

Debt advice client insights

June 2022

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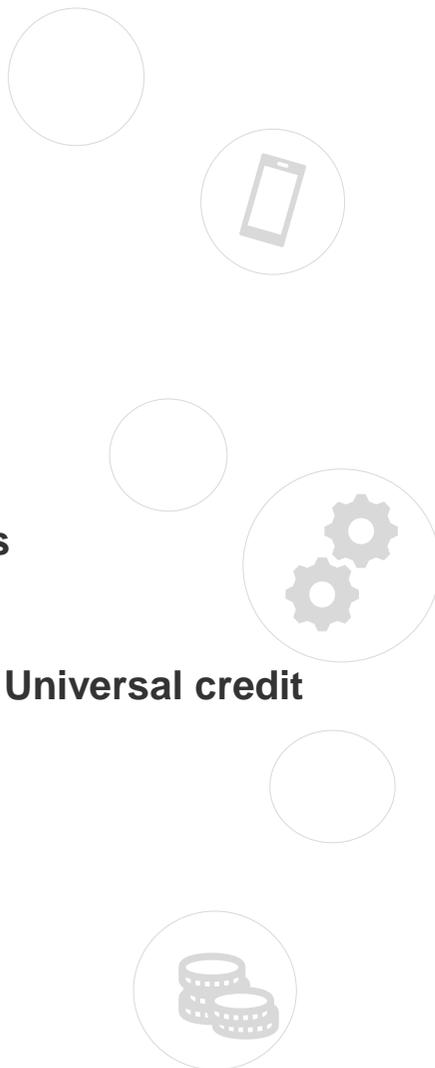
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Background

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

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

Executive summary

A similar number of clients received debt advice for the first time in June as in May, with around 14,000 new clients in each calendar month. New clients in June tended to have similar characteristics to those in May, and in previous months. The charity continued to advise a greater proportion of single parents, renters, younger age groups and women compared to the wider population.

However, among the new client population in June, there are some early signs of the changing impacts of the increased cost of living.

Around one in five new debt advice clients cited an increase in the cost of living as a main reason for debt, which is now the single most commonly mentioned reason for debt among new clients. Clients who cited this were more likely than the overall client population to be women, in a form of employment and single parents.

The proportion of new clients with energy arrears also remains high, and there has been a small increase in the proportion of clients with negative budgets between May and June. Additionally, the proportion of clients in full-time employment in June (42%) was at its highest point in any single month in recent months and years. Comparably, 38% of clients were in full-time employment in June 2021.

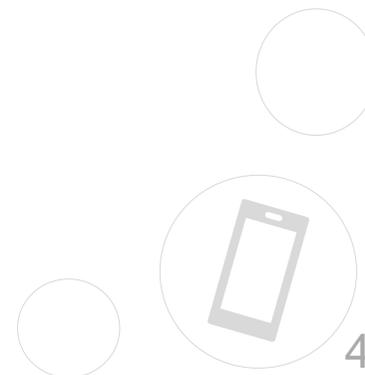
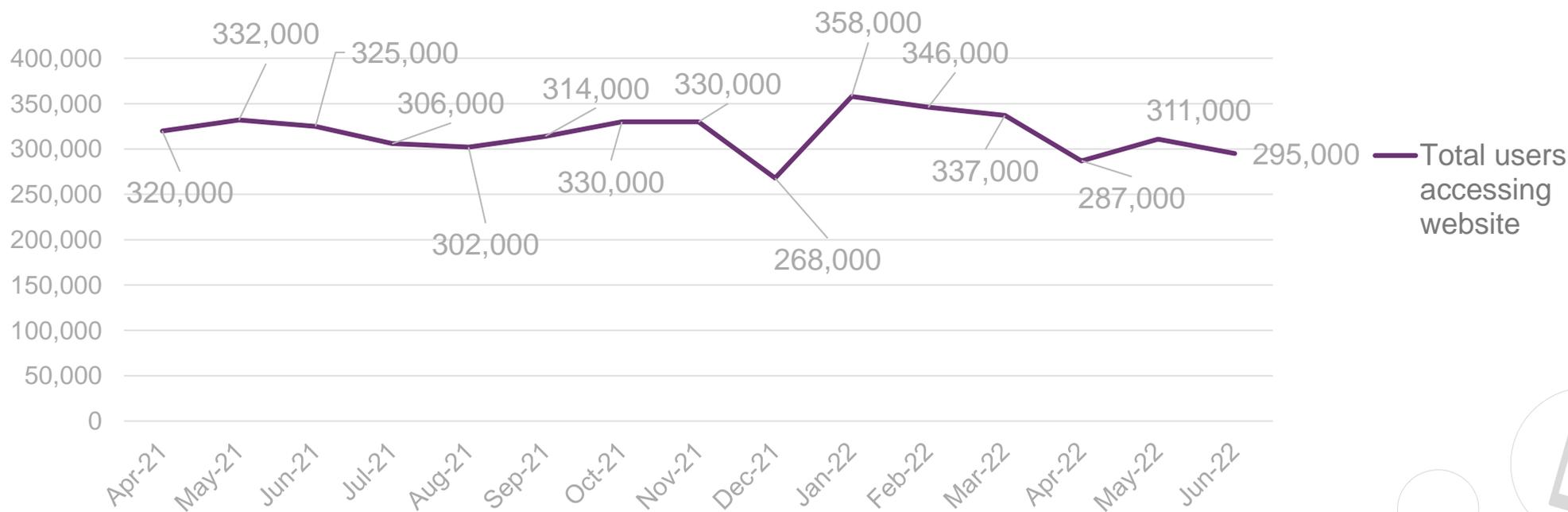
The impact of increases to the cost of living is also visible through trends in web traffic on the StepChange website. Although the overall number of visits to the website have decreased compared to the previous calendar month, the number of users visiting the [‘emergency funding’](#) debt information page has increased. There have also been substantial increases in visits to the [benefits calculator](#), and information around [hardship payments](#).

