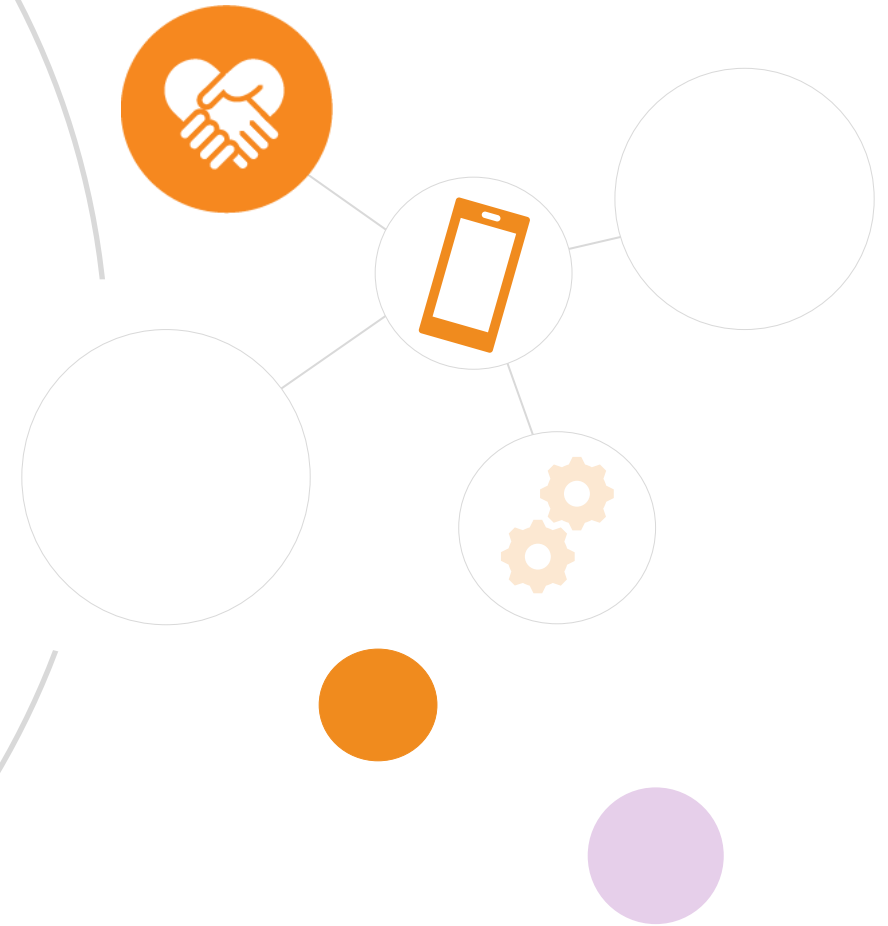


# Debt advice client insights

September 2022

Published October 2022



## 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

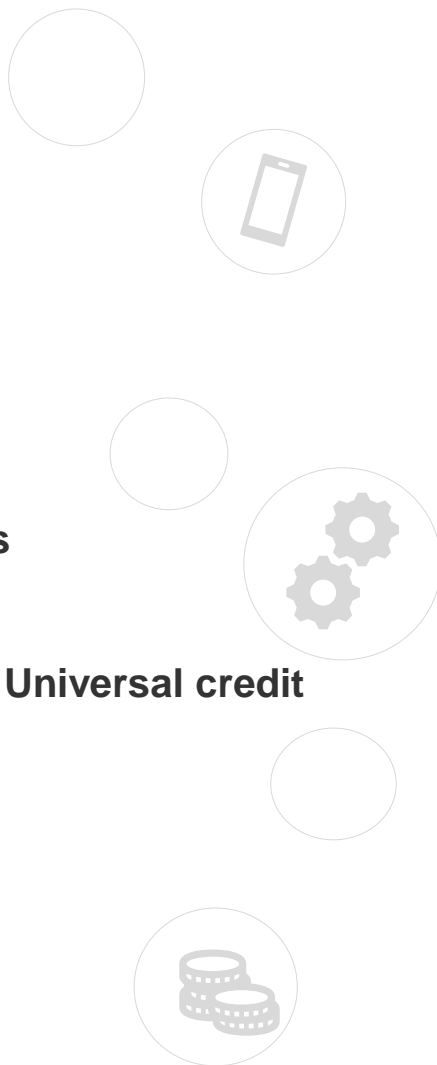
Page 9

### 6. Demographics

Pages 10 – 13

### 7. Methodology

Page 14



## Background

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

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

## Executive summary

September 2022 (14,815) saw fewer clients accessing full debt advice, compared to August 2022 (15,340). This month (73%) also saw a three percentage points decrease in clients completing full debt advice online, compared to August 2022 (76%).

