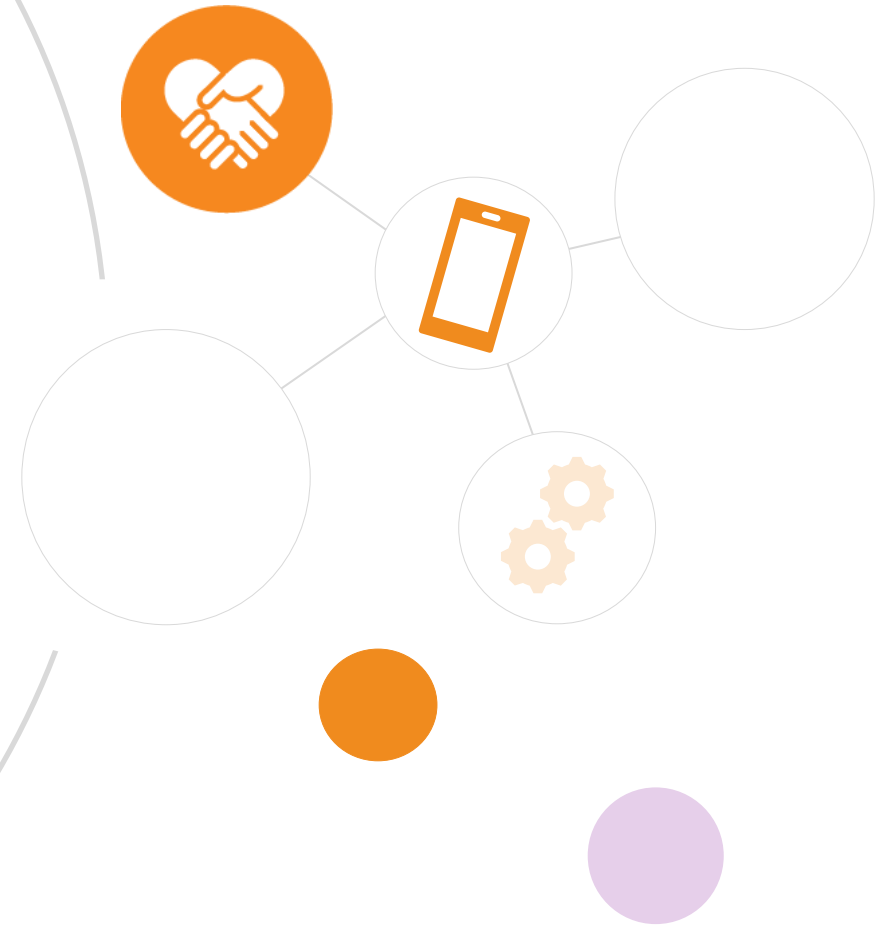


Debt advice during coronavirus

June 2021



Published July 2021

Contents

1. Website trends

Page 4

2. Volumes

Page 5

3. Reasons for debt

Page 6

4. Debt and arrears types

Pages 7 - 8

5. Negative budgets and Universal credit

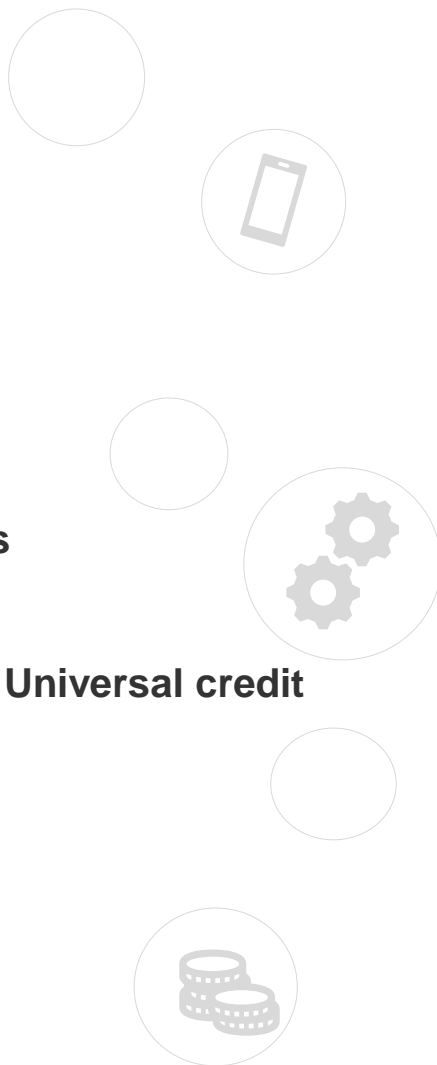
Page 9

6. Demographics

Pages 10 – 13

7. Methodology

Page 15



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 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