Website trends

The StepChange Debt Charity website received visits from 295,000 users in June 2022, which is slightly lower than levels found in May 2022, and June 2021 (325,000).

Despite a decrease in overall users, the [emergency funding](#) page saw 22,200 visits in June 2022, an increase of 17% compared to May 2022. This remains the most commonly visited debt information page. There has also been a 104% monthly increase in visits to the [benefits calculator](#) (4,400 visits), and 600% increase in visits to information about [hardship payments](#) (2,500 visits) which includes information about Universal Credit (UC), Jobseeker's Allowance (JSA) and Employment and Support Allowance (ESA).

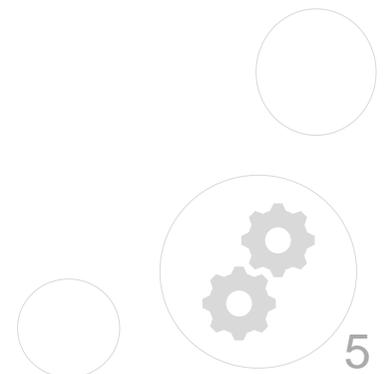
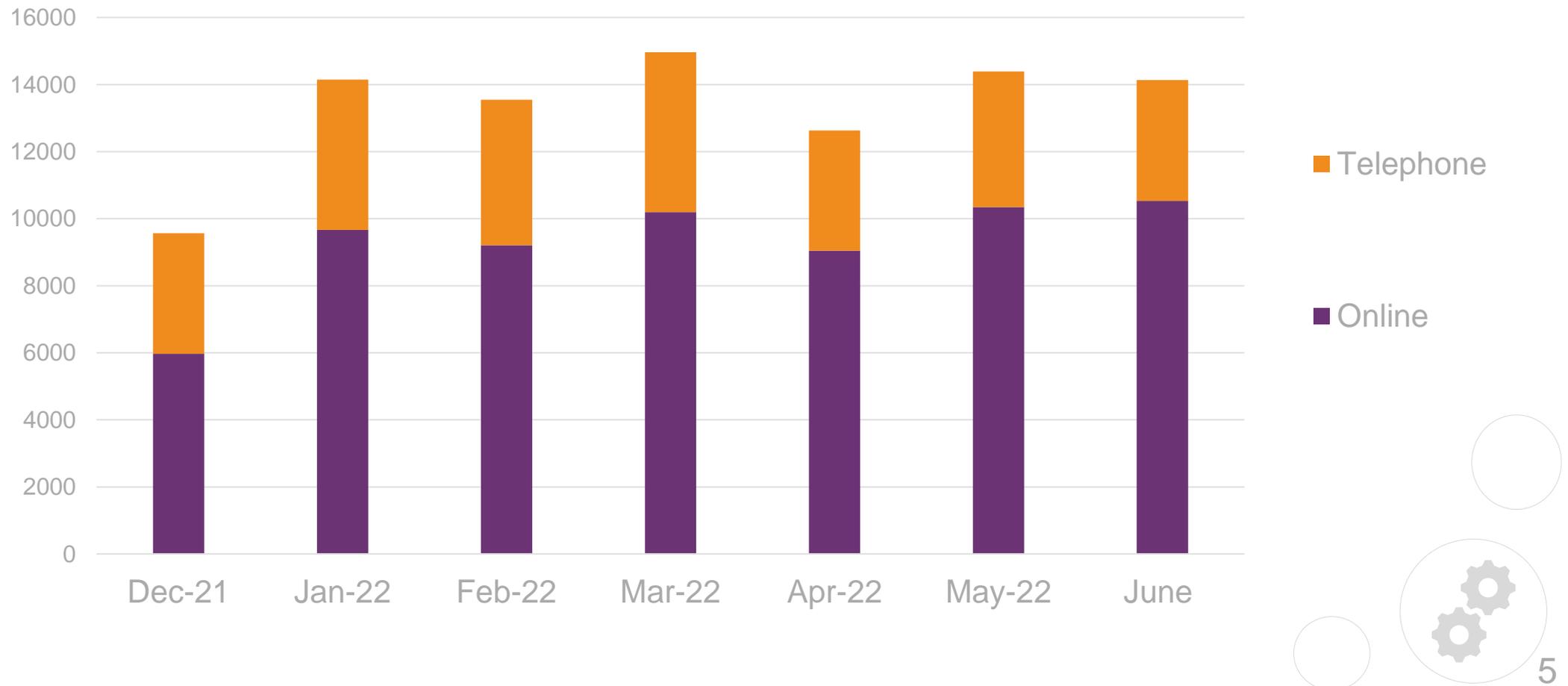
Total number of website users: April 2021 – June 2022



