



Debt advice during coronavirus

August 2020

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Background

This report from StepChange Debt Charity provides insight into the demographic and debt information of new clients who first sought debt advice in August 2020. It also provides website traffic information as well as comparisons of all new data to 2019. Please see our [methodology note](#) for further details.

This is the fifth report in the series outlining our latest data during the pandemic. Previous reports can be found [here](#).

We will be releasing a new report with the latest client data on a regular basis. Our next report, which will highlight data for September, is due for release at the end of October.



Executive summary – August 2020



In August 2020, StepChange Debt Charity provided full debt advice to **over 13,000 new clients** across our telephone and online channels. This follows an upward trend in volumes compared to earlier this year. However, volumes are still lower than levels we would otherwise expect. In August 2019, 24,000 clients received full debt advice.



Similarly to previous months, temporary forbearance measures continued to provide respite for many at risk of problem debt throughout August. However, it is likely that we will start to see a greater increase in volumes in the near future.



We are also seeing a lower proportion of clients in employment compared to levels found in 2019. Almost half of new clients (47%) were in employment at the time of advice in August, compared to 53% in 2019. Almost one third (31%) of all new clients in August were unemployed.



Therefore perhaps unsurprisingly, experiencing unemployment or redundancy still remains as the most common reason for debt, having affected 17% of new telephone clients. This is closely followed by 15% of new clients who cited coronavirus specifically as one of their main reasons for debt.

Executive summary – August 2020



Our 'bailiff help and advice' web page saw a substantial increase in traffic in August, with a 652% rise compared to July. This was the fourth most visited web page during this month. Restrictions on bailiff visits, which were implemented in March, were lifted at the end of August.



As with previous months, our latest debt advice findings highlight that we continued to be over-represented by the demographic groups who have been identified elsewhere as most at risk of financial detriment due to the pandemic. These include women, younger age groups, and renters.¹²



We've seen small increases in the proportion of new telephone clients in arrears in August, however the proportion of new online clients arrears has remained consistent or fallen in recent months.



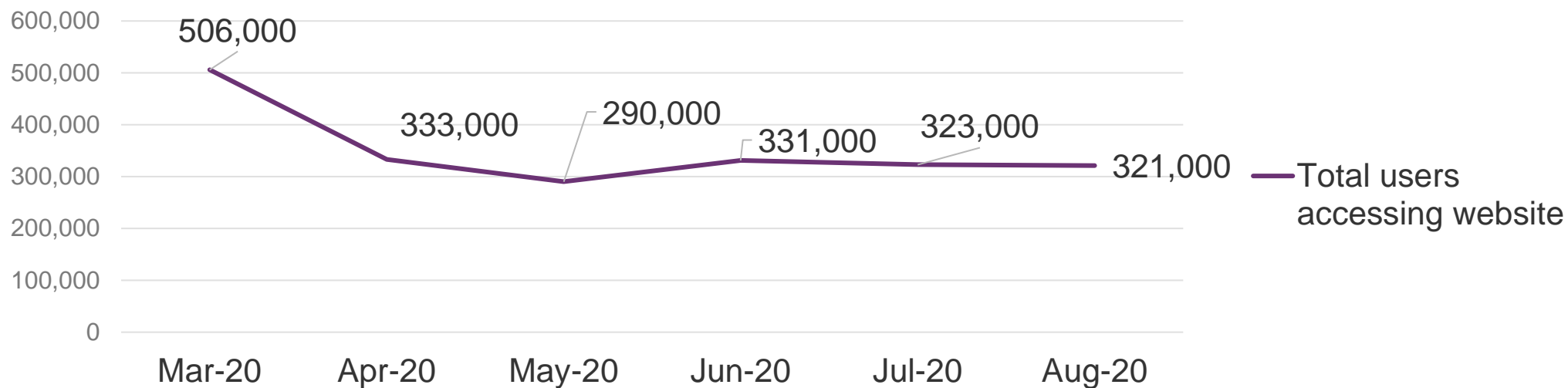
However, our [general public polling](#) conducted in May, indicated that many adults across Great Britain had already fallen behind or further behind on households bills since March. Our lower than usual volumes and arrears findings suggest that many of these households are yet to seek advice,

¹Institute for Fiscal Studies (April 2020), Sector shutdowns during the coronavirus crisis: which workers are most exposed?, <https://www.ifs.org.uk/publications/14791>