Although the number of new clients requiring full debt advice remains lower than before the pandemic, the charity continues to advise a disproportionate number of women, younger people, families with children and renters compared to the wider UK population.

Last month's client data report showed a small increase in the proportion of homeowners, and fewer new clients with negative budgets. However, data from June instead reflects longer term trends among the most disproportionately represented demographic groups. For example, June saw an increase in the proportion of renters and clients with children accessing advice.

The unsecured debts and arrears profiles of new clients in June are not dissimilar to those in previous months. Credit cards continue to be the most commonly held debt (66%), while council tax continues to be the most common household bill arrears type among new clients (35%).

Across different arrears types, there have also been small increases in the proportion of new clients behind on council tax, and with rent and electricity arrears.

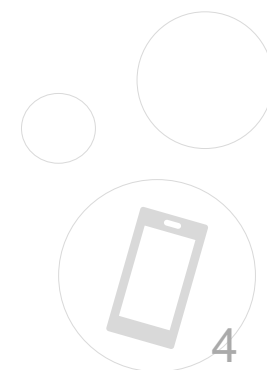
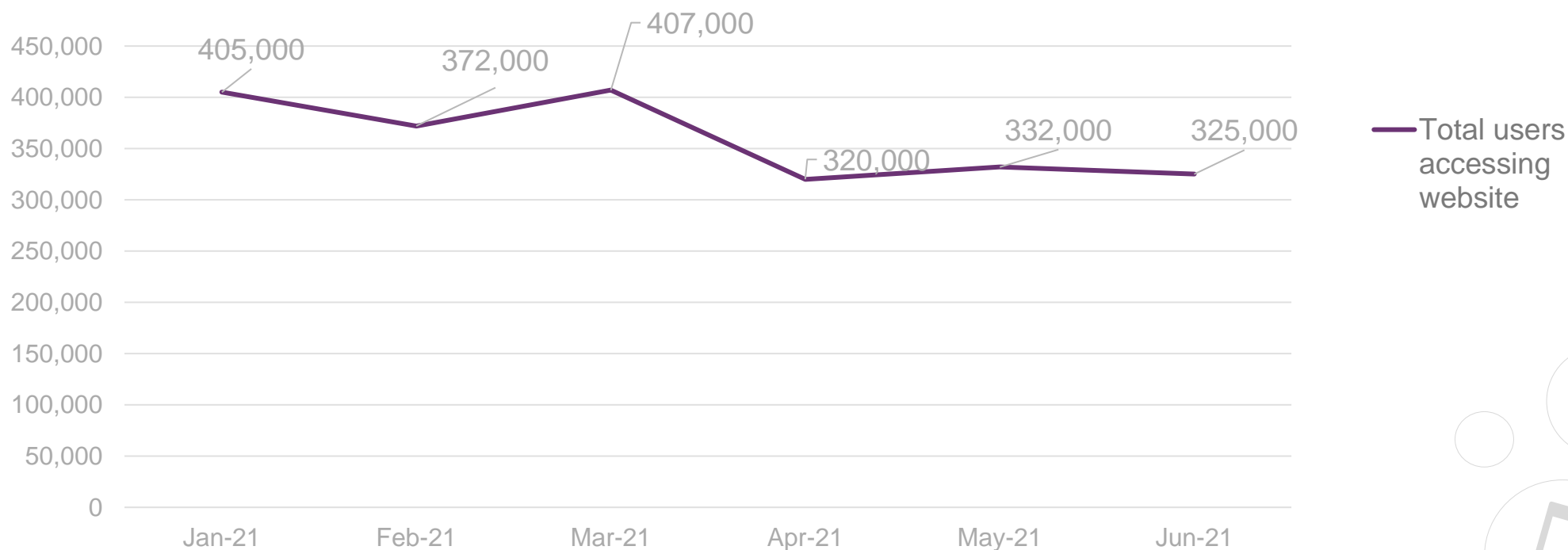
The data for June reflects the difficult financial situation that many clients receiving debt advice have been facing during the pandemic. Around one third (34%) of new clients were in receipt of Universal Credit, and three in ten (31%) had a negative budget at the time of advice.

