



Debt advice during coronavirus

June 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 June 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 third 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 from July is due for release towards the end of August.



Executive summary – June 2020



In June 2020, StepChange Debt Charity provided full debt advice to **almost 13,000 new clients** across our telephone and online channels, which is the first notable monthly increase since lockdown began in 2020



This could indicate that, although perhaps in small numbers, the financial impact of coronavirus is pushing more households towards debt advice. However, volumes are still much lower compared to June 2019, indicating that for many, temporary forbearance measures are continuing to provide respite



Our June statistics highlight that a growing proportion of clients receiving debt advice cite coronavirus as a main reason for debt. It is now the second most common reason, following redundancy and unemployment



In June, clients with coronavirus listed as a reason for debt were more likely to be women, and aged under 40, which are common demographic types identified as being most at risk of financial detriment due to coronavirus¹²

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/>

Executive summary – June 2020



We also saw continued increases among the most ‘debt vulnerable’ demographic groups, such as women, younger age groups, renters and clients receiving Universal Credit between May and June 2020. We also saw an increase of clients in employment in June



However, despite advising more women and younger age groups, who usually have lower income and surplus levels, the average income and surplus has been rising in recent months. This is likely a compositional change, potentially linked to an increase in clients in employment who usually have higher income levels. However, the overall demographic picture of our new clients remains complex



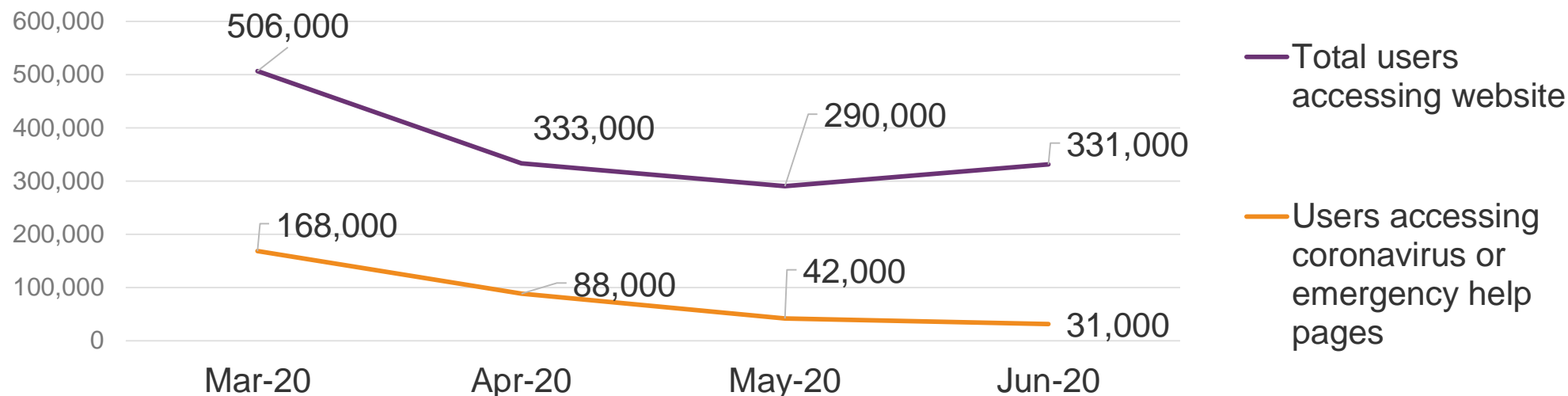
We also saw higher arrears levels, particularly among our telephone clients. The proportion of new telephone clients with utility bills (gas, electricity or water) substantially increased between May and June, which also mirrored a spike in page views for information about these arrears types on our website



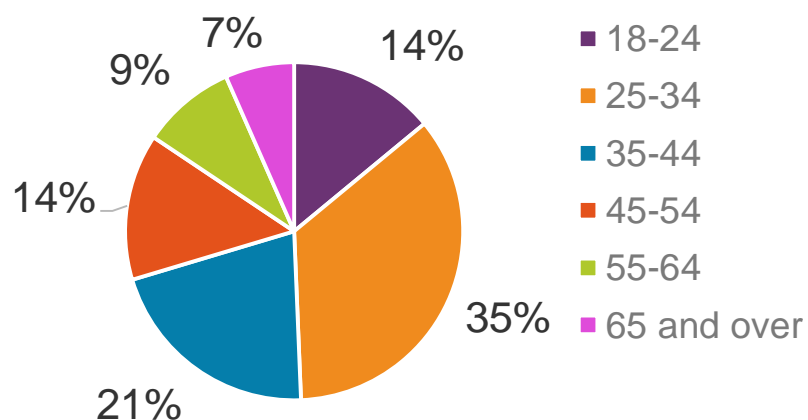
Despite an increase in arrears levels, there were also decreases in the proportions of clients with unsecured credit debts. Credit cards still continue to be the most common credit debts among both new telephone and online clients