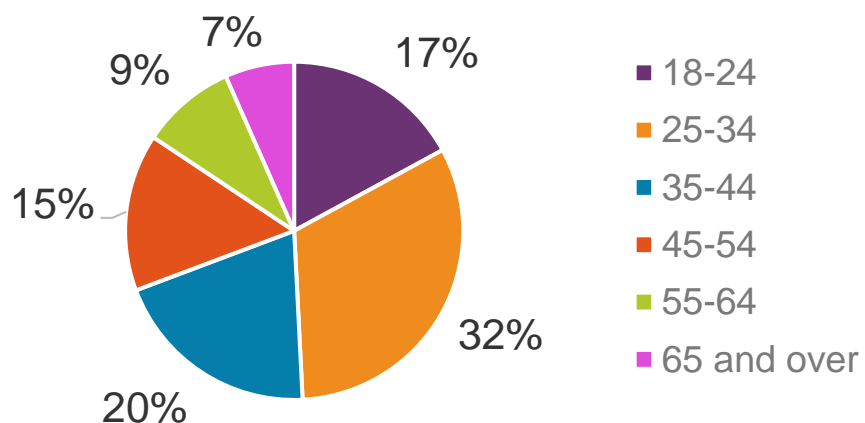
²Resolution Foundation (May 2020), Coping with housing costs during the coronavirus crisis, <https://www.resolutionfoundation.org/publications/coping-with-housing-costs-during-the-coronavirus-crisis/>

Website trends

Website users – March – August 2020



Age of website users – August 2020 (total page views)



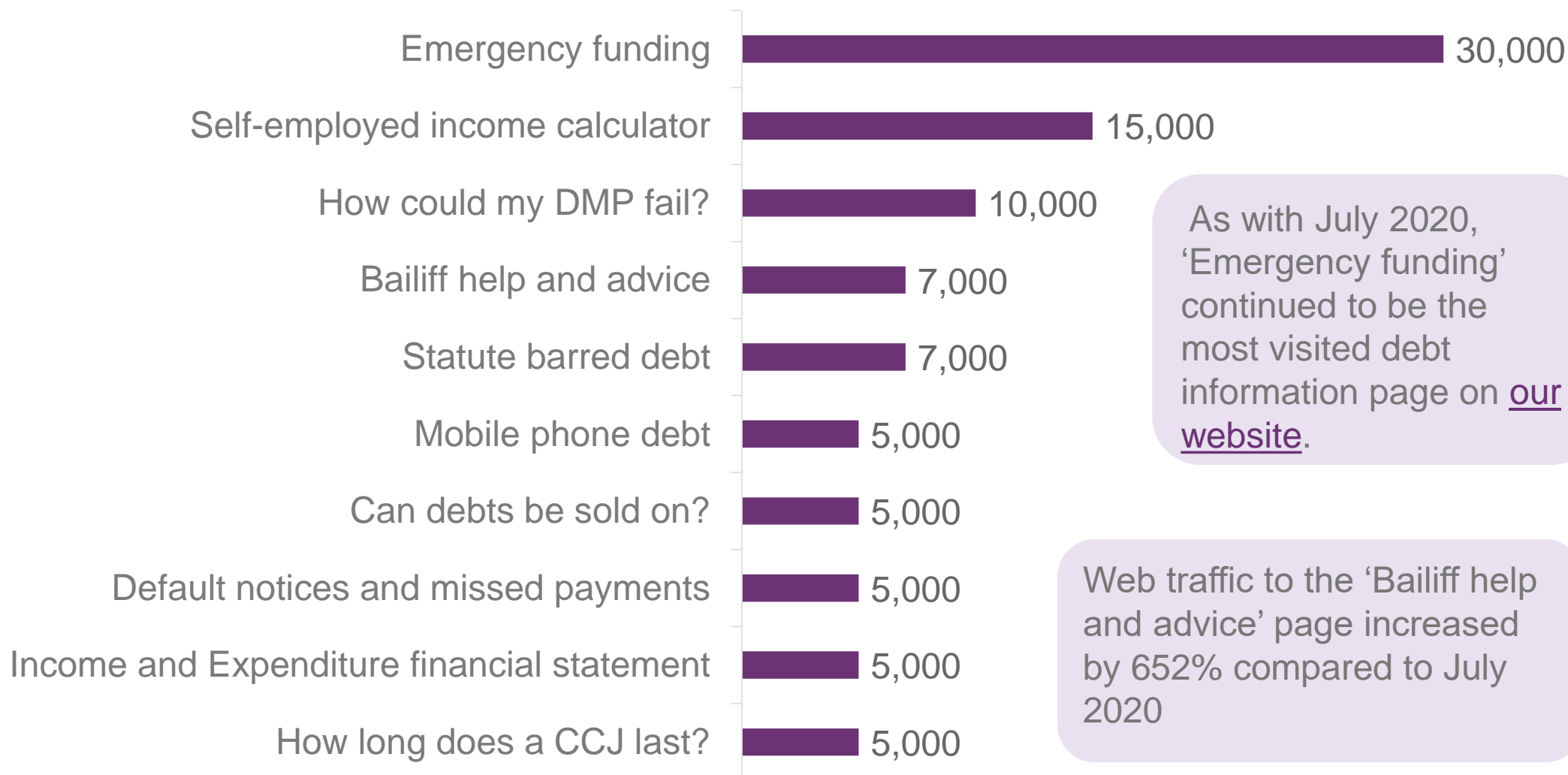
We continued to see a higher number of younger website users compared to 2019.