Additionally, the StepChange website's 'emergency funding' page continued to be the most visited debt information page in June. This page provides information for what to do if you need emergency help with money and food.

Website trends

In June 2021, the StepChange website was visited by a similar number of users as June 2020 (331,000). During 2021, the website saw a peak in traffic between January and March. These visits do not only include clients looking for full debt advice; last month's data highlights that many users continued to access the website for emergency support. As with previous months, 'emergency funding' continued to be the most visited debt information page in June 2021, receiving over 14,000 page views.

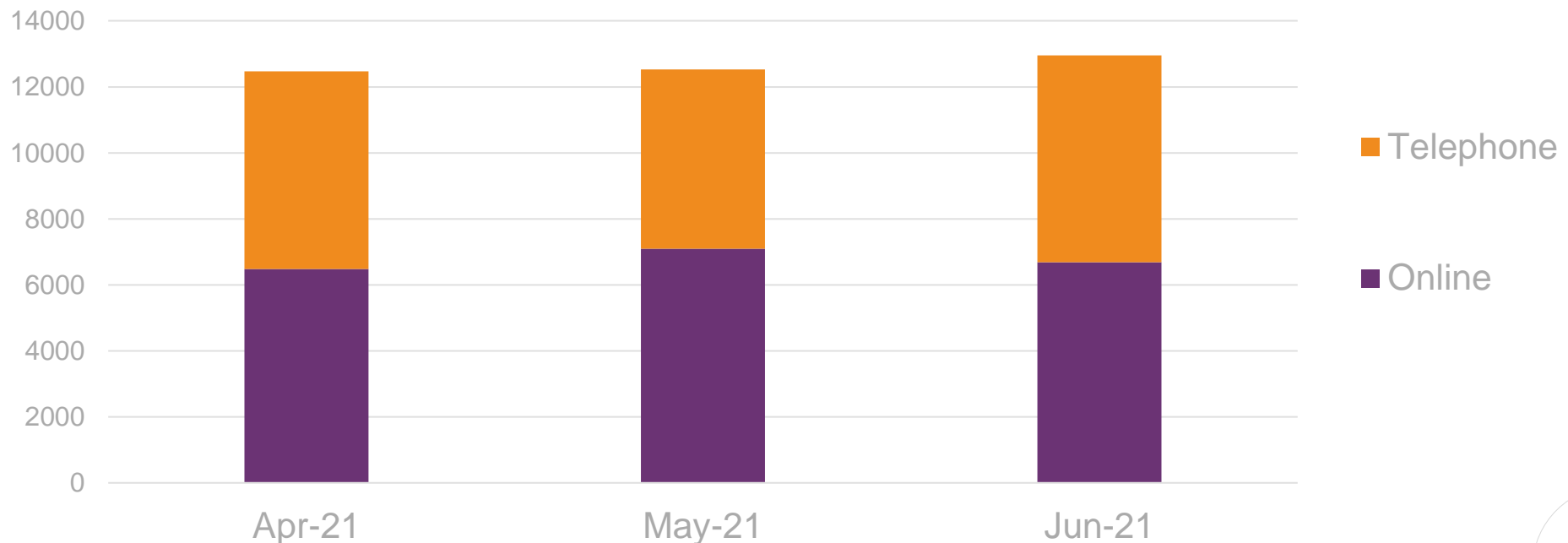
Number of website users: January – June 2021



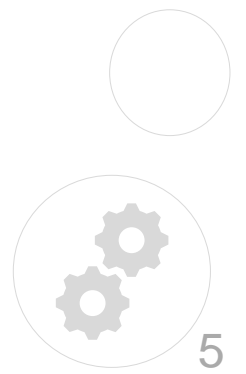
Client volumes

The charity continued to see fewer clients requiring full debt advice compared to before the pandemic. This is despite recent evidence suggesting that many households across the UK are facing growing levels of personal debt and risk of financial difficulty during the pandemic*. In June 2021, around 13,000 new clients completed a full debt advice session.