The number of visits to the StepChange website has decreased by 7% in September 2022, compared to August 2022. Although, there has been a slight increase in traffic to the webpages concerning emergency funding (+4%) and how the government can help with gas and electricity bills (+11%), when compared to the previous calendar month.

The 'cost of living increase' continues to be cited by over one in five (22%) new clients as their main reason for debt in September 2022. 'Lack of control over finances' is the next most common reason and it is cited more by online clients (18%) than telephony clients (12%). Telephony clients (14%) are more likely than online clients (8%) to mention having an 'injury or health issue'.

Among clients with a responsibility for paying dual fuel bills, the proportion of clients in arrears with these bills has increased by two percentage points, for the second consecutive month, to 56%. New clients with electricity (31%) and gas (26%) arrears are also up by one percentage point each month-on-month.

New clients in September 2022 held similar proportions of unsecured debt types to previous months. This month represents the smallest proportion of new clients holding personal loans (44%), overdrafts (32%) and short-term high cost credit or payday loans (9%) at the time of advice, in 2022.

The proportion of new clients in full-time employment fell by three percentage points between August (42%) and September 2022 (39%). Clients in receipt of Universal Credit is up by three percentage points to 35%, and the proportion of clients with a negative budget is up by two percentage points to 34%.

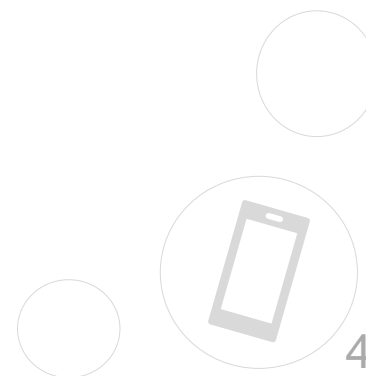
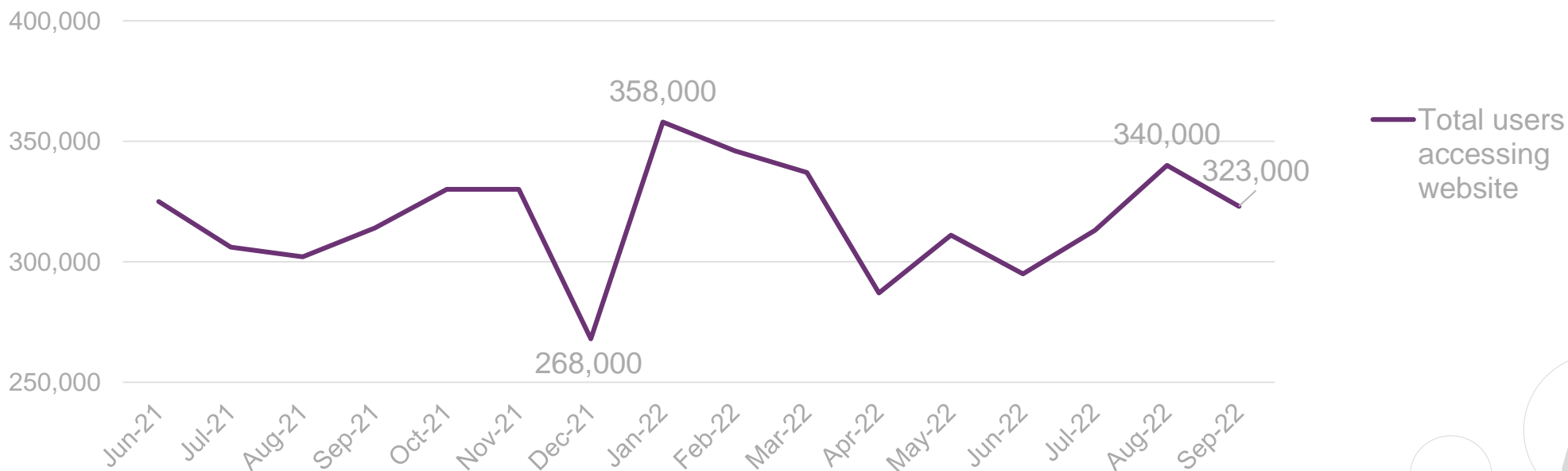
This month StepChange advised more women (63%) and the highest proportion of single parents (26%) in 2022, with three in five (59%) single parents aged 25-39.