In August 2019, just 6% of website users were aged 18-24. This has increased to 17% in August 2020.

Overall, We also continued to see more website traffic compared to August 2019 (310,000 users).

Website trends continued

Top 10 debt information pages (page views) – August 2020



As with July 2020, 'Emergency funding' continued to be the most visited debt information page on [our website](#).

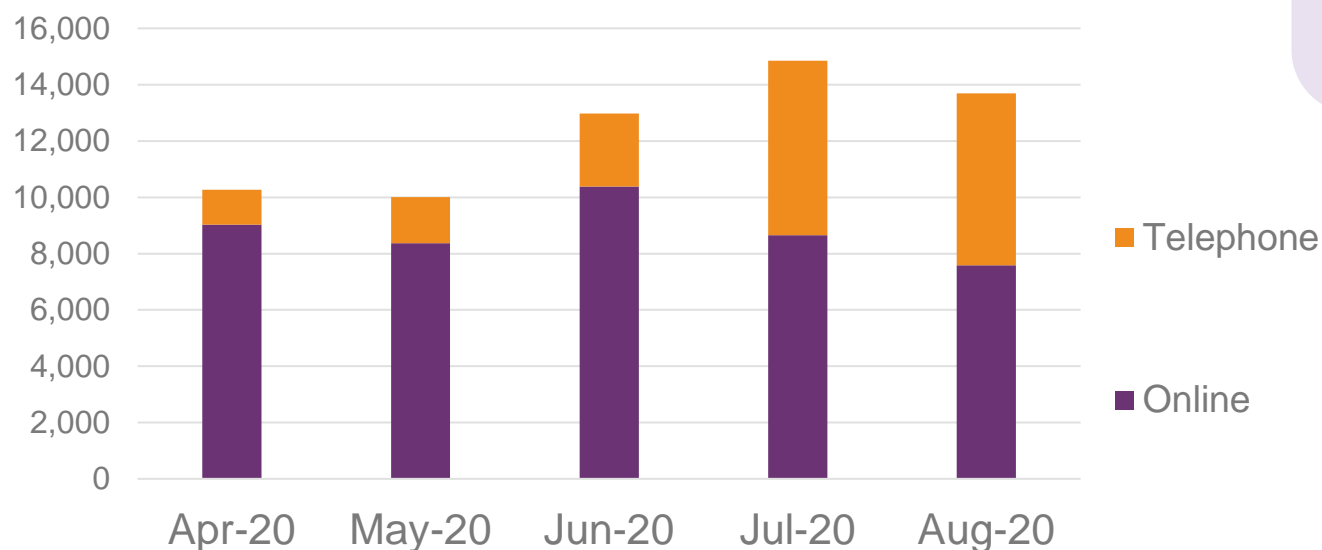
Web traffic to the 'Bailiff help and advice' page increased by 652% compared to July 2020

Client volumes

Since the implementation of a lockdown in late March, we have seen a reduction in debt advice volumes, compared to levels found last year. However, [our polling in May 2020](#), indicated that for many households across the UK, debt problems are building up under the surface.

Following a period of growing volumes over the past few months, the number of new clients who received full debt advice in August slightly decreased. However, this is a similar trend to findings from previous years.

Number of new debt advice sessions - April – August 2020



Comparatively, in 2019 StepChange advised:

- 23,300 new clients in June 2019
- 25,400 new clients in July 2019
- **24,000 new clients in August 2019**




August 2020
new clients:
13,689






Reasons for debt*

In August 2020, the top three reasons for debt remained the same as July 2020. **15% of clients cited Coronavirus specifically as one of their main reasons for debt.**

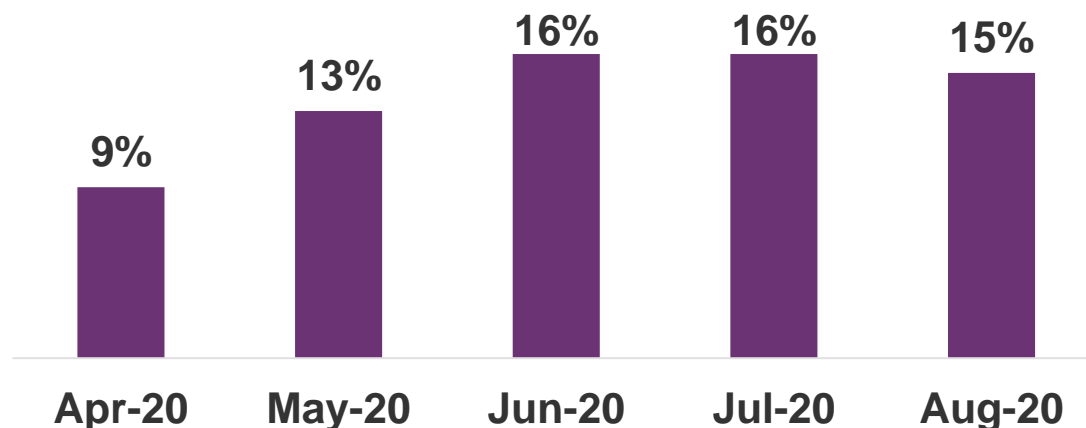
Full year 2019

-  Reduced income or benefits (18%)
-  Unemployment or redundancy (16%)
-  Injury or illness (16%)