Number of new telephony and online clients: April – June 2021



*StepChange Debt Charity, 2021 'Stormy Weather'. Available at: <https://www.stepchange.org/Portals/0/assets/pdf/Coronavirus-impact-dashboard-January-2021-StepChange.pdf>

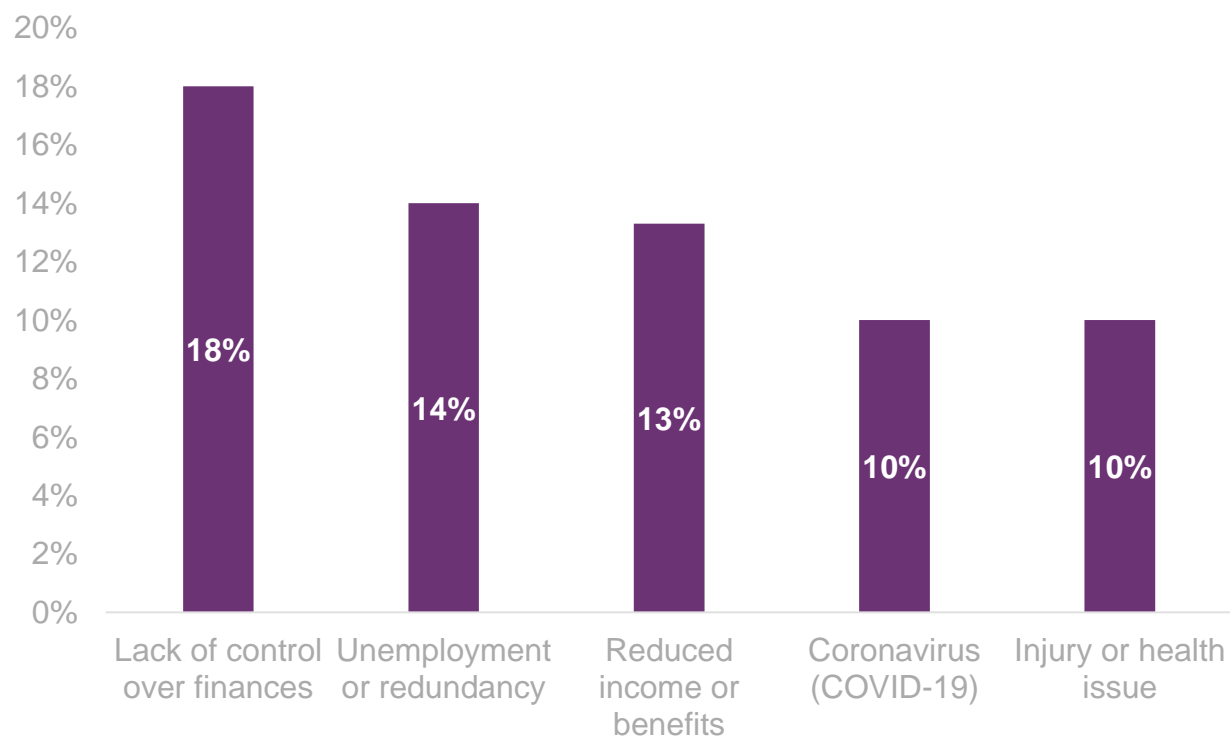


Reasons for debt

In June, 'lack of control over finances' was the most commonly cited reason for debt among new clients receiving full debt advice (cited by 18% of clients). Life events such as experiencing unemployment or redundancy, experiencing a reduction to income, or injury or ill health continued to be common reasons for debt mentioned by new clients.

One in ten (10%) new clients receiving full debt advice specifically cited the **impact of Covid-19** as a reason for debt in June.

