

Debt advice client insights

May 2022

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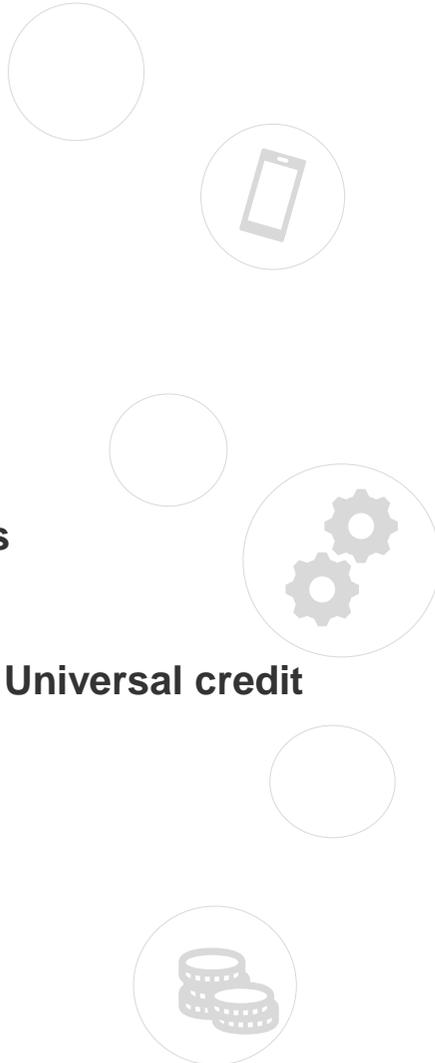
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Background

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

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

Executive summary

May 2022 saw an increase in the number of new clients receiving debt advice, alongside a rise in visits to information on the StepChange website compared to the previous month.

As with previous months, the '[emergency funding](#)' webpage continues to be the most visited debt information page. Information about [Government help with electricity and gas bills](#) saw an increase of web visits by 54% between April and May, which perhaps provides an early indication of the impact of the energy price cap rise.

More widely, new clients accessing full debt advice are continuing to cite that the cost of living increase is affecting them. In May, around 1 in 6 cited this as a main reason for debt; this is now the second most commonly cited reason among new clients.

However, despite this, the impact of the price cap increase is less evident in the debt situations of new clients. For example, although almost three in ten new clients are behind on their electricity bills, and one quarter are behind on gas bills, these proportions remain consistent with levels found throughout 2021.

Additionally, the proportion on clients with negative budgets has remained similar, as have the proportion of clients with unsecured credit debts or arrears, which would perhaps be expected as budgets for essential goods become even more squeezed. However this may become more evident over the coming months.