August 2020

-  Unemployment or redundancy (17%)
-  Coronavirus (15%)
-  Reduced income or benefits (14%)

% of telephone clients with coronavirus listed as a reason for debt

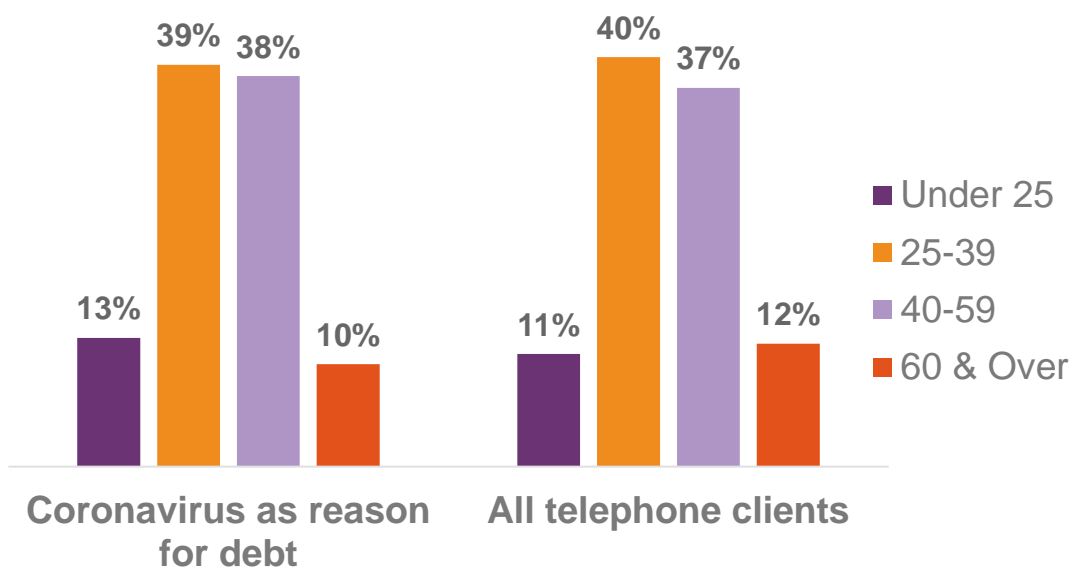


*Telephone data only. Clients can select more than one reason for debt

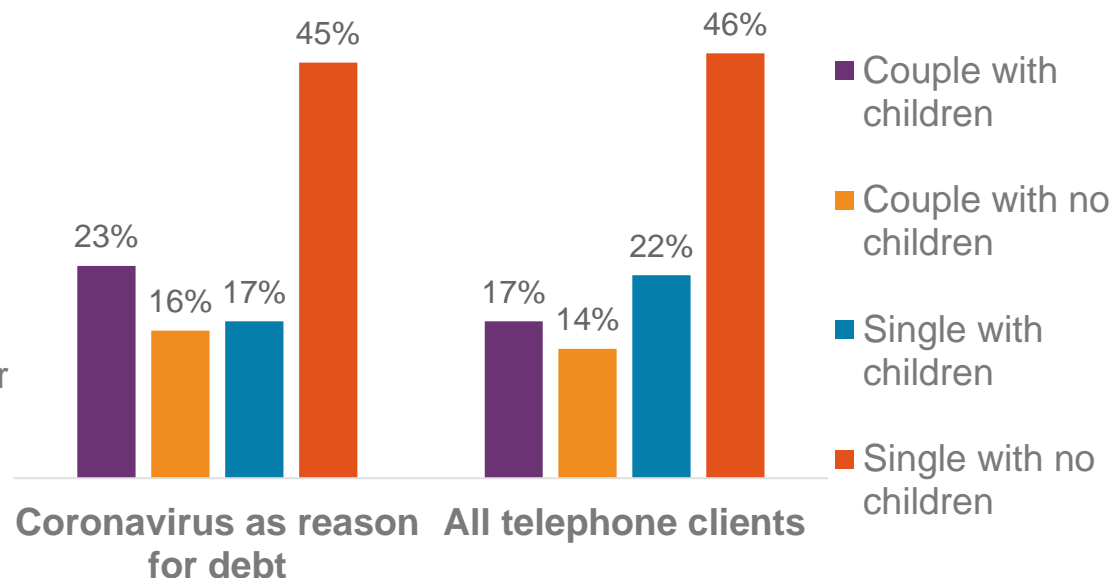
New clients with coronavirus as a reason for debt*