Website trends

Website users – March – June 2020



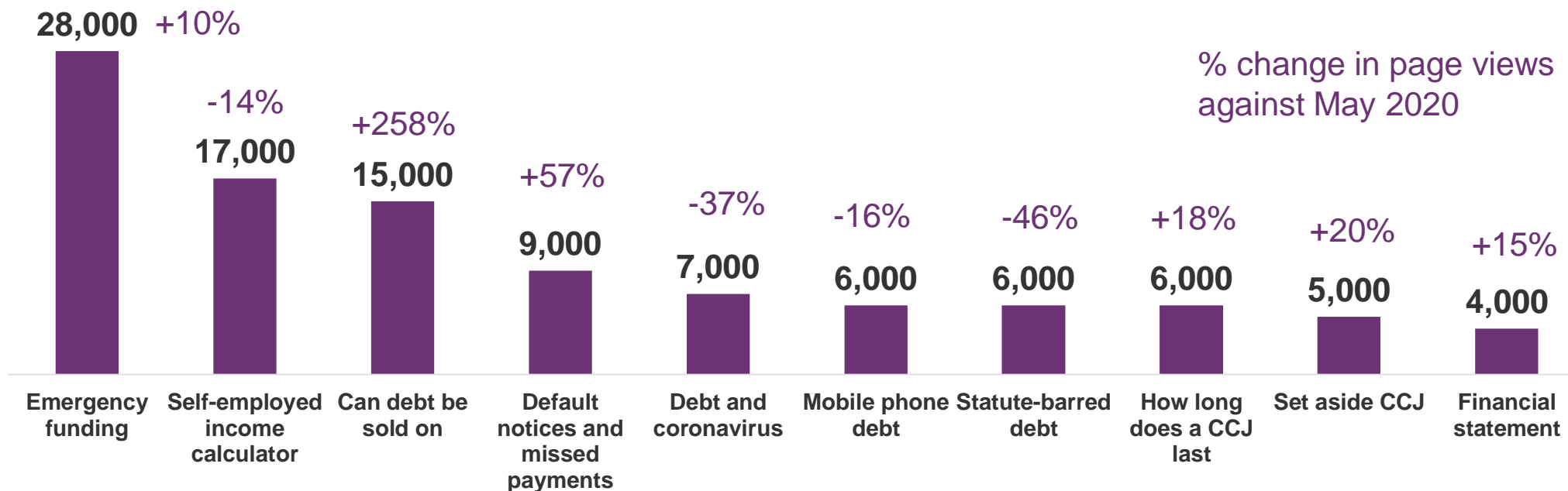
Age of website users (total page views)



- Visitors to our emergency advice pages continue to decline, however overall web users were higher than levels in June 2019 (248,000).
- In June 2020, half of users (49%) were aged under 35
- Comparably, in June 2019, just 37% were aged under 35

Website trends continued

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



Increase in utility arrears page views – June 2020



Our 'Gas and electricity arrears' webpage was visited 3,000 times in June, **an increase of 322%** compared to May 2020.



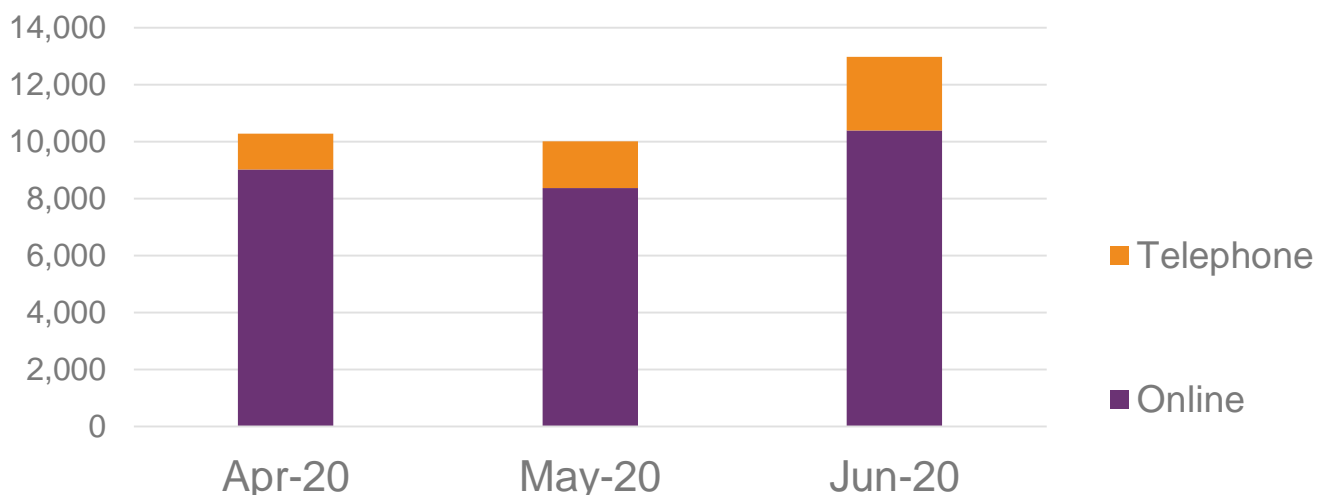
Our 'water arrears' webpage was visited 1,500 times in June, **an increase of 241%** compared to May 2020.