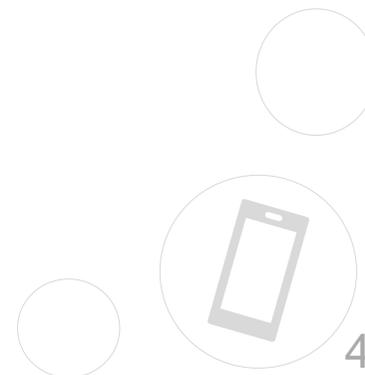
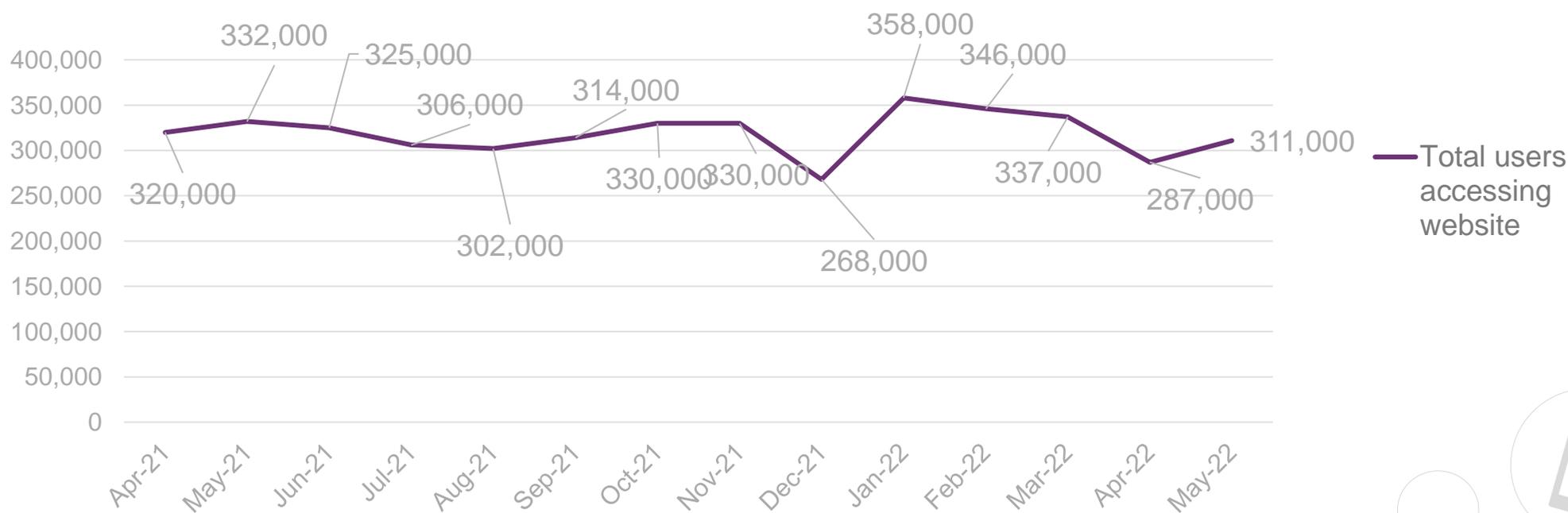
In terms of demographics, new clients in May had similar characteristics to those in previous months. In May, single parents, renters, younger age groups and women continued to be over-represented in the population of new debt advice clients.

Website trends

The StepChange Debt Charity website received visits from 311,000 users in May 2022, which represents an increase of more than 20,000 visits compared to the previous calendar month (287,000 visits in April 2022).