Most common reasons for debt*: June 2021

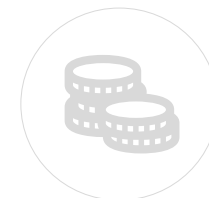


2020

The most common reasons for debt in 2020 were unemployment or redundancy (18%) and reduced income or benefits (15%)

2021

These top five reasons were also the five most common in March, April and May 2021



Debt types

New clients who received full debt advice in June 2021 had similar debt profiles to clients in previous months. Credit cards continued to be the most common unsecured debt type among new clients. There was a small increase in the proportion of clients with overdraft debts, although overall this remains much lower than previous years, possibly following FCA guidance and rule changes. There has also been a one percentage point increase among the proportion of new clients with catalogue debts at the time of advice.

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

	Full year 2020	April 2021	May 2021	June 2021
Credit cards	67%	64%	66%	66%
Personal loan debt	52%	47%	49%	49%
Overdrafts	39%	33%	34%	35%
Catalogue debt	35%	34%	35%	36%
Short-term high cost credit or payday loans	13%	10%	11%	11%
Store card	14%	12%	12%	12%

Arrears types

The proportion of new clients in council tax arrears increased slightly between May and June, and continued to be the most common arrears type among new StepChange clients. There have also been small increases in the proportions of new clients with other arrears types such as electricity and rent, which have both increased by one percentage point over the last month. Overall the proportion of new clients behind on household bills at the time of advice remains higher than before the pandemic.

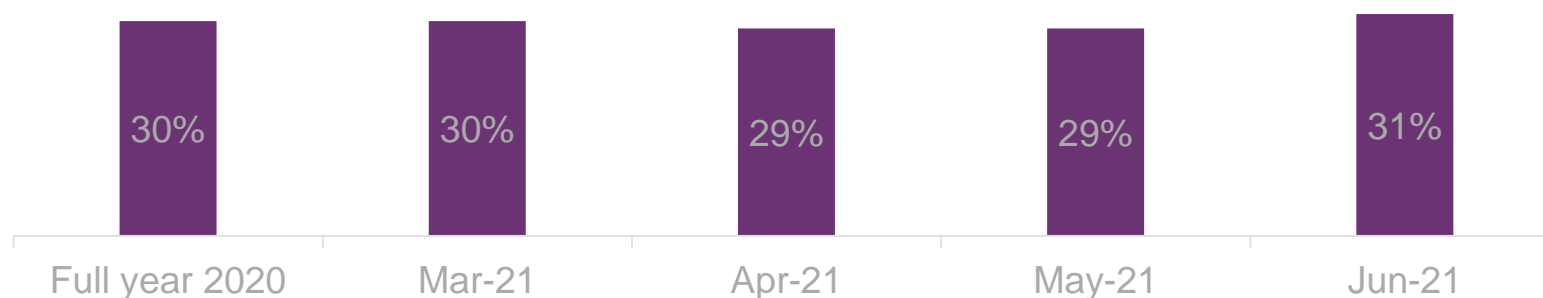
The proportion of new clients in arrears among those who have a responsibility for each bill type*

	Full year 2020	April 2021	May 2021	June 2021
Council tax	36%	34%	34%	35%
Electricity	26%	27%	26%	27%
Gas	23%	22%	22%	21%
Water	32%	31%	31%	31%
Rent	27%	23%	23%	24%
Mortgage	17%	18%	18%	18%
TV license	7%	4%	4%	3%