Client volumes

Over 14,000 new clients received full debt advice in June, which is a similar number to the previous calendar month, however higher than the number of new clients in June 2021 (13,000).

Number of new telephony and online clients: December 2021 – June 2022

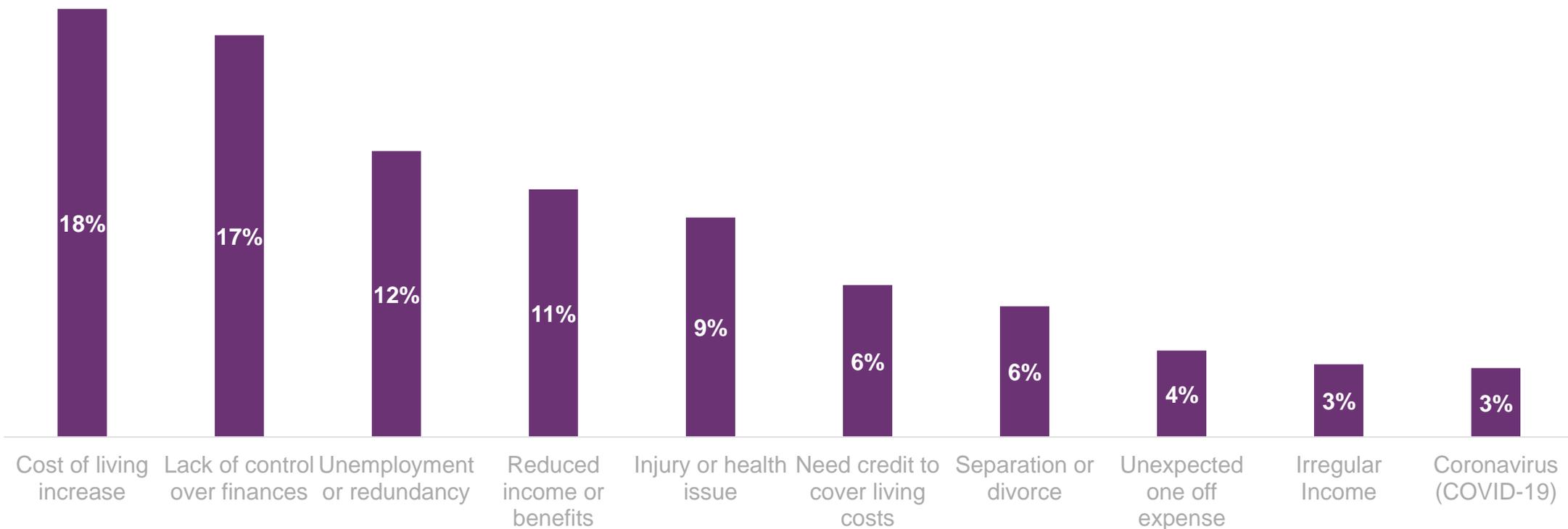


Reasons for debt

Experiencing an increase in the cost of living is now the single most common reason for debt among new StepChange debt advice clients, with almost one in five (18%) citing this.

Clients citing a cost of living increase were more likely to be women (69%) than the overall new client population (62%); in a form of employment (62%) compared to the new overall client population (56%); and single parents (27%) compared to the overall new client population (23%) in June 2022.

Most common reasons for debt*: June 2022



*Clients can select multiple reasons for debt

Debt types

Around two thirds (65%) of new clients had at least one credit card debt in June. This follows a similar proportion to May 2022, however is a slightly lower proportion compared to June 2021 (66%). Across most of the main unsecured debt types, the proportion of new clients with each type has fallen compared to 12 months ago. For example, 49% of new clients in June 2021 had at least one personal loan debt at the time of advice compared to 46% in June 2022.