## Website trends

The StepChange Debt Charity website received 323,000 visits in September 2022. This is 7% lower than the previous calendar month (August 2022 = 340,000), although 3% higher than a year ago (September 2021 = 314,000).

Despite a fall in the number of users overall, the [emergency funding](#) page received over 22,000 visits in September 2022, which is a 4% rise compared to August 2022. The [self employed income calculator](#) was the second most visited debt information page, with over 9,000 visits. Information about [statute-barred debt](#) also received over 6,000 visits. The debt information page on government [help with gas and electricity bills](#) saw an 11% increase in traffic between August and September 2022, with just under 5,000 visits.

### Total number of website users: June 2021 – September 2022

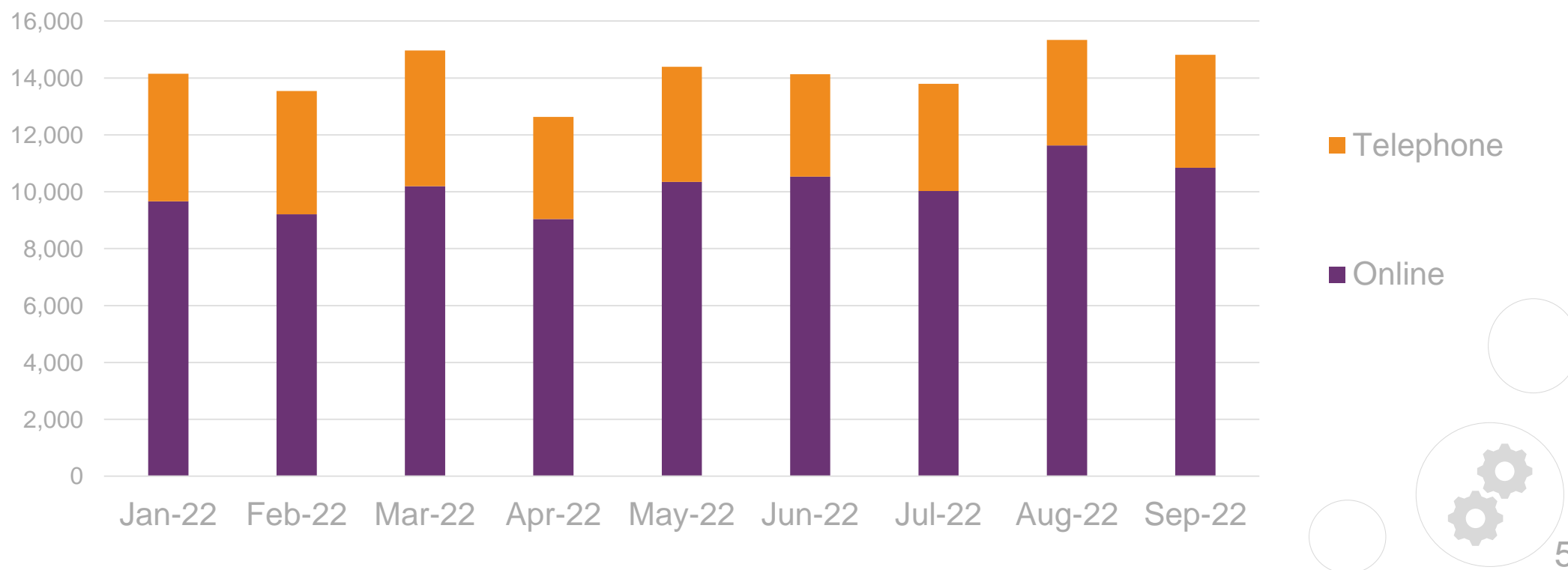


## Client volumes

The volume of clients who received full debt advice in September 2022 (14,815) is slightly lower than August 2022 (15,340). Although, client volumes in September 2022 are 13% higher than they were in September 2021 (12,819).

