

Gambling commission call for evidence: gambling on credit cards

Introduction

StepChange Debt Charity is the largest specialist debt advice charity helping people across the UK. We provide free debt advice to people over the telephone and online. In 2018, over 650,000 people contacted us for help and support with their problem debt and we provided full debt advice to 357,252 people.ⁱ

In 2018, we provided debt advice to **500 people who were also identified as having a problem with gambling**. This number relates to those who disclosed a problem with gambling to us, or where this was identified by an advisor and then discussed and recorded, with the client's consent.

This means there may be other people we advised who also had issues with gambling, however this wasn't disclosed or did not present itself during the course of our interaction with them.

Research conducted with debt advisors across the sector by the Personal Finance Research Centre found that, typically, a full-time advisor will encounter one client a month who discloses a gambling problem.ⁱⁱ

To help inform the commission's work on the issue of gambling on credit cards and the links between gambling and debt more widely, we have included here some analysis of the situations of the 500 clients we advised in 2018 who had an issue with gambling. The key findings from this are as follows:

- Our clients with gambling issues, on average, **owe more and have a higher number of debts**. The average total debt of our clients with gambling issues is £16,323, with an average of 8.1 different debts.
- Our clients with gambling issues were **slightly more likely to have credit card debt**, compared to our total client population.
- However, our clients with gambling issues tend to have **fewer credit cards** compared against all clients, and **on average, they also owe a lower amount on their credit card debts**.
- On average, our clients with gambling issues have **2 credit cards** and **owe £5,185** on them.
- Clients with gambling issues were **significantly more likely to have a personal loan, overdraft, payday loan or home credit**. These findings suggest it is not just credit card debt that can be problematic for people with gambling issues, but other types of debt too.
- Whilst our clients with gambling issues have higher total debt levels overall, **their debt problems look less likely to be the result of a life event or persistent low income when compared to the averages for all clients**. For example, clients with gambling issues have slightly higher incomes, are more likely to have positive budgets and are much more likely to be employed. This could suggest that combined support to deal with both their current debts and their gambling issues could help their finances to recover in the long-term.

Demographics of StepChange clients who had an issue with gambling

Age

The age of our clients with gambling issues is broadly in line with our total client population, with the majority aged under 40.

Age Band	Clients with gambling issues	All clients
Under 25	13.8%	14.1%
25-39	52.2%	50.8%
40-59	30.0%	29.8%
60 and over	4.0%	5.4%

Gender

Our clients with gambling issues are overwhelmingly likely to be male, which reverses what we see for all clients, where women are over-represented.

Gender	Clients with gambling issues	All clients
Female	20.2%	60.3%
Male	79.8%	39.7%

Housing

Our clients with gambling issues are more likely to be renting than to own their own home or have a mortgage, which is broadly in line with our stats for all clients. However, one interesting finding is that clients with gambling issues are much more likely to have a board payment arrangement in place, suggesting a number are living with parents or other family.

Housing type	Clients with gambling issues	All clients
Board Payment	30.0%	12.8%
Mortgage	16.2%	14.9%
Own Outright	3.2%	2.1%
Rent & Mortgage	1.6%	1.2%
Rent - housing association	10.6%	16.5%
Rent - local authority	10.8%	13.2%

Rent - Private landlord	29.2%	39.3%
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Family composition

Most of our clients with gambling issues are single without children; which is a much higher proportion compared to all clients. This once again suggests that our clients with gambling issues may be a specific sub-set of our clients with a particular set of circumstances.

Family composition	Clients with gambling issues	All clients
Single with children	6.0%	22.6%
Couple with children	20.0%	26.0%
Single without children	56.4%	37.2%
Couple without children	17.6%	14.2%

Financial situation of StepChange clients who had an issue with gambling

Income and employment

In terms of household income, clients with gambling issues had slightly higher incomes than our clients as whole.

Income group	Clients with gambling issues	All clients
Under £10,000	12.6%	17.3%
£10,000-£19,999	49.0%	48.3%
£20,000- £29,999	28.0%	24.6%
£30,000- £39,999	7.4%	7.2%
£40,000 and over	3.0%	2.7%

Clients with gambling issues were also much more likely to be working full time, compared to our total client population.

Employment type	Clients with gambling issues	All clients
Employed Full Time	72.0%	35.0%
Employed Part Time	8.4%	20.0%
Unemployed	14.4%	31%

Other	5.2%	14.0%
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Client budgets

When a client comes to us for advice, we work with them to complete a budget. This looks at their monthly income as well as their essential expenditure. At the end of this, we can see whether a client has enough money to cover their essential costs. This is termed to be either a 'positive' budget (if their monthly income exceeds their expenditure) or a 'negative' budget (if their monthly expenditure exceeds their income).

Our clients with gambling issues are **more likely to have a positive budget** than our total client population. Four in five (80%) clients with a gambling issue have a 'positive budget', compared to around 70% of our clients as a whole.

Debt levels

Our clients with gambling issues, on average, **owe more and have a higher number of debts**. The average total debt of our clients with gambling issues is **£16,323 across an average of 8.1 different debts**.

	Clients with gambling issues	All clients
Average unsecured debt	£16,323	£13,544
Average number of unsecured debts	8.1	5.9

The below table sets out the proportion of clients with different types of debt. It is important to note that any consideration to reasons for why these debts are taken out is only speculative, as we do not collect information on reasons for why different individual debts were taken out.

Type of debt	Clients with gambling issues	All clients
Personal Loan	78.0%	47.1%
Credit Card	74.8%	67.9%
Overdraft	61.0%	46.9%
Payday Loan	33.8%	18.3%
Catalogue	19.2%	34.4%
Home Credit	12.8%	6.5%
Store Card	5.8%	12.2%

This shows that clients with gambling issues were **more likely to have every type of debt, apart from store cards and catalogue (retail related credit).**

These findings suggest it is not just credit card debt that can be problematic for people with gambling issues, but other types of debt too.

Credit card debt

As mentioned, clients with gambling issues were slightly more likely to have credit card debt than all clients (74.8% to 67.9%). However, our data shows they tend to have fewer credit cards, and the average amount they owe on them is also lower.

	Clients with gambling issues	All clients
Average number of credit cards	2	2.7
Average total credit card debt	£5,185	£7,671

Arrears

In addition to building up consumer credit debts, many of our clients have fallen behind on essential bills, such as their rent, energy, water or council tax bills. However, when we look at our clients with gambling issues we see that they are **less likely to be in arrears on these bills.** When they are, the **average amount they are behind by is also lower.**

	Clients with gambling issues	All clients
% of clients with arrears	32.6%	39.3%
Average total arrears per client	£538	£1,946

Implications

Although our data cannot provide detailed information of a clients' experience with gambling, it can provide useful insight about the financial situation of our clients with gambling issues. Our data suggests that, whilst our clients with gambling issues have higher debts overall, their debt problems may be less closely connected to their underlying financial position than the wider population of clients in debt. They have slightly higher incomes, are more likely to have positive budgets and are much more likely to be employed. This could suggest that their debt problems are primarily linked to their problem gambling, rather than being a symptom of financial difficulties (such as not having enough income to cover essentials).

The data shows that many people with problem gambling are also worryingly more likely to experience credit card debts. However, these are not the only credit use that people with gambling issues may have, therefore it is also essential to focus on other types of debt and continue to tackle the causes of problem gambling (and related financial issues).

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ⁱ StepChange Debt Charity (2019) *Personal debt in the UK: 2018 Statistics Yearbook*

ⁱⁱ Personal Finance Research Centre (2018) *Vulnerability: the experience of debt advisers*