In August 2020, 15% of new telephone clients cited coronavirus as a main reason for debt:

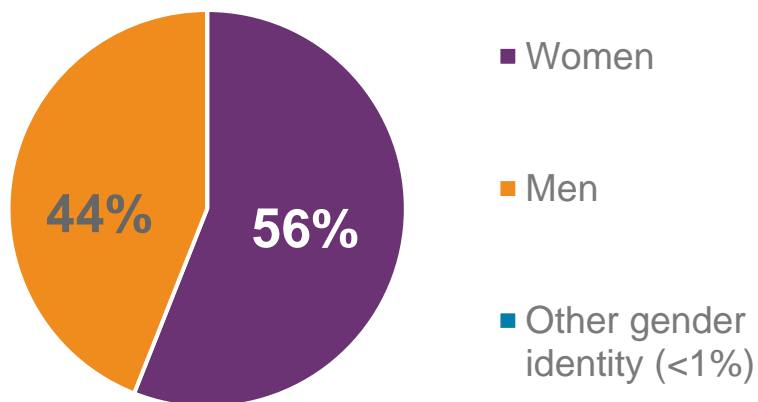
Coronavirus as reason for debt - Age



Coronavirus as reason for debt- family composition



Coronavirus as reason for debt - Gender



Among new clients citing coronavirus as a reason for debt, we advised a greater proportion of men, compared to all new telephone clients.



*telephone clients only

Household bills

Arrears – online clients

The table below shows the proportion of our clients accessing debt advice online who are in arrears, based from those who have a responsibility for each bill type.

Proportion of new online clients who are in arrears for each bill type (note: the base for each % is of those who have a responsibility for each bill type)

	Full year 2019	June 2020	July 2020	August 2020
Council tax	23%	18%	19%	19%
Electricity	13%	13%	15%	13%
Gas	11%	11%	12%	13%
Water	19%	16%	18%	16%
Rent	17%	16%	14%	13%
Mortgage	12%	8%	5%	1%
TV license	7%	5%	4%	4%

Household bills

Arrears – telephone clients

The table below shows the proportion of our clients accessing debt advice over telephone who are in arrears, based from those who have a responsibility for each bill type.

Proportion of new telephone clients who are in arrears for each bill type (note: the base for each % is of those who have a responsibility for each bill type)

	Full year 2019	June 2020	July 2020	August 2020
Council tax	46%	28%	32%	32%
Electricity	27%	28%	29%	32%
Gas	19%	22%	23%	26%
Water	34%	30%	30%	33%
Rent*	30%	27%	30%	30%
Mortgage*	29%	<1%	1%	<1%
TV license	10%	8%	8%	8%

*See methodology note for further details.

Income and surplus levels

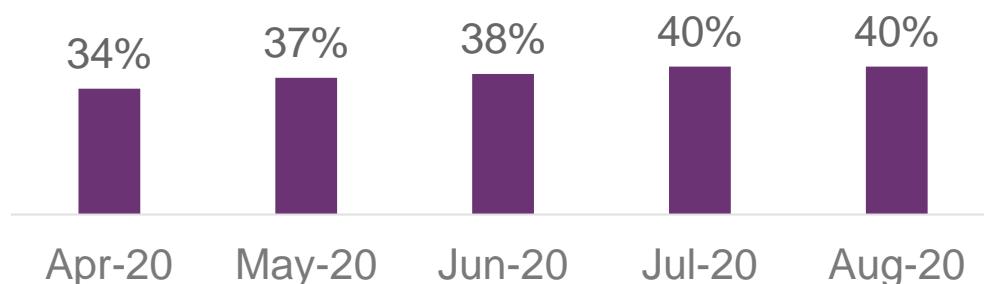
Average monthly income and surplus levels per client

	Full year 2019		July 2020		August 2020	
	Online	Telephone	Online	Telephone	Online	Telephone
Average monthly surplus*	£142	-£36	£126	-£15	£106	-£17
Average monthly net income	£1,617	£1,369	£1,489	£1,202	£1,452	£1,233

* Surplus is the amount of money left at the end of each month after clients have completed StepChange's advice and budgeting process

Universal Credit (telephone clients only)