In August 2022, we saw the highest proportion of clients completing debt advice online (76%), however, this has decreased by three percentage points to 73% in September 2022. Despite a fall in the proportion of online clients, September 2022 saw the second highest volume of clients completing debt advice online in 2022.

### Number of new telephony and online clients: January – September 2022

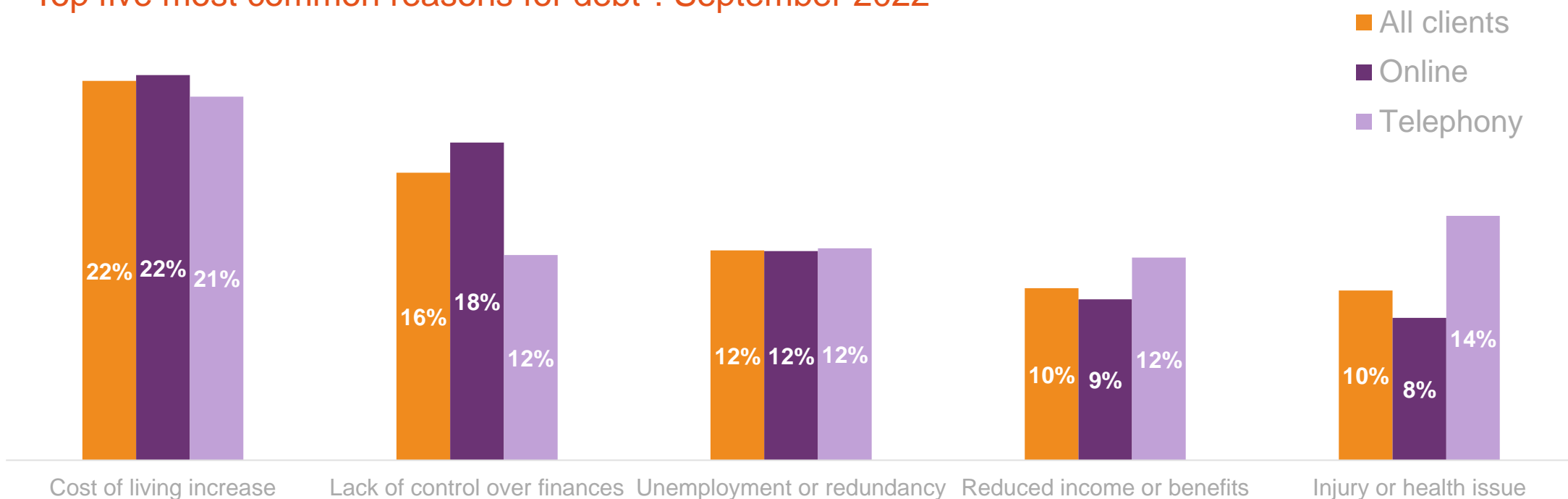


## Reasons for debt

Following three consecutive months of two percentage points increases, the proportion of clients citing a 'cost of living increase' as the most common reason for debt has not increased any further, cited by just over one in five (22%) new clients in September 2022.

'Lack of control over finances' is the second most common reason for debt and it is cited more by online clients (18%) than telephony clients (12%). Among telephony clients the second most common reason for debt is due to an 'injury or health issue' (14%).

### Top five most common reasons for debt\*: September 2022



\*Clients can select multiple reasons for debt

## Debt types

In September 2022, new clients held the same debt types in similar proportions to new clients in previous months. Credit cards remain as the most common unsecured debt type, held by just under two-thirds of new clients (64%).

Looking over 2022, September represents the smallest proportion of new clients holding personal loans (44%), overdrafts (32%) and short-term high cost credit or payday loans (9%), at the time of advice.