Emergency funding remained as the most commonly visited debt information page, and saw an increase of around 1,000 users accessing the page between April (18,000 visits) and May (19,000 visits). The self-employed income calculator (10,000 visits) and statute barred debt (8,000 visits) remained as the second and third most commonly visited web pages in May. Information about Government help with electricity and gas bills saw an increase of visits by 54% between April and May 2022 (4,000 visits).

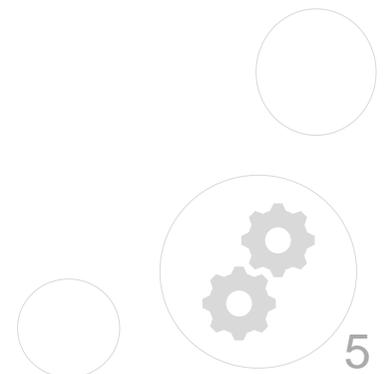
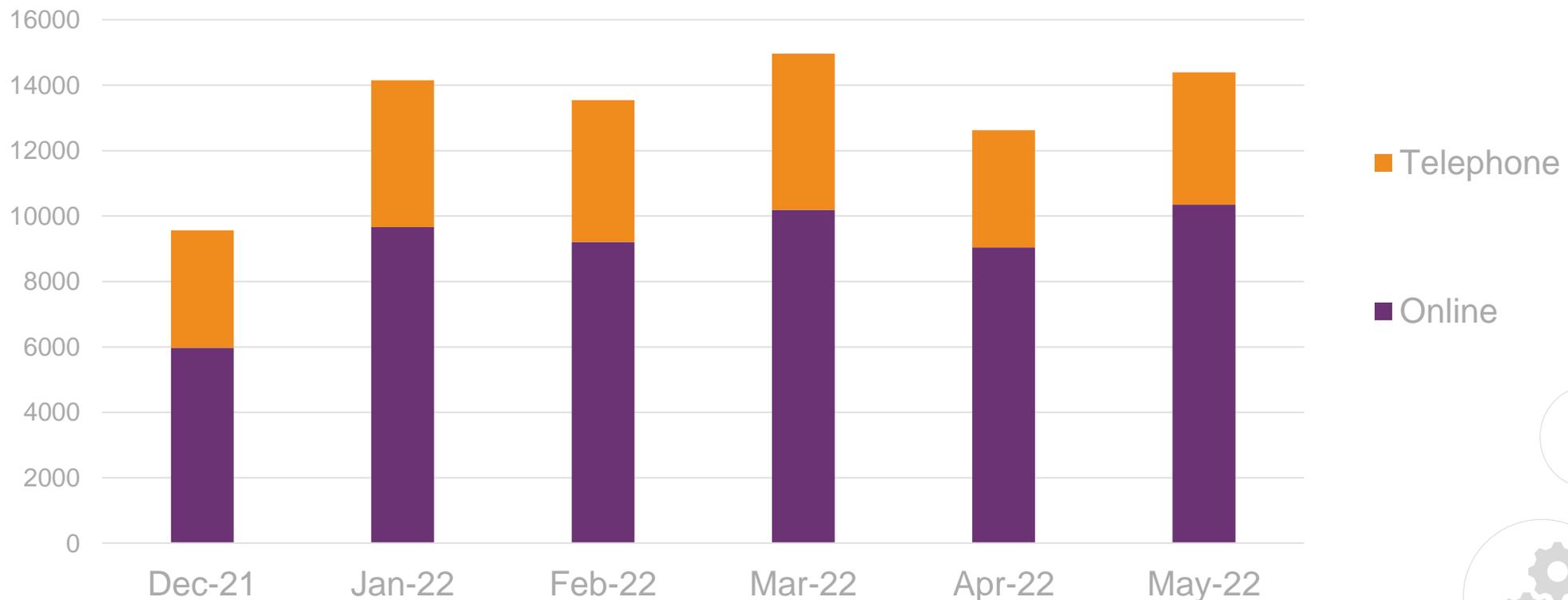
Total number of website users: April 2021 – May 2022