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

	June 2021	April 2022	May 2022	June 2022
Credit card	66%	64%	65%	65%
Personal loan debt	49%	46%	46%	46%
Overdraft	35%	33%	34%	34%
Catalogue debt	36%	35%	34%	33%
Short-term high cost credit or payday loan	11%	10%	10%	10%
Store card	12%	12%	12%	12%

Arrears types

Although a lower proportion of clients had council tax arrears in June compared to the previous month, this continues to be the most commonly held type of household arrears among new StepChange clients, with around one third behind on their council tax bill at the time of advice (33%).

The proportion of clients with electricity arrears (28%) and gas arrears (23%) in June remains higher than levels found before the pandemic in 2019 (electricity 17% and gas 13%).

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

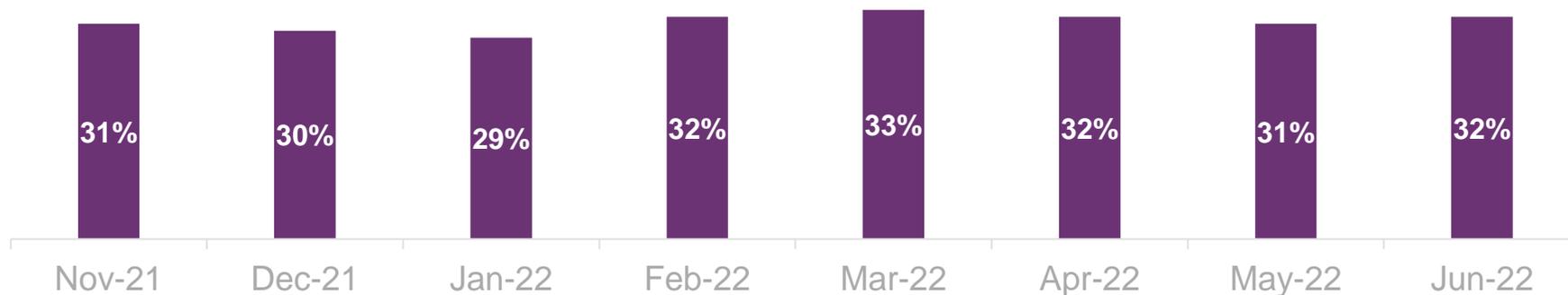
	June 2021	April 2022	May 2022	June 2022
Council tax	35%	34%	35%	33%
Electricity	27%	29%	28%	28%
Gas	21%	24%	23%	23%
Water	31%	29%	29%	28%
Rent	24%	21%	21%	21%
Mortgage	18%	16%	15%	15%
TV license	3%	3%	4%	3%