Client volumes

Since the implementation of a lockdown in late March, we have seen a reduction in debt advice volumes, potentially due to forbearance measures and payment holidays. However, our polling in May 2020, indicated that for many households across the UK, debt problems are building up under the surface.

In June, we started to see an increase across both our telephone and online channels, providing full debt advice to approximately **13,000 new clients**.

Number of new debt advice sessions = April – June 2020



April 2020 total: **10,272*** May 2020 total: **10,013*** June 2020 total: **12,980**

Comparatively, in 2019 StepChange advised:




- 24,500 new clients in April 2019
- 24,400 new clients in May 2019
- 23,300 new clients in June 2019






Reasons for debt*

In June 2020, unemployment or redundancy remained the most common reason for debt, affecting almost one in five new clients. **16% of clients cited Coronavirus as their reason for debt.**

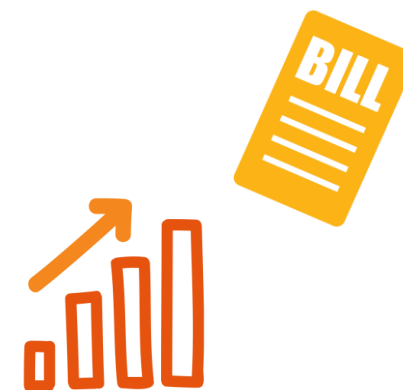
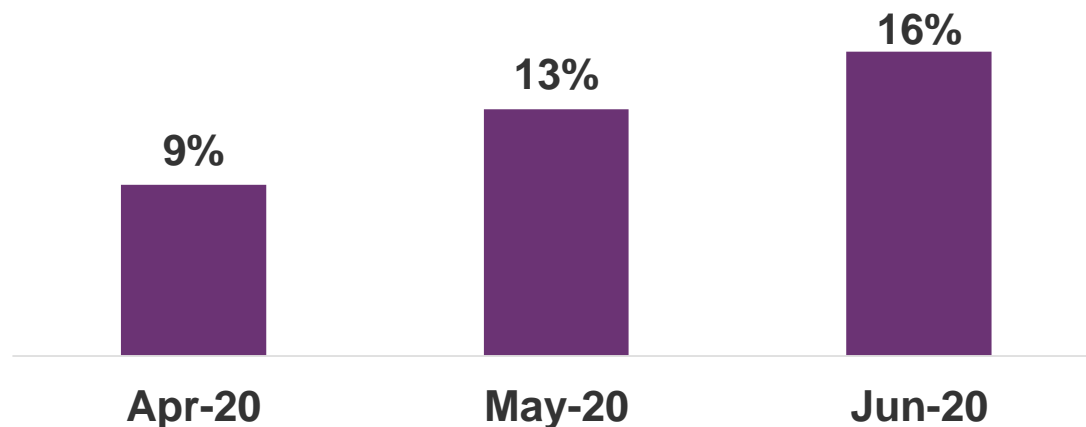
Full year 2019

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

June 2020

-  Unemployment or redundancy (18%)
-  Coronavirus (16%)
-  Injury or illness (14%)