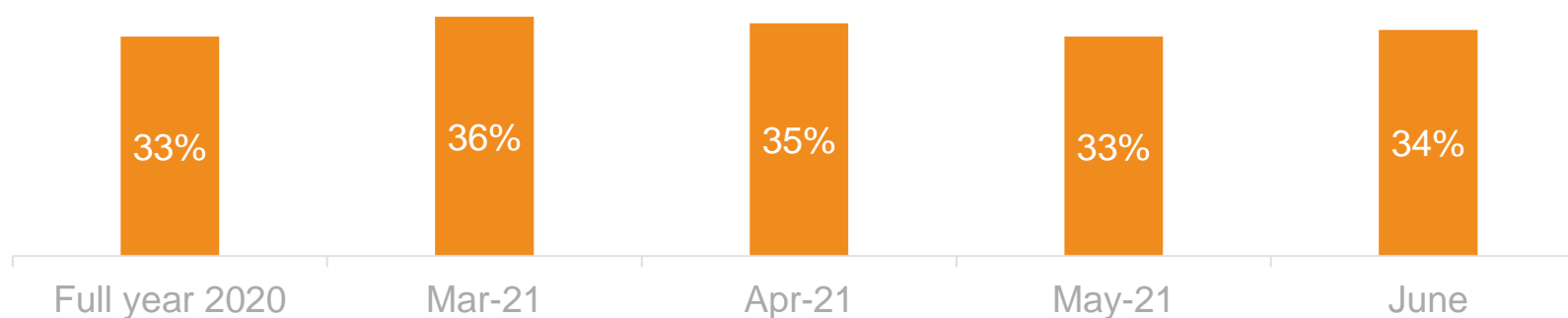
Negative budgets and Universal Credit

Following a small decrease in previous months, the charity has advised a growing proportion of clients in negative budgets at the time of advice. Additionally, the proportion of new clients in receipt of Universal Credit has also slightly increased by one percentage point.

Proportion of new debt advice clients with negative budgets



Proportion of new debt advice clients in receipt of Universal Credit



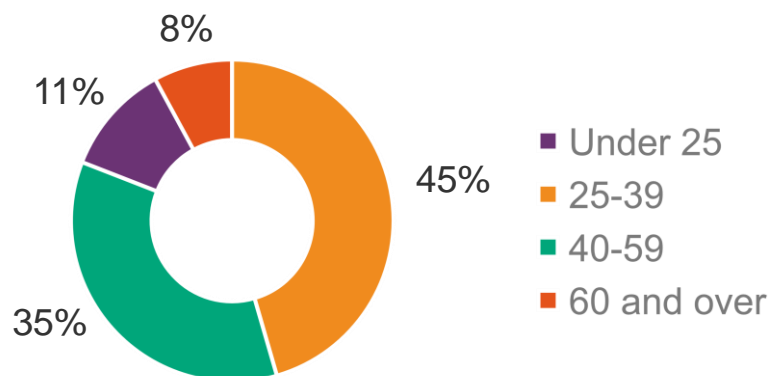
Demographics

Throughout the pandemic, the charity has continued to advise a disproportionate number of women (62%). This is a long-standing trend with the charity advising a similarly high proportion of women in 2019. The charity also continues to advise a disproportionate amount of adults aged under 40 compared to the wider UK population.

Gender split: New debt advice clients

	Full year 2020	April 2021	May 2021	June 2021
Female	60%	61%	60%	62%
Male	40%	39%	39%	38%
Other gender identity	<1%	<1%	<1%	<1%

Age: New debt advice clients



Demographics continued - housing tenure

Following an increase in the proportion of homeowners contacting the charity in May, the charity has seen a small increase in the overall proportion of renters in June. The proportion of new clients renting from a local authority or housing association has increased two percentage points between May and June, up to 32%.

Renting in the private sector continued to be the most common housing type among new StepChange clients, with more than one third (34%) of new clients recording this as their housing tenure at the time of advice.