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

|  | September 2021 | July 2022 | August 2022 | September 2022 |
|--|----------------|-----------|-------------|----------------|
| Credit card                                | 67%            | 65%       | 64%         | 64%            |
| Personal loan debt                         | 49%            | 46%       | 46%         | 44%            |
| Overdraft                                  | 37%            | 33%       | 33%         | 32%            |
| Catalogue debt                             | 36%            | 32%       | 32%         | 32%            |
| Store card                                 | 13%            | 12%       | 12%         | 12%            |
| Short-term high cost credit or payday loan | 11%            | 10%       | 10%         | 9%             |

## Arrears types

The proportion of new clients with a responsibility for paying dual fuel bills (where a client has the same supplier for both their gas and electric and has outstanding payments on these bills) is around 31% of clients, and of those clients 56% are in arrears with their dual fuel bills.

The proportion of new clients with electricity arrears has increased by one percentage point and is held by three in ten clients (31%). Around one in four (26%) new clients hold gas arrears, which is a one percentage point rise, compared to August 2022. Council tax arrears continue to be held by over three in ten (31%) new clients in September 2022.

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

|             | September 2021 | July 2022 | August 2022 | September 2022 |
|-------------|----------------|-----------|-------------|----------------|
| Dual fuel   | 45%            | 52%       | 54%         | 56%            |
| Council tax | 37%            | 32%       | 31%         | 31%            |
| Electricity | 27%            | 30%       | 30%         | 31%            |
| Gas         | 24%            | 26%       | 25%         | 26%            |
| Water       | 32%            | 27%       | 27%         | 26%            |
| Rent        | 24%            | 20%       | 20%         | 21%            |
| Mortgage    | 17%            | 15%       | 14%         | 15%            |
| TV licence  | 4%             | 3%        | 3%          | 3%             |

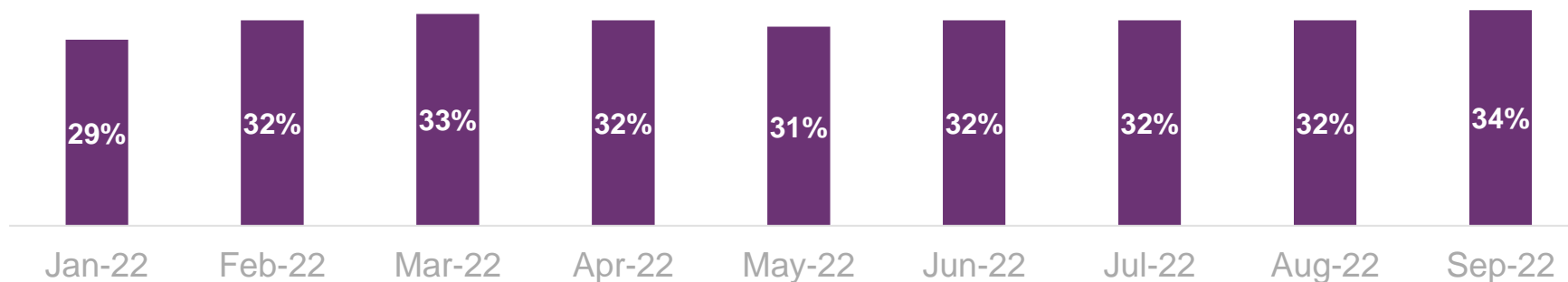


## Negative budgets and Universal Credit

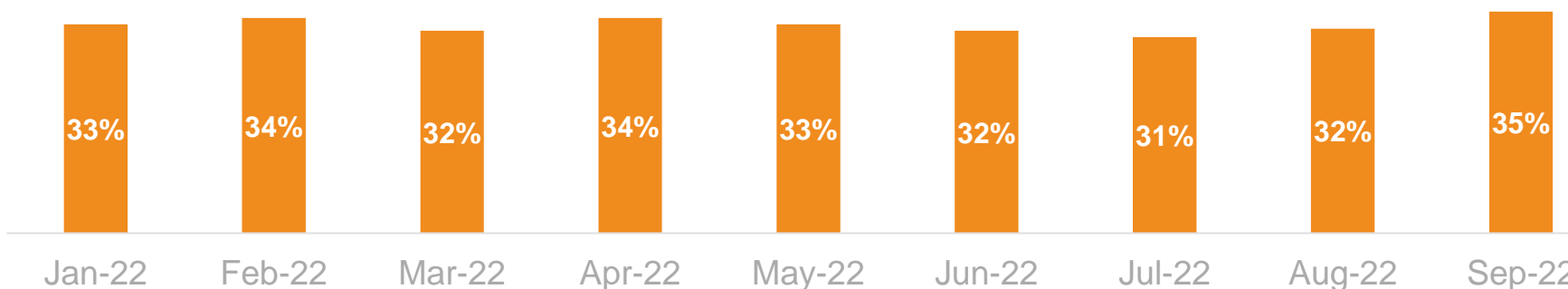
There has been a two percentage points increase in the proportion of new clients with a negative budget (where a client's monthly expenditure exceeds their monthly income after proceeding through StepChange's advice and budgeting process) in September 2022 (34%), compared to August 2022 (32%), which is the highest proportion in 2022. Despite an increase in clients with negative budgets, there has also been a £79 increase in the average net monthly income of clients from January (£1,472) to September 2022 (£1,551).