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

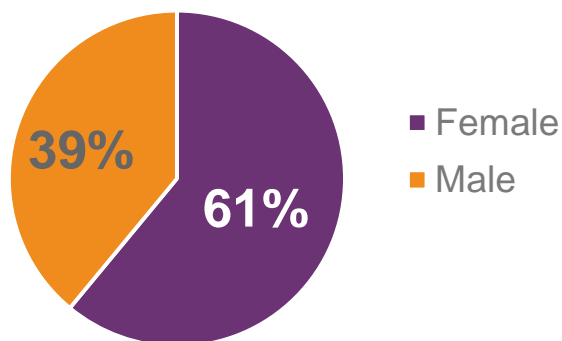


*Telephone data only

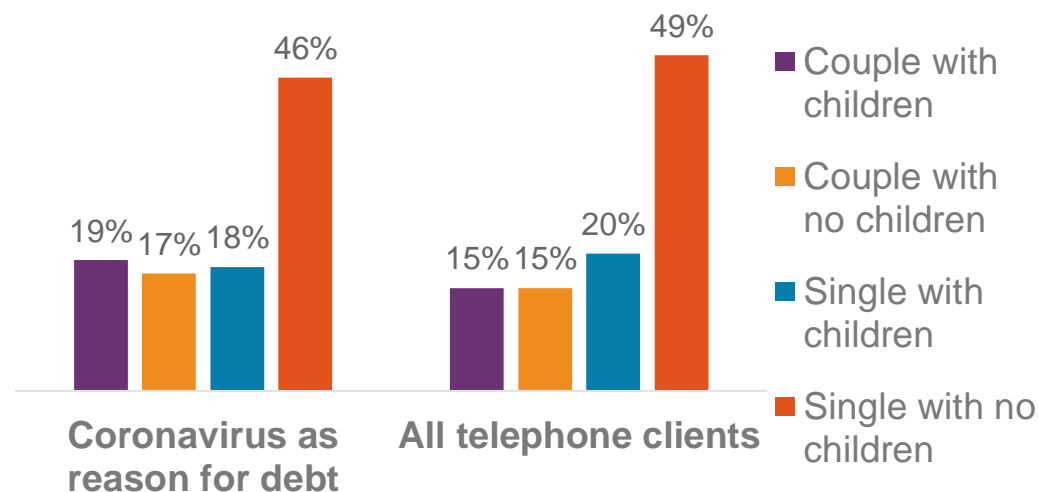
New clients with coronavirus as a reason for debt*

In June 2020, 16% of new telephone clients cited coronavirus as a reason for debt

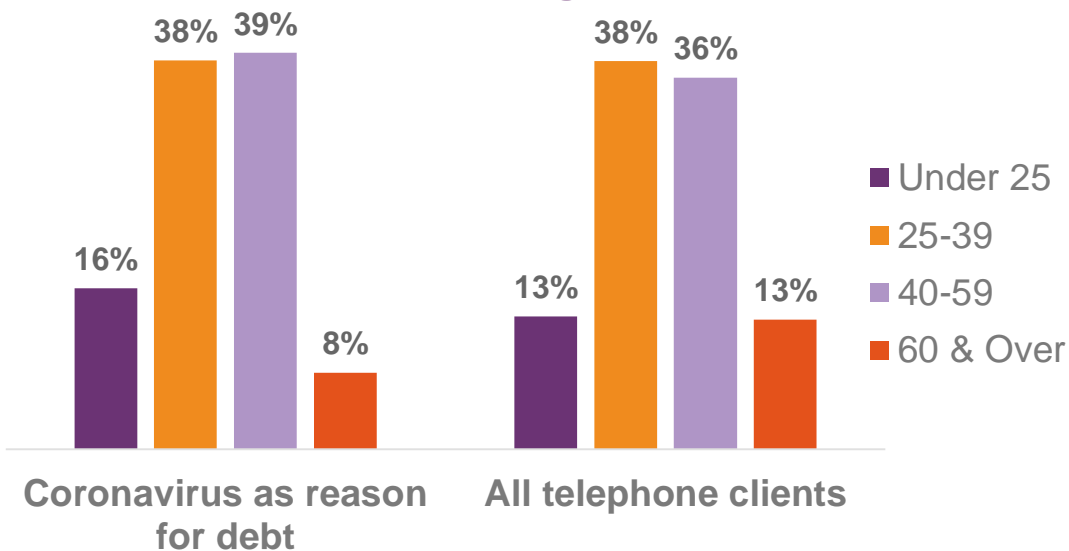
Coronavirus as a reason for debt: new clients in June 2020 - Gender



June 2020 - family composition



June 2020 - Age



June 2020 - Employment type

In June 2020, **60%** of clients with coronavirus listed as a reason for debt were in employment.

Comparably, 45% of all new telephone clients in June were in employment.



