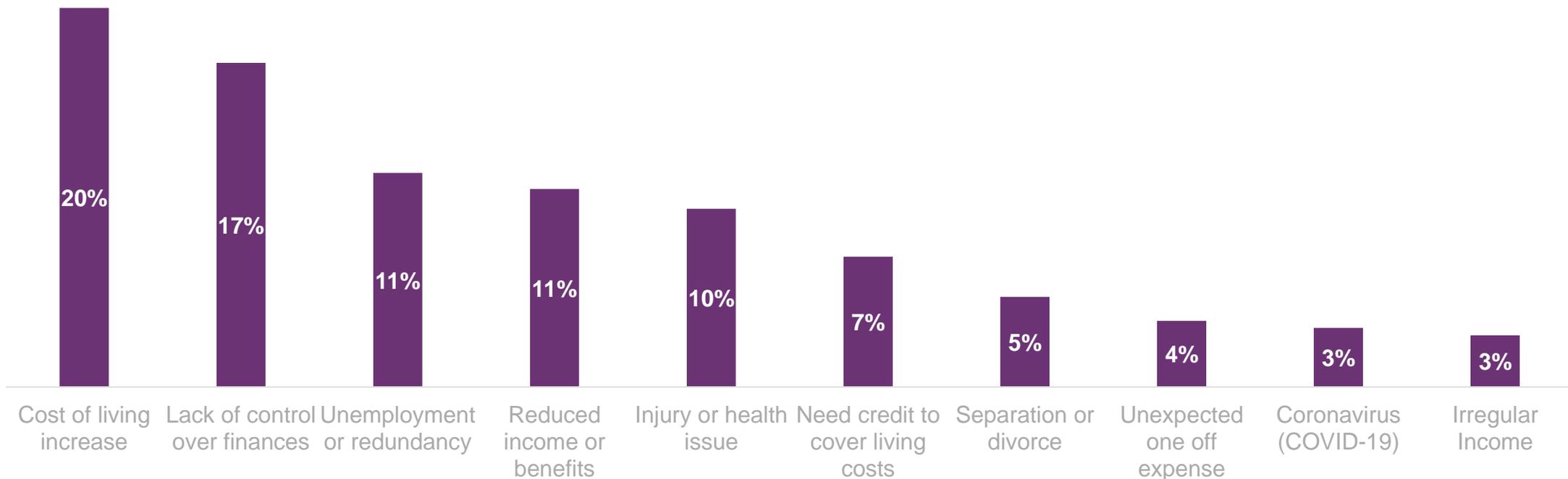


Reasons for debt

The proportion of new clients citing a 'cost of living increase' as their main reason for debt continues to increase and is up by two percentage points between June (18%) and July (20%). Comparatively, in July 2021, just 6% of new clients said this was a main reason for debt.

The proportions of clients who have experienced other common reasons for debt have remained consistent over the past 12 months.

Most common reasons for debt*: July 2022



*Clients can select multiple reasons for debt

Debt types

The proportions of new clients holding many of the main types of unsecured debt have fallen across the past 12 months. For example, 50% of new clients had at least one personal loan debt in July 2021; this has since decreased to 46% in July 2022. Additionally, in July 2021, 35% of new clients had an overdraft debt, this has since decreased to 33% in July 2022. The proportion of new clients with a credit card has also decreased slightly over the past year, however it still remains the most commonly held debt type among new clients at the time of advice.

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

	July 2021	May 2022	June 2022	July 2022
Credit card	67%	65%	65%	65%
Personal loan debt	50%	46%	46%	46%
Overdraft	35%	34%	34%	33%
Catalogue debt	36%	34%	33%	32%
Store card	12%	12%	12%	12%
Short-term high cost credit or payday loan	11%	10%	10%	10%

Arrears types

The proportion of clients with energy arrears has increased over the past month. Three in ten (30%) new clients were behind on their electricity payments, and around one quarter (26%) were behind on gas payments. Including arrears on dual fuel payments, around one third (33%) of new clients were behind on their energy bills in July 2022.

The average amount of energy arrears per client for July was £1,593; an increase of £172 compared to January 2022 (£1,421).