Client volumes

May saw an increase in the volume of clients compared to April. Over 14,000 new clients received full debt advice in May 2022, compared to 12,000 in April. Additionally more clients sought advice in May 2022 compared to May 2021 (12,000 new clients).

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

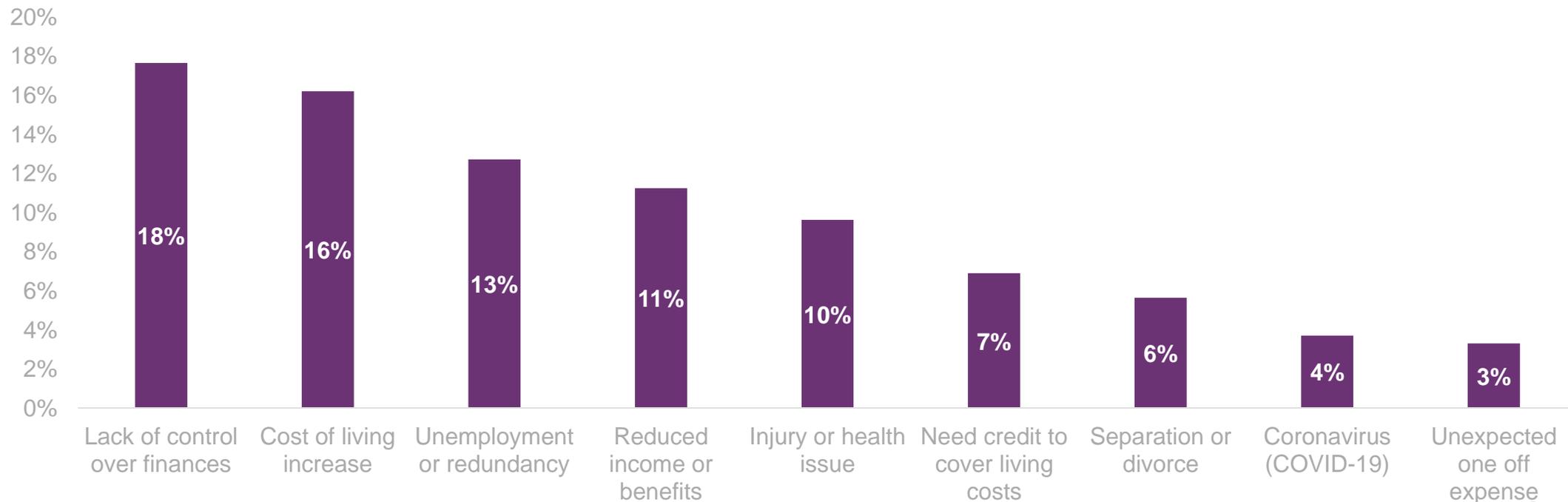


Reasons for debt

As with previous months, new debt advice clients were most likely to cite a 'lack of control over finances' as their most common reason for debt in May, with one in five (18%) of clients citing this. New clients are also becoming increasingly likely to cite an increase in the cost of living as a main reason. This is now the second most common reason for debt. Comparably in May 2021 just 6% of clients cited this as a main reason for debt.

Although an increased cost of living has become a more prevalent reason, the majority of new clients continue to report being affected by life events such as experiencing unemployment or redundancy, injury or health issues or relationship issues which has led to their experience of problem debt.

Most common reasons for debt*: May 2022



*Clients can select multiple reasons for debt

Debt types

The proportion of new clients who hold at least one credit card debt at the time of advice has very slightly increased between April (64%) and May 2022 (65%). However, levels remain lower than May 2021 (66%).

Other debt types held by clients remain relatively consistent across April and May 2022.

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

	May 2021	March 2022	April 2022	May 2022
Credit card	66%	67%	64%	65%
Personal loan debt	49%	46%	46%	46%
Overdraft	34%	34%	33%	34%
Catalogue debt	35%	37%	35%	34%
Short-term high cost credit or payday loan	11%	11%	10%	10%
Store card	12%	13%	12%	12%

Arrears types

A similar proportion of clients in May were in energy arrears as in April. However, average energy arrears amounts have increased. The average electricity arrears amount increased by £44 between April (£1,198) and May (£1,242).

Council tax remains as the most commonly held type of debt among new debt advice clients. The proportion of clients with this arrears type in May 2022 (35%) looked similar to the previous month (34%) and May 2021 (34%).

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

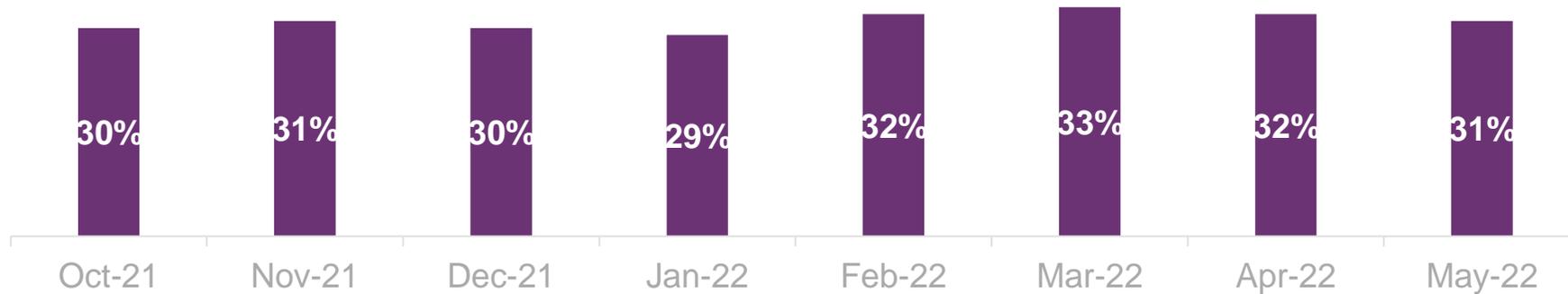
	May 2021	March 2022	April 2022	May 2022
Council tax	34%	38%	34%	35%
Electricity	26%	28%	29%	28%
Gas	22%	24%	24%	23%
Water	31%	32%	29%	29%
Rent	23%	23%	21%	21%
Mortgage	18%	18%	16%	15%
TV license	4%	3%	3%	4%