Negative budgets and Universal Credit

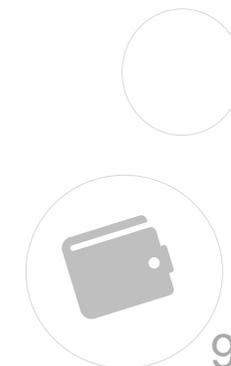
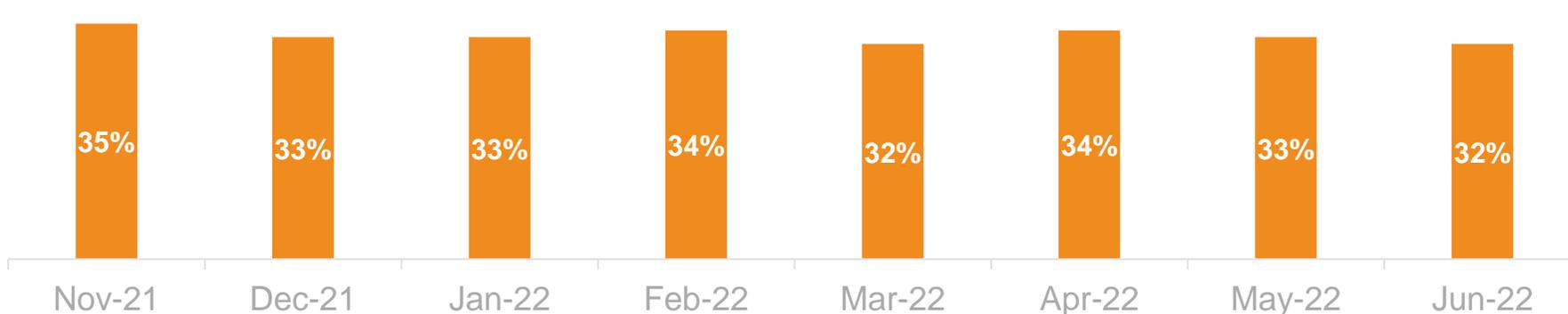
The proportion of new clients with a negative budget (where a client's monthly expenditure exceeds their monthly income after proceeding through StepChange's advice and budgeting process) increased between May and June by one percentage point; almost one third of clients had a negative budget at the time of advice in June (32%). This is also slightly higher than the proportion of clients in a negative budget in June 2021 (31%).

The proportion of clients in receipt of Universal Credit has also fallen by two percentage points between April (34%) and June (32%) 2022.

Proportion of new debt advice clients with a negative budget



Proportion of new debt advice clients in receipt of Universal Credit



Demographics

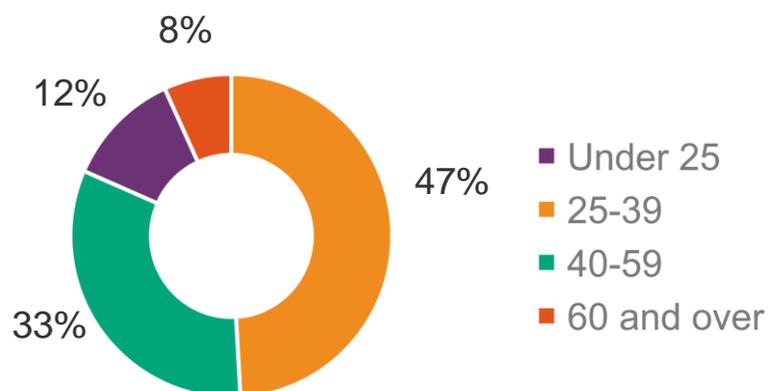
The proportion of women among StepChange's new client population has slightly decreased between May (63%) and June (62%), however it does remain level with proportions found at the same point last year. The charity has advised a disproportionately high proportion of women for many months and years.

Clients also continue to be disproportionately likely to be in younger age groups, with 80% aged between 25 – 59.

Gender split: New debt advice clients

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

Age: New debt advice clients, June 2022



Demographics continued - housing tenure

Renting from a private landlord remains the most common type of housing tenure among new clients; over one third (34%) were renting in the private sector in June. The proportion of clients living with family and the proportion of clients who own their property outright have both increased between May and June.

The proportion of clients who are homeowners (16%) has increased by one percentage point compared to 12 months previously (15% in June 2021).