Proportion of new telephone clients receiving Universal Credit

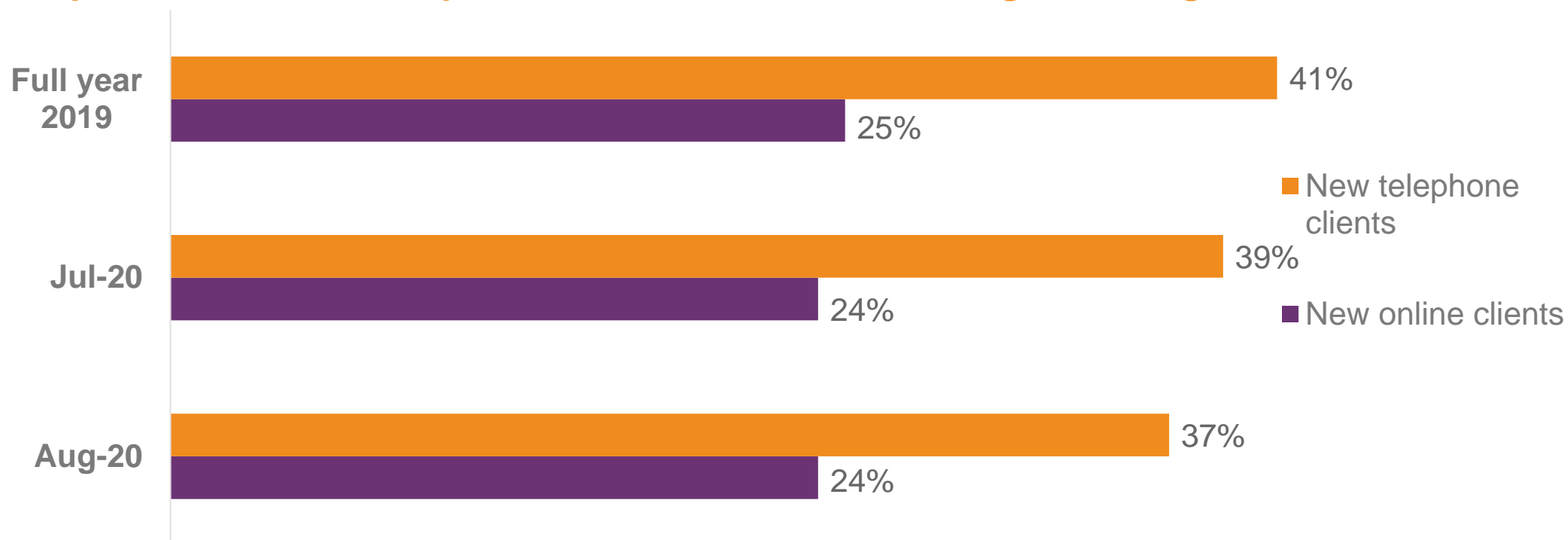


44% of new telephone clients with Universal Credit were in a negative budget at the time of advice. Comparably, 37% of all new telephone clients in August had a negative budget.*

*see slide 13 for more details

Negative budgets

Proportion of all new telephone and online clients with negative budgets*



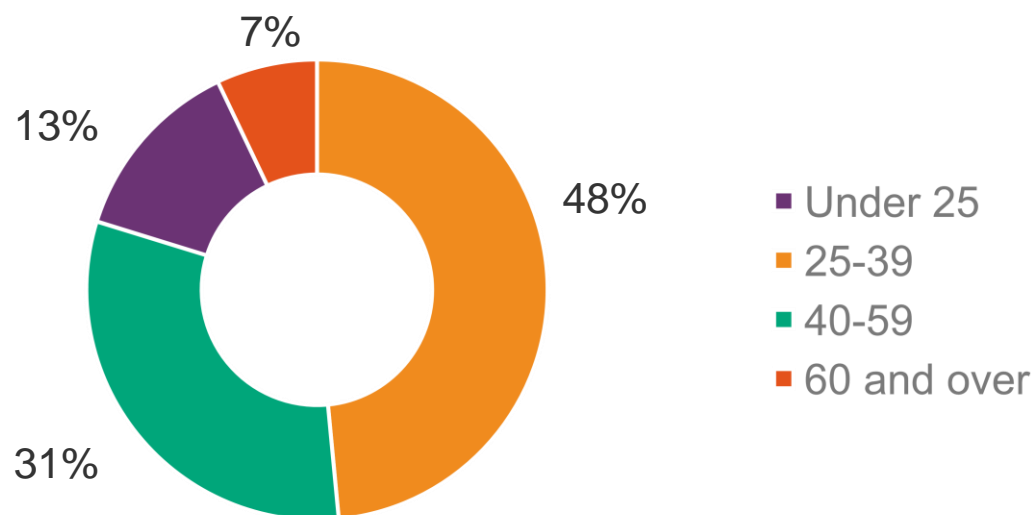
*A negative budget describes where a client's expenditure is greater than their income after the StepChange advice and budgeting process



In August, the average deficit for a client with a negative budget was **-£387**.

Client demographics: Age

Proportion of all new clients in different age groups – August 2020



We've advised a growing proportion of clients aged under 40. 61% of all new clients are aged between 18 and 39. This includes 70% of all new online clients.