*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	April 2020	May 2020	June 2020
Council tax	23%	19%	19%	18%
Electricity	13%	13%	13%	13%
Gas	11%	11%	11%	11%
Water	19%	16%	16%	16%
Rent	17%	16%	16%	16%
Mortgage	12%	9%	9%	8%
TV license	7%	6%	6%	5%

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 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	April 2020	May 2020	June 2020
Council tax	46%	31%	28%	28%
Electricity	27%	23%	23%	28%
Gas	19%	17%	18%	22%
Water	34%	30%	27%	30%
Rent	30%	28%	24%	25%
Mortgage	12%	4%	5%	<1%
TV license	10%	9%	9%	8%

Income and surplus levels

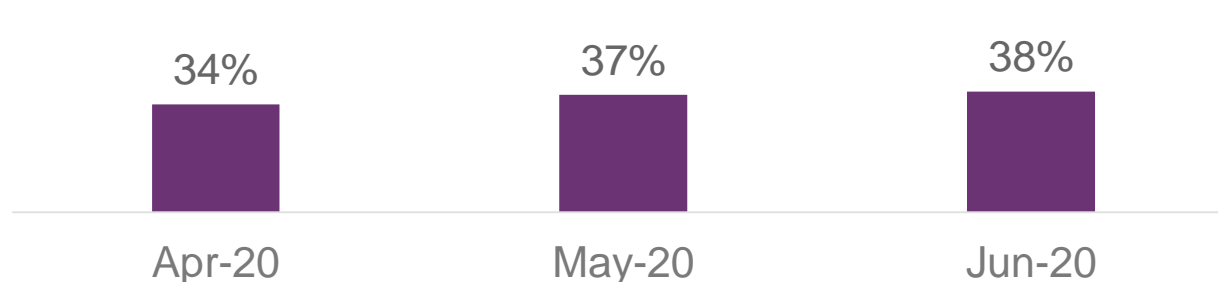
Average monthly income and surplus levels per client

	Full year 2019		April 2020		May 2020		June 2020	
	Online	Telephone	Online	Telephone	Online	Telephone	Online	Telephone
Average monthly surplus*	£142	-£36	£111	-£22	£135	£10	£138	£14
Average monthly net income	£1,617	£1,369	£1,496	£1,100	£1,532	£1,137	£1,567	£1,159

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

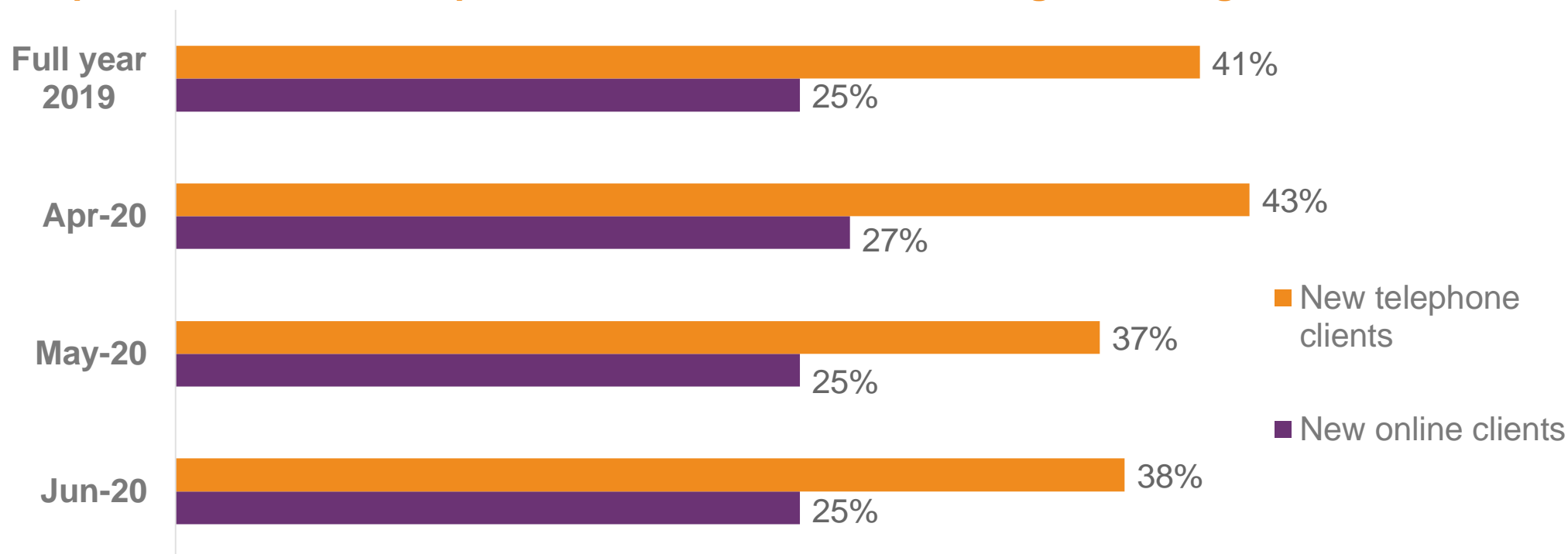
Universal Credit (telephone clients only)