Housing tenure among new clients

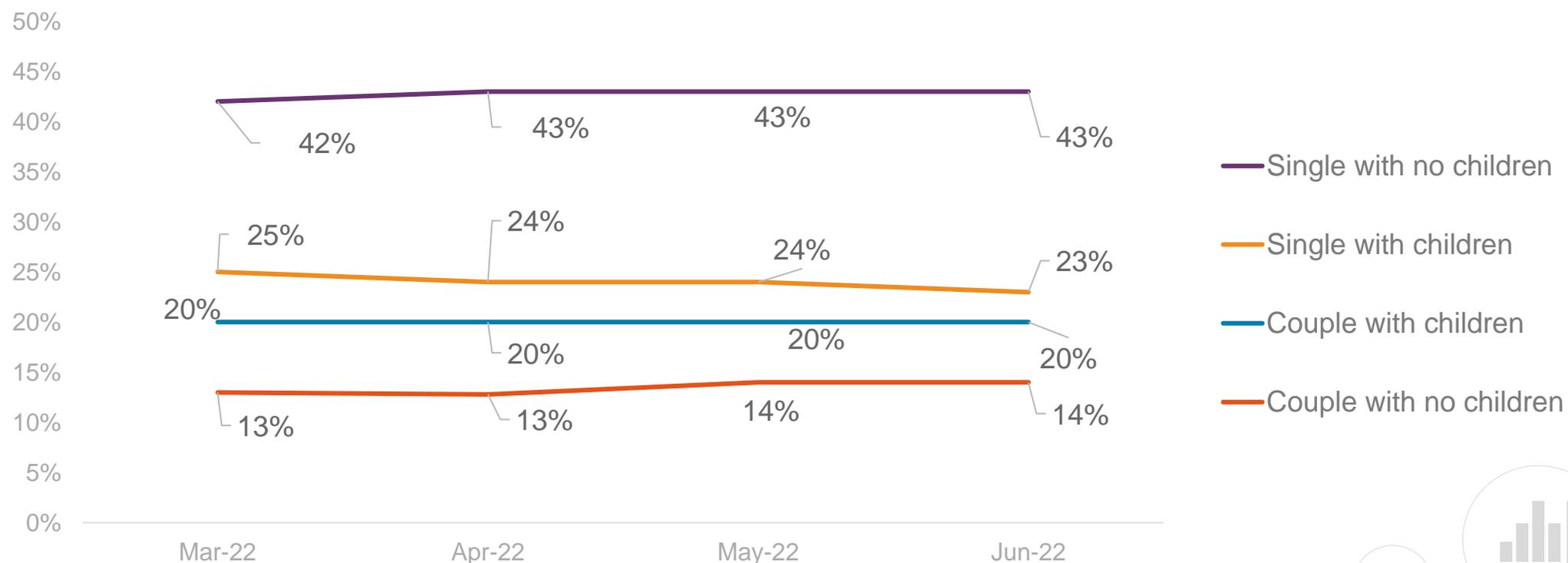
	June 2021	April 2022	May 2022	June 2022
Board payment (not with family)	2%	2%	2%	2%
Living with family	13%	13%	13%	14%
Mortgage	12%	12%	12%	12%
Other	2%	3%	3%	3%
Owns property outright	2%	2%	2%	3%
Renting - Council or Housing Association	32%	32%	32%	31%
Renting - private landlord	34%	35%	34%	34%
Shared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

Demographics continued - family composition

Although there was a small decrease in the proportion of single parent clients between May (24%) and June (23%), this family composition group remains disproportionately high among the new StepChange client population compared to the wider UK population.

The proportion of new clients who are single with no children remains as the most common family demographic type (43%). The proportion of new clients in this family demographic type has remained fairly consistent over the past year.

Family composition: March – June 2022



Demographics continued - employment

The proportion of clients in full time employment has increased; 42% of new clients in June were in full time employment. This is four percentage points higher than at the same point in 2021 (38%). There have been decreases in proportion of clients in part-time employment, not working due to illness or disability, and those unemployed and not looking for work.

Employment status

Employment type	May 2022	June 2022
Carer	3%	3%
Full-time employed	40%	42%
Not working due to illness or disability	16%	15%
Part-time employed	14%	13%
Retired	4%	4%
Student	2%	2%
Unemployed: looking for work	11%	11%
Not in employment and not looking for work	9%	8%
Zero hour contract	2%	2%

- In June 2022, 42% of new clients were in full time employment
- The proportion of clients not working due to illness or disability marginally fell from 16% in May to 15% in June
- The proportion of clients not in employment and not looking for work fell between May (9%) and June (8%)

In June 2022,
56% of new
clients were in
employment



Methodology

This data is based on the 14,132 clients who first sought debt advice from the charity between 1 – 30 June 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)