Negative budgets and Universal Credit

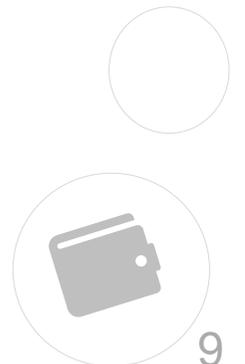
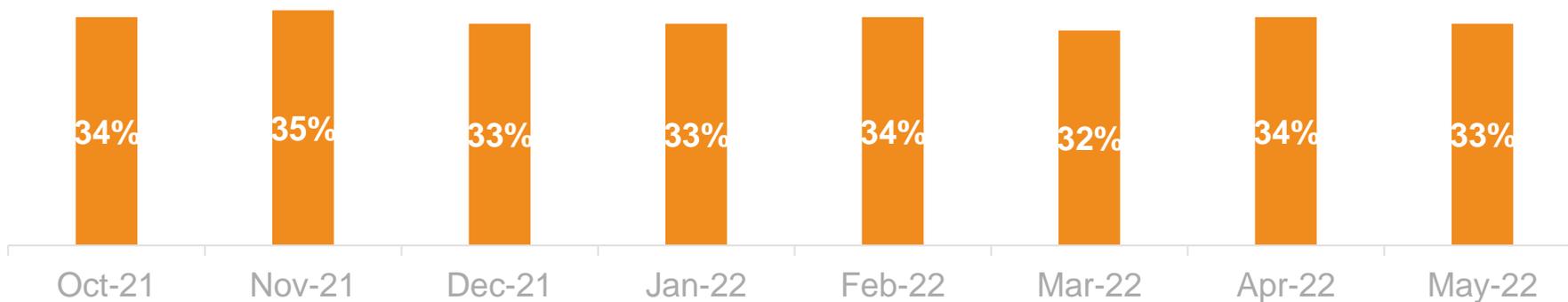
The proportion of new clients with a negative budget (where a client's monthly expenditure exceeds their monthly income after proceeding through StepChange's advice and budgeting process) decreased between April 2022 (32%) and May 2022 (31%). However, this remains two percentage points higher than May 2021 (29%).

There has been a small decrease in the proportion of new clients with Universal Credit between April (34%) and May (33%). However this proportion has remained fairly consistent with previous months and years.

Proportion of new debt advice clients with a negative budget



Proportion of new debt advice clients in receipt of Universal Credit



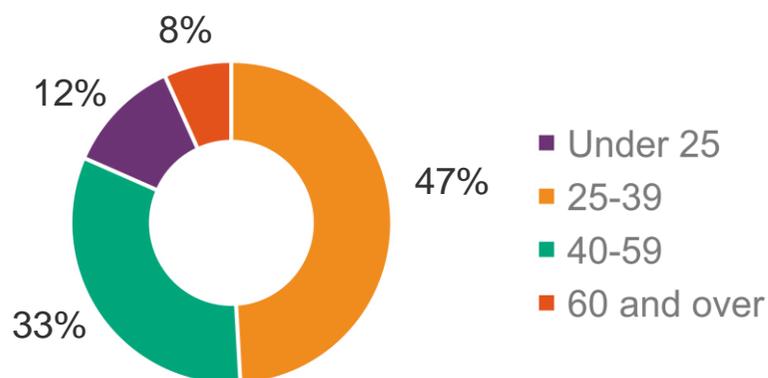
Demographics

A similar proportion of women received debt advice in May (63%) as previous months, however the proportion of women is three percentage points higher than the previous year; 60% of new debt advice clients in May 2021 were women. Additionally, the age breakdown for new clients in May 2022 remains similar to previous months and years. A majority of new clients were aged between 25 and 59 (80%) in this month.

Gender split: New debt advice clients

	April 2021	March 2022	April 2022	May 2022
Women	61%	64%	63%	63%
Men	36%	36%	37%	37%
Other gender identity	<1%	<1%	<1%	<1%

Age: New debt advice clients, May 2022



Demographics continued - housing tenure

Renting from a private landlord remains the most common type of housing tenure among new clients; around one third (34%) were renting in the private sector in May 2022. This is closely followed by renting from a local authority or housing association, as reported by 32% of new clients.

Just 15% of new clients in May 2022 were homeowners, which remained consistent with previous months, however is four percentage points lower than May 2021 (18%).