Proportion of new telephone clients receiving Universal Credit



Negative budgets

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



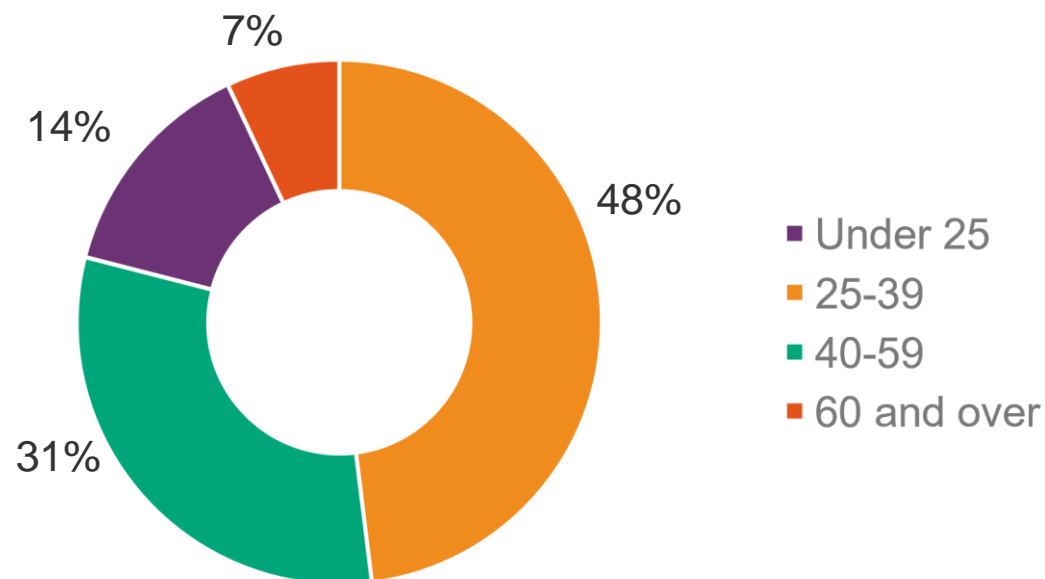
*A negative budget describes where a client's expenditure is greater than their income after the StepChange advice and budgeting process



In June, the average surplus for a client with a negative budget was **-£381**.
The average surplus for all clients is **£115**.

Client demographics: Age

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



We have seen continued rises in the proportion of new clients aged under 40 since 2019.

More than three in five (62%) new clients are aged 40 or under

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

	Full year 2019		April 2020		May 2020		June 2020	
	Online	Telephone	Online	Telephone	Online	Telephone	Online	Telephone
18-24	14%	11%	17%	12%	17%	13%	15%	13%
25-39	53%	38%	52%	34%	52%	36%	54%	38%
40-59	30%	42%	27%	37%	27%	37%	27%	36%
60 and over	3%	9%	4%	17%	4%	14%	4%	13%

Client demographics: Locations and vulnerability*

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

	Full year 2019	April 2020	May 2020	June 2020
London	16%	20%	18%	20%
South East	12%	12%	13%	12%
North West	14%	14%	13%	12%
West Midlands	11%	9%	11%	12%
Yorkshire and the Humber	10%	9%	9%	10%
South West	8%	9%	7%	9%
East Midlands	7%	6%	7%	6%
East of England	6%	5%	6%	6%
Wales	5%	4%	7%	5%
North East	6%	6%	4%	5%
Scotland	6%	4%	3%	3%
Northern Ireland	1%	1%	1%	1%



Clients in vulnerable situations*:

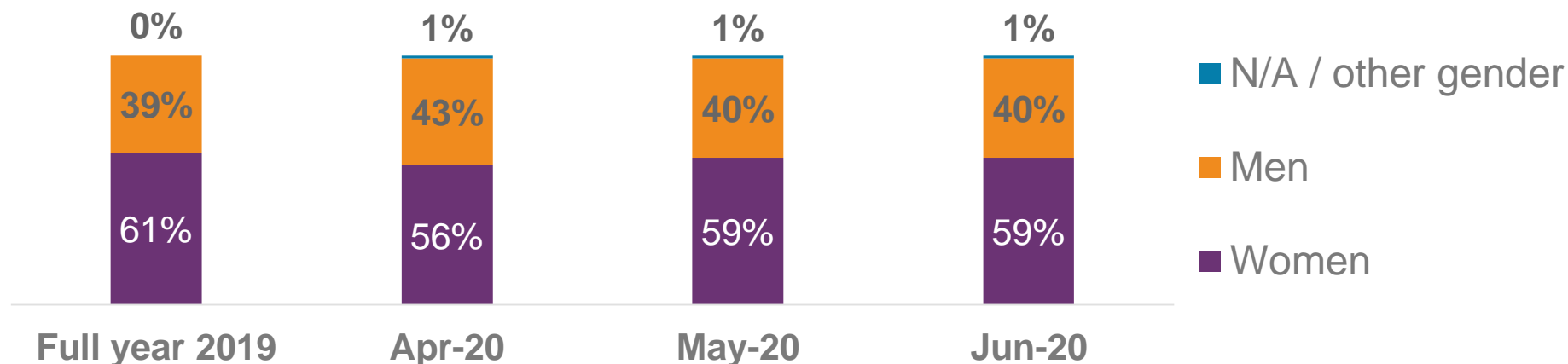
In June 2020, **50% of all new telephone clients were in a vulnerable situation.**

This includes mental or physical health problems, learning difficulties, vision or hearing impairments and other situations.

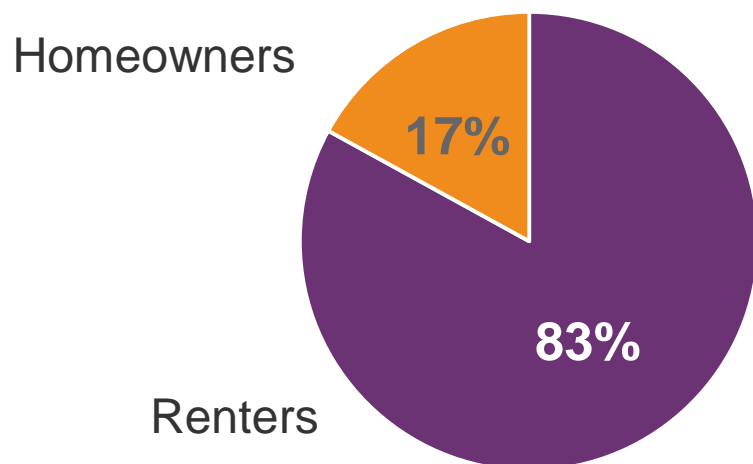
*Telephone data only

Client demographics: Gender and housing

Gender – all new clients



Housing – all new clients (June)



Renting type breakdown (base= all new clients renting)

	Full year 2019	June 2020
Private rented sector	48%	55%
Local authority	16%	16%
Housing association	21%	23%
Board payment	16%	7%

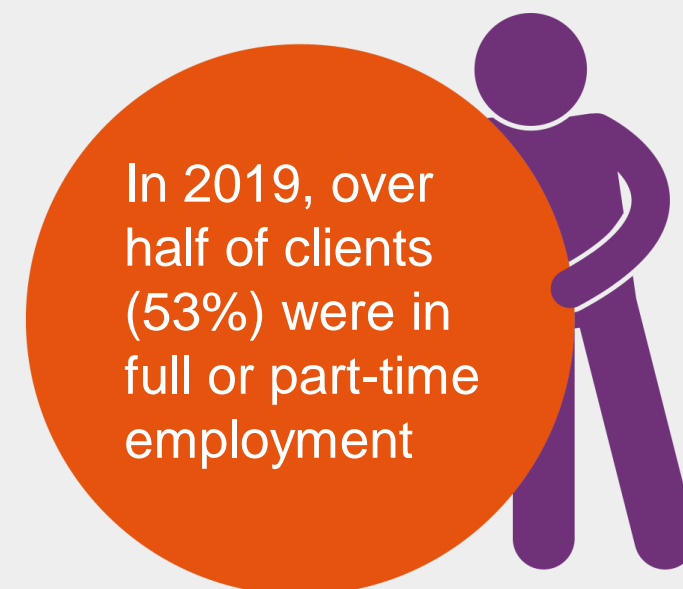
¹Office for National Statistics (2019)., UK Private Rented Sector, <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/ukprivaterentedsector/2018>

Client demographics: Employment status*

	April 2020	May 2020	June 2020
Carer	2%	2%	2%
Full-time employed	25%	28%	29%
Not working due to illness or disability	16%	18%	16%
Part-time employed	14%	12%	14%
Retired	8%	7%	6%
Student	1%	1%	1%
Unemployed	31%	30%	31%
Zero hour contract	3%	2%	2%

In June 2020, we continued to advise a growing proportion of clients in **full time employment**.