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

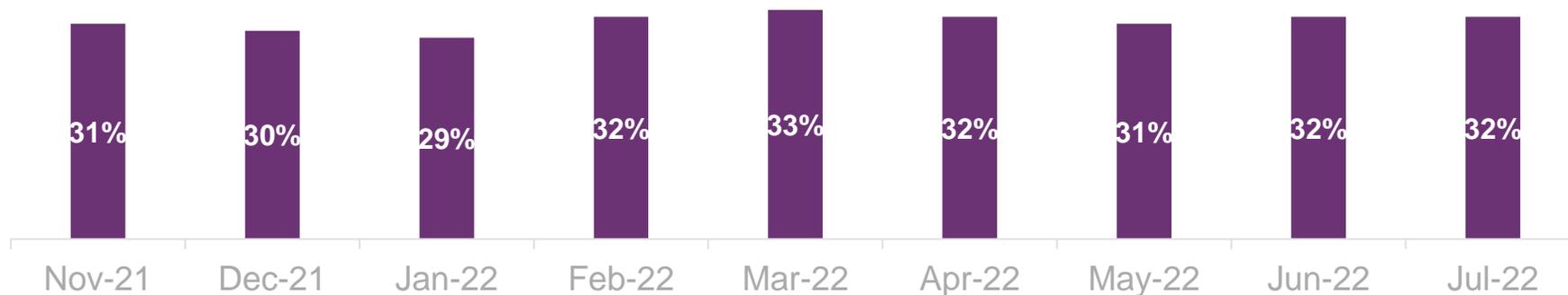
	July 2021	May 2022	June 2022	July 2022
Council tax	35%	35%	33%	32%
Electricity	27%	28%	28%	30%
Gas	22%	23%	23%	26%
Water	31%	29%	28%	27%
Rent	23%	21%	21%	20%
Mortgage	19%	15%	15%	15%
TV license	4%	4%	3%	3%

Negative budgets and Universal Credit

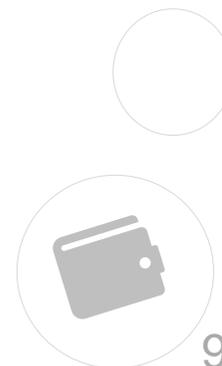
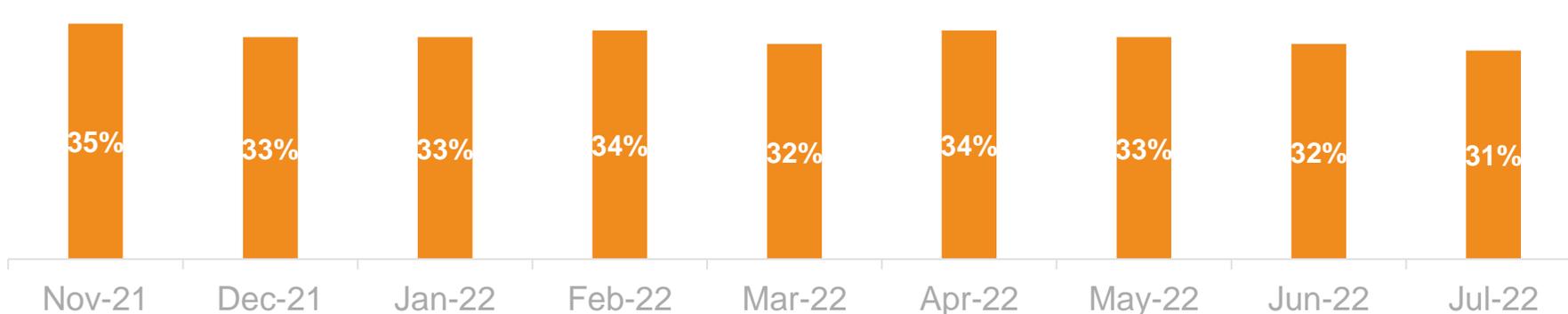
The proportion of new clients with a negative budget (where a client's monthly expenditure exceeds their monthly income after proceeding through StepChange's advice and budgeting process) remained at 32% in July 2022. This is consistent with previous months, although, two percentage points higher than in July 2021 (30%).

The proportion of clients in receipt of Universal Credit also continues to decrease compared to previous months and 12 months ago (32% in July 2021).

Proportion of new debt advice clients with a negative budget



Proportion of new debt advice clients in receipt of Universal Credit



Demographics

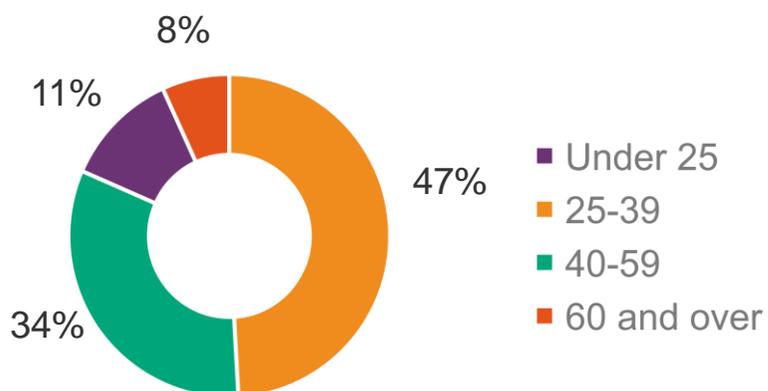
The proportion of women among StepChange's new client population remained fairly similar to previous months and years. More than six in ten new clients in July 2022 are women.

As with previous months, clients also continue to be disproportionately likely to be in younger age groups, with 81% aged between 25 – 59.