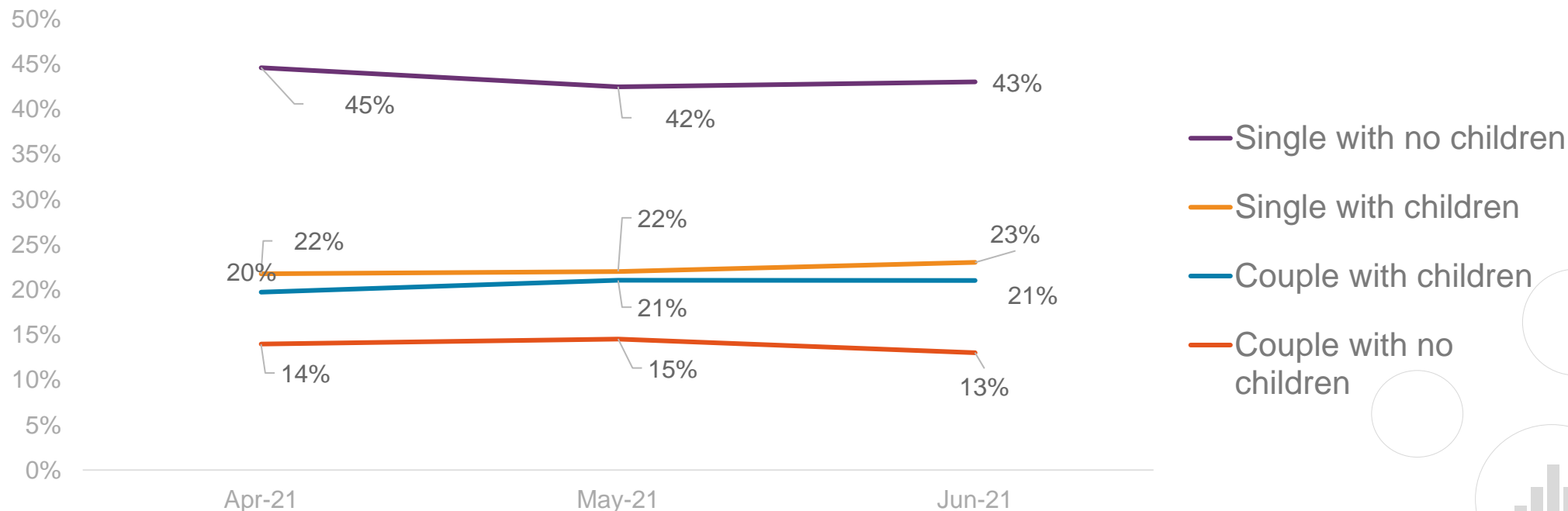
Housing tenure among new clients

	Full year 2020	April 2021	May 2021	June 2021
Board payment (not with family)	3%	2%	3%	2%
Living with family	15%	13%	13%	13%
Mortgage	12%	12%	14%	12%
Other	2%	3%	3%	2%
Owens property outright	3%	2%	3%	2%
Renting - Council or Housing Association	31%	31%	30%	32%
Renting - private landlord	34%	35%	35%	34%
Shared ownership (mortgage and rent)	1%	1%	1%	1%

Demographics continued - family composition

Single adults with no children continued to be the most common family composition type among new StepChange clients (43%). There has also been a small increase in the proportion of clients with children, up from 42% in April to 44% in June 2021. Conversely, the proportion of clients in couples with no children has decreased by two percentage points between May and June.

Family composition: April – June 2021



Demographics continued - employment

Although the proportion of new clients in full time employment in June (38%) fell slightly compared to May 2021 (39%), the charity continued to report a higher proportion of full-time employed clients than in 2020 (36%).

Employment status: June 2021

Employment type	%
Carer	3%
Full-time employed	38%
Not working due to illness or disability	15%
Part-time employed	15%
Retired	3%
Student	2%
Unemployed: looking for work	14%
Unemployed: not looking for work	9%
Zero hour contract	2%

The proportion of clients in any form of employment has increased from 52% in 2020 to 55% in June 2021.

The proportion of new clients in part-time employment also increased slightly between May (14%) and June (15%).

**In June 2021,
55% of new
clients were in
employment**



What's next?

Although the number of new clients requiring debt advice still remains lower than before the pandemic, the findings in this report highlight the difficult situation that many in financial difficulty more widely are experiencing. As reflected in the charity's website data, many people have required guidance with emergency funding or food. Additionally the majority of new debt advice clients cite life events such as injury or illness, or becoming unemployed as main reasons for debt.

There have been some changes in the client debt advice population over the past month. Following a small increase in the proportion of homeowners and other characteristics in May 2021, the most recent data suggests a revert to longer term patterning. Women, renters, single parents, and younger age groups continue to be disproportionately represented among new clients compared to the general UK adult population.

The next data report will be published at the end of August 2021, which will highlight the experience of new clients who first received full debt advice in July.

Notes on methodology

This data is based on the 13,000 clients who first sought debt advice from the charity between 1 – 30 June 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.

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)