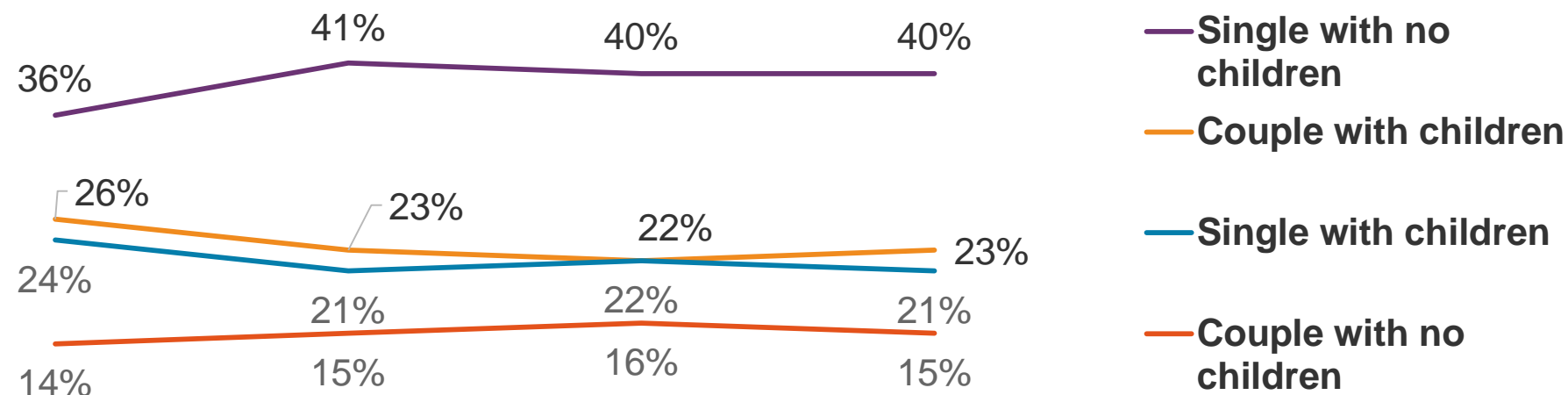
45% of new clients in June were in employment at the time of their first advice session.



*Telephone data only

Client demographics: Family composition

Family composition groups – all new clients



Full Year 2019

Apr-20

May-20

Jun-20



	All new clients: June 2020	UK population ¹
Single with no children	40%	36%
Couple with children	23%	22%
Single with children	21%	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		April 2020		May 2020		June 2020	
	Online	Telephone	Online	Telephone	Online	Telephone	Online	Telephone
Credit cards	72%	61%	76%	57%	76%	59%	73%	58%
Personal loan debt	49%	48%	50%	46%	52%	47%	51%	48%
Overdrafts	46%	46%	45%	40%	45%	40%	42%	38%
Catalogue debt	34%	36%	32%	31%	33%	36%	31%	34%
Short term high cost credit/payday loans	20%	9%	17%	9%	17%	9%	15%	9%
Store card	13%	12%	14%	12%	14%	13%	13%	13%

Credit cards continue to be the most common form of debt among new online and telephone clients. However, we have started to see decreases in the proportion of new clients with credit debts.



Summary and what's next?



A slight increase in volumes, coupled with increasing proportions of clients from the most 'debt vulnerable' demographic groups, such as women, younger age groups and those renting in the private rented sector, is potentially starting to highlight the detrimental financial impact of the last few months. Previous client research suggests that clients from these groups are more likely to have lower income levels.



Despite this, we are also seeing an increase in average income and surplus levels. This is potentially being driven by an increase in clients in employment. However, the overall picture remains complicated.



Volumes are still substantially lower than levels found last year, indicating that temporary forbearance measures may still be providing respite for some, and the uncertainty around many people's long term and short term financial situations is translating to holding off from seeking debt advice.

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, ethnicity, location data, and women in debt in the near future.



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.

Slide 7 – please note due to methodology change, the online volumes figures in slide 7 for April and May have been slightly amended.



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

StepChange Debt Charity, Wade House, Merrion Centre, Leeds, LS2 8NG.

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