The proportion of new clients in receipt of Universal Credit, has increased by three percentage points, to just over one in three (35%) clients. This is the highest proportion of clients in receipt of Universal Credit since November 2021 (also 35%).

### Proportion of new debt advice clients with a negative budget



### Proportion of new debt advice clients in receipt of Universal Credit



## Demographics

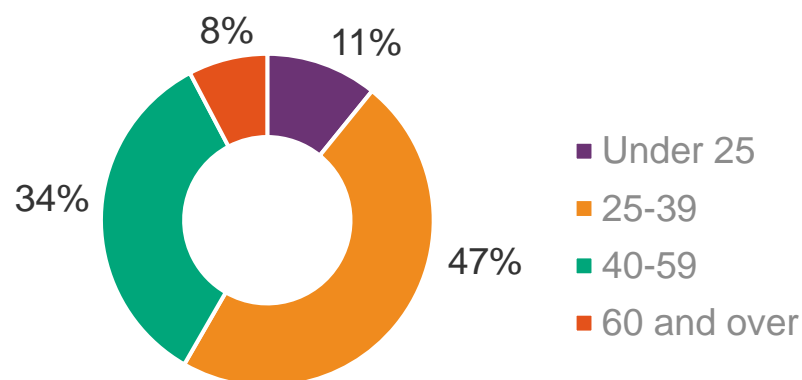
In September 2022, 63% of StepChange's new client population were women, which is a one percentage point increase compared to the previous calendar month (August 2022 = 62%).

StepChange continues to advise a disproportionately high number of clients in younger age groups, with just under three in five (58%) new clients aged under 40, whereas in the general UK population\* under 40s account for 36% of UK adults.

### Gender split: New debt advice clients

|                       | September 2021 | July 2022 | August 2022 | September 2022 |
|-----------------------|----------------|-----------|-------------|----------------|
| Women                 | 62%            | 62%       | 62%         | 63%            |
| Men                   | 38%            | 38%       | 38%         | 36%            |
| Other gender identity | <1%            | <1%       | <1%         | <1%            |

### Age: New debt advice clients, September 2022



\*Source: ONS 2021



## Demographics continued - housing tenure

Renting in the private sector (33%) continues to be the most common housing type. The proportion of new clients renting from a council or housing association is around one in three (32%) new clients.

In September 2022, the proportion of new clients who are homeowners (17%), has decreased by one percentage point, compared to the previous calendar month.