Gender split: New debt advice clients

	July 2021	May 2022	June 2022	July 2022
Women	61%	63%	62%	62%
Men	39%	37%	38%	38%
Other gender identity	<1%	<1%	<1%	<1%

Age: New debt advice clients, July 2022



Demographics continued - housing tenure

New clients in July had similar housing situations to new clients in previous months and last year. Around two thirds of all new clients (65%) in July were renting from a housing association, local authority or privately, including around one third of all new clients who were renting from a private landlord (34%).

The proportion of new clients who are homeowners (16%) in July 2022 remained similar to June 2022 and July 2021.

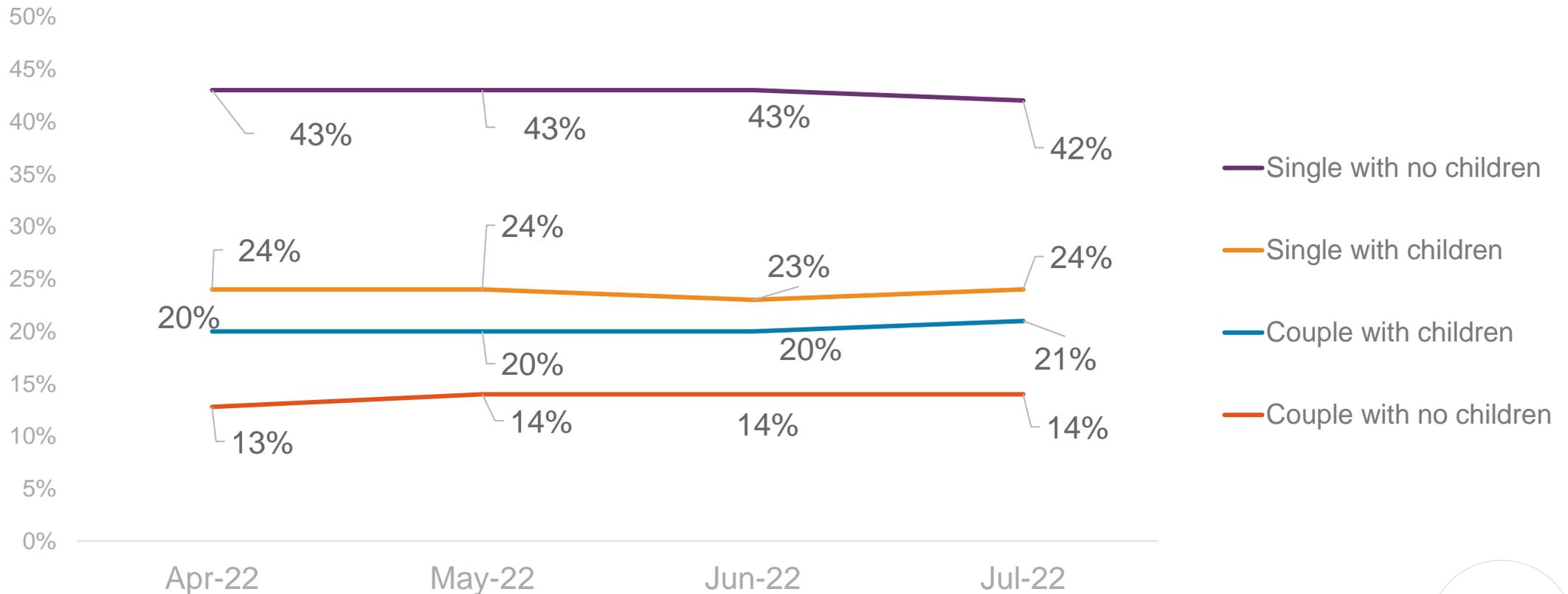
Housing tenure among new clients

	July 2021	May 2022	June 2022	July 2022
Board payment (not with family)	3%	2%	2%	2%
Living with family	13%	13%	14%	13%
Mortgage	13%	12%	12%	13%
Other	2%	3%	3%	3%
Owns property outright	2%	2%	3%	2%
Renting - Council or Housing Association	31%	32%	31%	31%
Renting - private landlord	35%	34%	34%	34%
Shared ownership (mortgage and rent)	1%	1%	1%	1%

Demographics continued - family composition

The proportion of new clients with children has increased between June (43%) and July (45%). Despite this, single adults with no children remain as the most common family composition type (42%). This group are the most likely to be aged under 25 (16%) compared to other family composition groups, and are more likely to be in a vulnerable situation (58%) compared to the proportion of all new clients in July (51%).

Family composition: April – July 2022



Demographics continued - employment

The proportion of new clients who are full-time employed (42%) has remained similar to last month (42% in June 2022), and three percentage points higher than July 2021 (39%).

Employment status

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

- The proportion of clients not working due to illness or disability remained consistent in June (15%) and July (15%)
- The proportion of clients not in employment and not looking for work also remained consistent between June (8%) and July (8%)
- In July 2021, 55% of new clients were in a form of employment

**In July 2022,
57% of new
clients were in
employment**



Methodology

This data is based on the 13,792 clients who first sought debt advice from the charity between 1 – 31 July 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)