Proportion of new clients in different age groups – online and telephone clients

	Full year 2019		June 2020		July 2020		August 2020	
	Online	Telephone	Online	Telephone	Online	Telephone	Online	Telephone
18-24	14%	11%	15%	13%	16%	12%	15%	11%
25-39	53%	38%	54%	38%	53%	39%	56%	40%
40-59	30%	42%	27%	36%	27%	37%	27%	37%
60 and over	3%	9%	4%	13%	4%	12%	3%	12%

Client demographics: Locations and vulnerability*

Proportion of new telephone clients from different nations and regions*:

	Full year 2019	July 2020	August 2020
London	16%	19%	19%
North West	14%	13%	13%
South East	12%	13%	12%
West Midlands	11%	10%	11%
Yorkshire and the Humber	10%	9%	9%
South West	8%	8%	7%
East of England	6%	6%	6%
East Midlands	7%	7%	6%
North East	6%	6%	6%
Wales	5%	5%	5%
Scotland	6%	3%	4%
Northern Ireland	1%	1%	1%



Clients in vulnerable situations*:

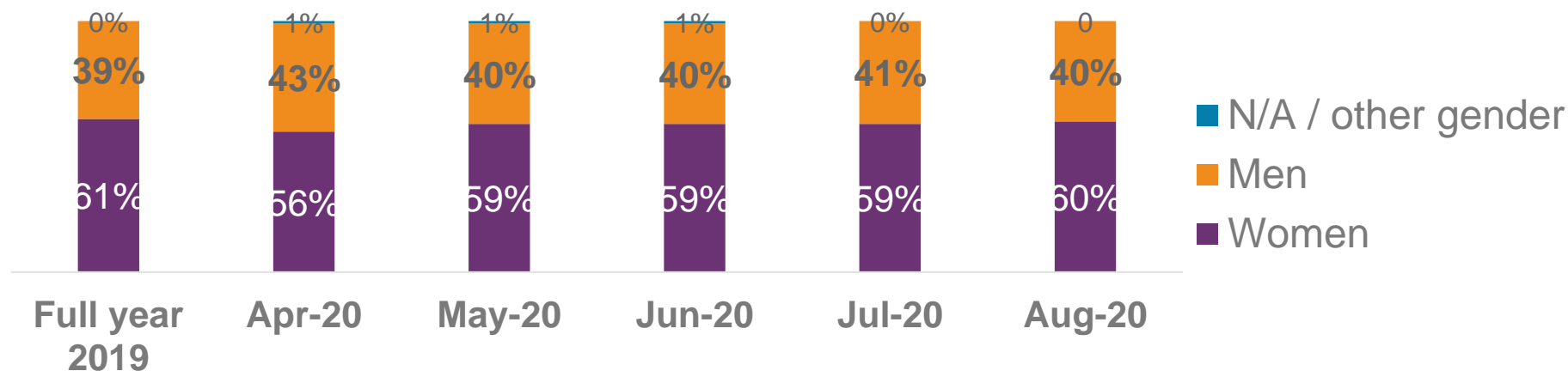
51% of new telephone clients in August were in a vulnerable situation in addition to their financial difficulty, this has increased from 44% in 2019.

This includes, for example, experiencing a physical health or mental health issue, a learning disability, vision or hearing loss, and other situations which impact someone's ability to deal with problem debt.

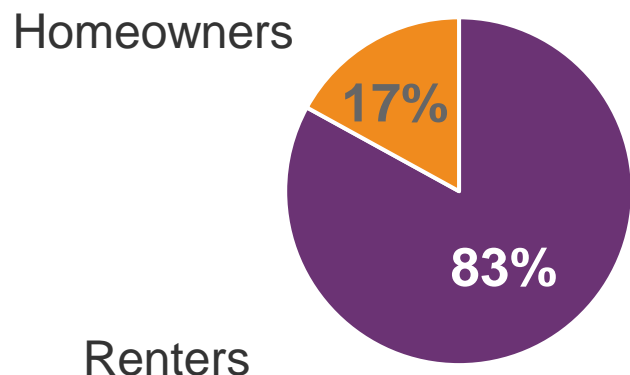
*Telephone data only

Client demographics: Gender and housing

Gender – all new clients



Housing – all new clients (August)



Rent type breakdown (base= all new clients renting to housing association, local authority or private rented sector)

	August 2020
Private rented sector	56%
Housing association	20%
Local authority	24%

Client demographics: Employment status*

	June 2020	July 2020	August 2020
Carer	2%	2%	2%
Full-time employed	29%	28%	29%
Not working due to illness or disability	16%	15%	15%
Part-time employed	14%	15%	15%
Retired	6%	5%	5%
Student	1%	1%	1%
Unemployed	31%	32%	31%
Zero hour contract	2%	2%	3%

*Telephone data only

In August 2020, 47% of clients were in employment.