Housing tenure among new clients

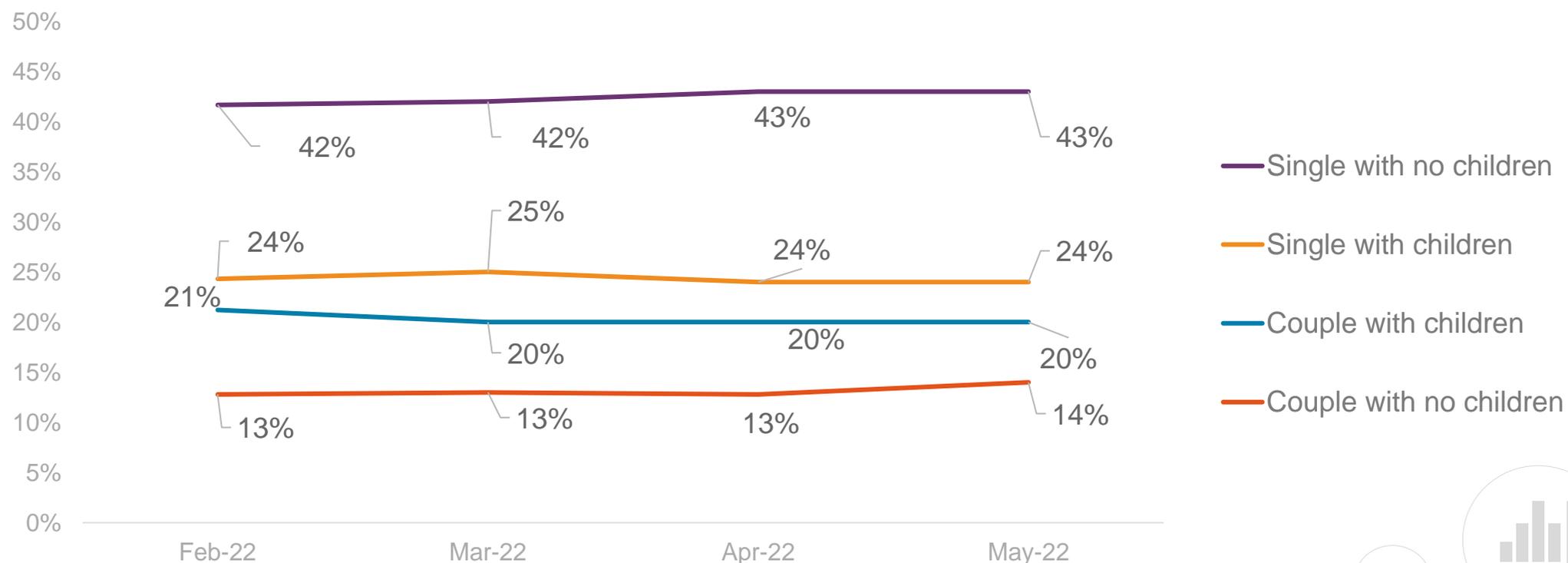
	April 2021	March 2022	April 2022	May 2022
Board payment (not with family)	3%	3%	2%	2%
Living with family	15%	13%	13%	13%
Mortgage	12%	12%	12%	12%
Other	2%	3%	3%	3%
Owns property outright	3%	2%	2%	2%
Renting - Council or Housing Association	31%	33%	32%	32%
Renting - private landlord	34%	34%	35%	34%
Shared ownership (mortgage and rent)	1%	1%	1%	1%

Demographics continued - family composition

The charity continued to advise a high proportion of single parents, accounting for around one quarter (24%) of new debt advice clients in May 2022. This is an increase of two percentage points compared to 12 months ago (22% in May 2021).

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: February – May 2022



Demographics continued - employment

The proportion of clients in full time employment remained at 40% in May 2022. The proportion of new clients in different types of employment have remained almost exactly consistent across the previous month.

Additionally, a similar proportion of clients were in employment in 2021.

Employment status

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

- In May 2021, 39% of new clients were in full time employment. 40% of new clients were in full time employment in May 2022
- 4% of new clients in May 2022 were retired, an increase of one percentage point compared to the previous month
- In May 2021, 55% of new clients were in employment

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



Methodology

This data is based on the 14,393 clients who first sought debt advice from the charity between 1 – 31 May 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)