### Housing tenure among new clients

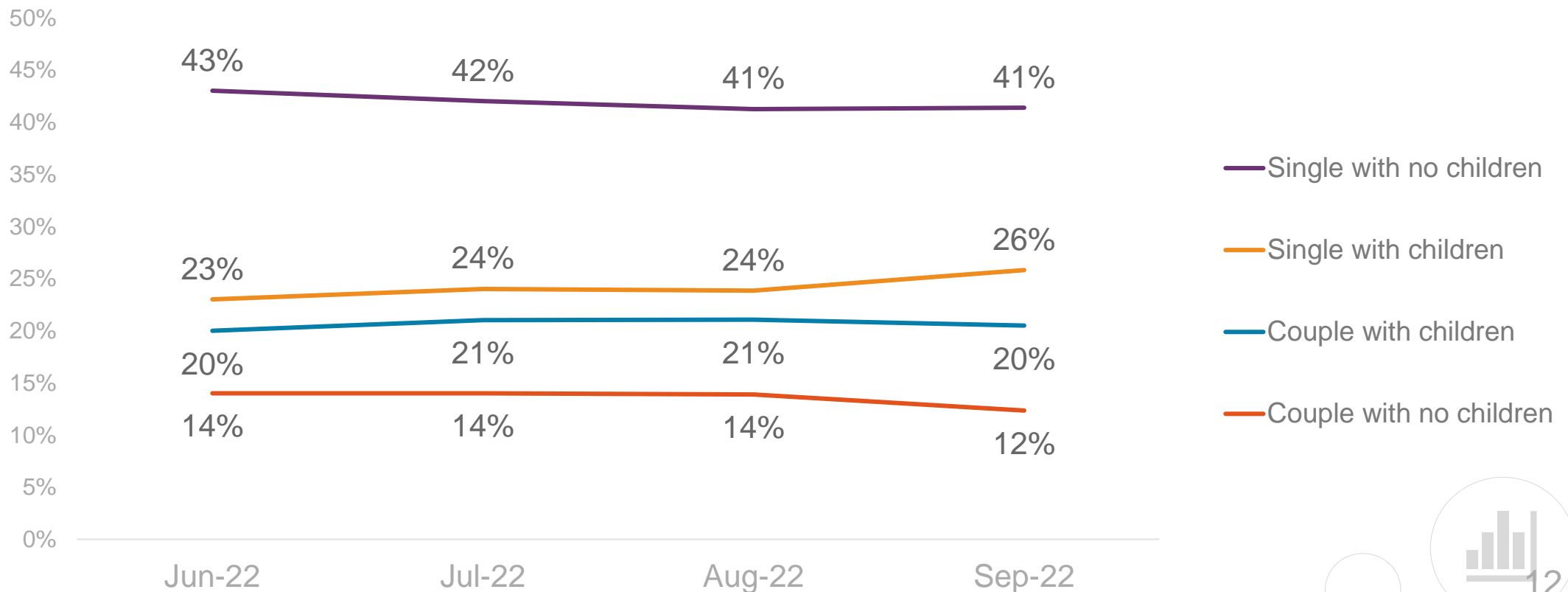
|  | September 2021 | July 2022 | August 2022 | September 2022 |
|--|----------------|-----------|-------------|----------------|
| Board payment (not with family)          | 3%             | 2%        | 2%          | 2%             |
| Living with family                       | 13%            | 13%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

## Demographics continued - family composition

Since the beginning of 2022, the charity has advised the highest proportion of single parents with children in September, which accounts for just over one in four (26%) clients. Among single parents with children, around three in five (59%) are aged between 25-39, a proportion which has stayed the same compared to September 2021.

The proportion of new debt clients who are single with no children continues to be the most common household composition and remains unchanged month-on-month at just over two in five (41%) clients.

### Family composition: June – September 2022



## Demographics continued - employment

The proportion of new clients in full-time employment fell by three percentage points between August (42%) and September 2022, to just under two in five (39%) clients.

### Employment status

| Employment type                            | August 2022 | September 2022 |
|--|-------------|----------------|
| Carer                                      | 3%          | 3%             |
| Full-time employed                         | 42%         | 39%            |
| Not working due to illness or disability   | 16%         | 17%            |
| Part-time employed                         | 13%         | 13%            |
| Retired                                    | 4%          | 3%             |
| Student                                    | 2%          | 2%             |
| Unemployed: looking for work               | 10%         | 11%            |
| Not in employment and not looking for work | 8%          | 9%             |
| Zero hour contract                         | 2%          | 2%             |

- The proportion of new clients not working due to an illness or disability is up by one percentage point, for the second consecutive month to 17%.
- In September 2022, there was a one percentage point increase in clients who are unemployed and looking for work (11%).
- Following three consecutive months at 8%, the proportion of clients not in employment and not looking for work has marginally increased by one percentage point to 9%.

In September 2022, 54% of new clients were in employment



## Methodology

This data is based on the 14,815 clients who first sought debt advice from the charity between 1 – 30 September 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](mailto: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](http://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](http://www.stepchange.org)



0800 138 1111 (Freephone)