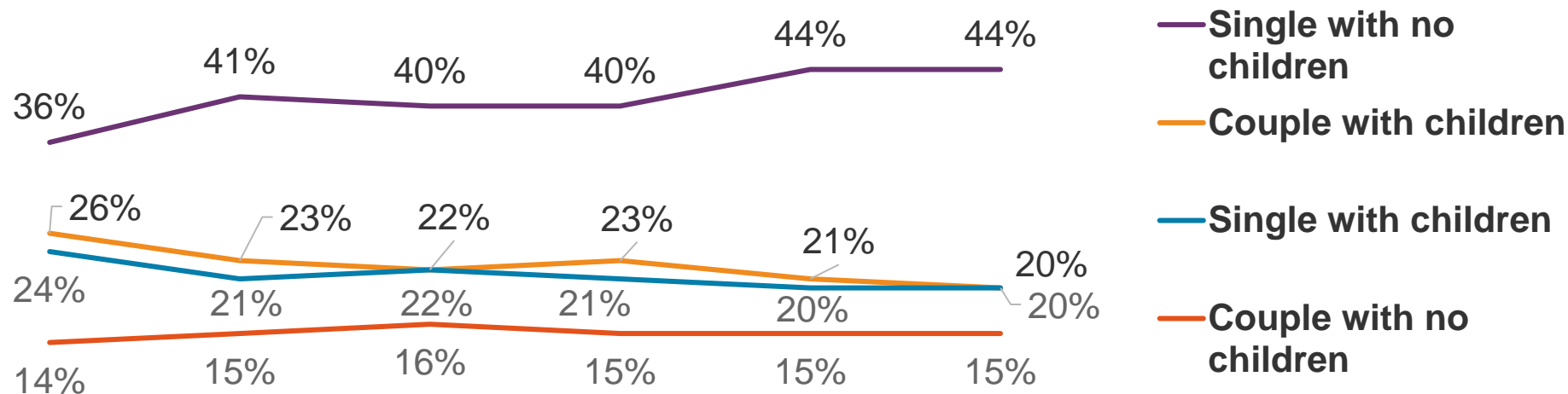
These findings have remained relatively consistent over recent months, however fewer new clients were in employment in August compared to last year.

In 2019, over half of clients (53%) were in full or part-time employment



Client demographics: Family composition

Family composition groups – all new clients



Full Year 2019 Apr-20 May-20 Jun-20 Jul-20 Aug-20



	All new clients: August 2020	UK population ¹
Single with no children	44%	36%
Couple with children	20%	22%
Single with children	20%	6%
Couple with no children	15%	35%

¹Office for National Statistics (2019). Families and Households in the UK
<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/families/bulletins/familiesandhouseholds/2019>

Debt types

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

	Full year 2019		June 2020		July 2020		August 2020	
	Online	Telephone	Online	Telephone	Online	Telephone	Online	Telephone
Credit cards	72%	61%	73%	58%	77%	62%	79%	62%
Personal loan debt	49%	48%	51%	48%	55%	48%	56%	48%
Overdrafts	46%	46%	42%	38%	41%	40%	39%	39%
Catalogue debt	34%	36%	31%	34%	36%	33%	38%	31%
Short term high cost credit/payday loans	20%	9%	15%	9%	17%	10%	19%	10%
Store card	13%	12%	13%	13%	15%	13%	16%	13%

The proportion of new clients with credit cards continues to rise. In August, almost eight in ten new clients had at least one credit card debt at the time of advice; an increase of six percentage points compared to June 2020.



Summary and what's next?



Although volumes dipped slightly in August, we've continued to advise greater numbers of clients compared to the start of lockdown. Demographic groups who were 'debt vulnerable' before the pandemic are still most likely to seek debt advice, notably women, younger age groups and renters.



Experiencing unemployment and redundancy continues to be the most common reason for debt, affecting 17% of all new clients. However, the financial impacts of the pandemic are not solely being felt by those who have become unemployed; over half of new telephone clients in August who said they have been affected financially by the pandemic are in employment.



The high increase in web traffic to our bailiff advice web pages is concerning, particularly coupled with the lifting of restrictions on bailiff action. Worryingly this is just one example of why the coming months look turbulent for those in or at risk of problem debt. The lifting of the evictions ban is also a concern given that 56% of our new clients who are renters are renting from a private landlord, and 46% of this client group have an additional vulnerability.

Upcoming data releases

Looking ahead, we'll continue to publish these reports on a monthly basis. We are also planning research and policy reports on single parents, as well as a six month update on the experience of clients during coronavirus.



Methodology note

Due to the impact that the coronavirus pandemic has had on our telephone capacity, we advised a much greater proportion of online clients compared to telephone clients.

In previous years, our data has highlighted that the debt and demographic profiles of our online and telephone clients are, in places, relatively different.

For example, our **online clients** are usually generally more likely to have:

- Higher income levels
- Higher expenditure levels
- Higher surplus levels
- Are more likely to have credit card debts
- And are less likely to be in arrears on household bills

Clients who access debt advice through our **telephone channel** are more likely to:

- Be in slightly older age groups
- Be in arrears on household bills

Where differences in statistics between channels are notable, we have presented this data separately by channel.

* Asterix denotes where figures have been slightly amended to reflect changes in methodology to debt and arrears calculations. Changes are all less than 3 percentage points. These changes were made in July 2020.



For further information please contact the StepChange Policy, Research and Public Affairs team at policy@stepchange.org

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