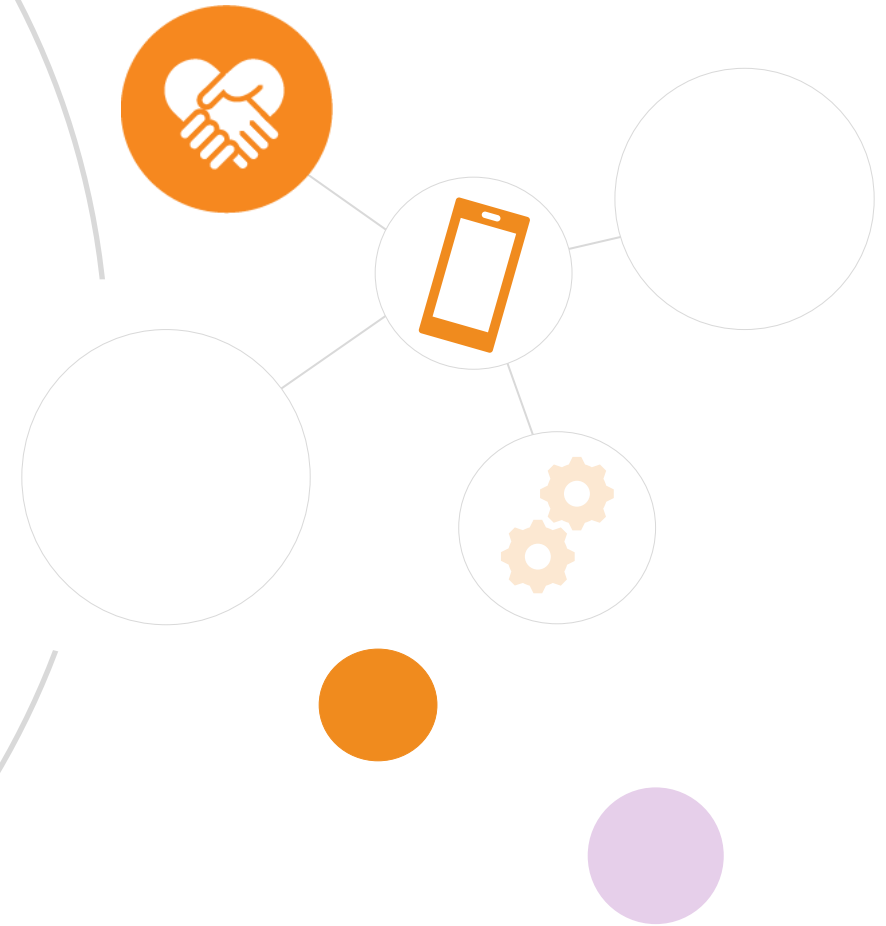


Debt advice client insights

January 2023

Published March 2023



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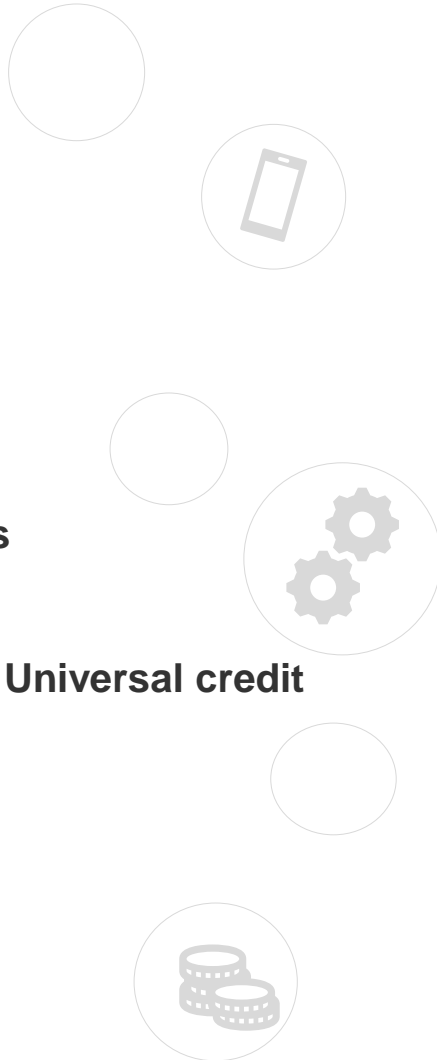
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Background

This report from StepChange Debt Charity provides insight into the demographic and debt characteristics of new clients who first sought debt advice in January 2023.

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

Executive summary

More than 18,000 new clients completed full debt advice in January 2023, which is higher than any single month in 2022. The number of clients advised in January 2023 increased by 77% compared to December 2022. Comparatively, between December 2021 and January 2022, the number of clients advised increased by 48%.

This increase is also reflected in the number of users to the StepChange website, where many users beyond those who seek debt advice can find information and support about debt and personal finances. The StepChange website was used by 364,000 users in January, which represents a 38% increase compared to December 2022 (263,000).

Among new clients who proceed to receive full debt advice, an increased proportion are citing a 'cost of living increase' as their main reason for debt. Around one quarter (24%) cited this reason in January 2023, compared to just 9% in January 2022.

Following decreases towards the end of 2022, the proportion of clients with unsecured debts such as credit cards increased between December 2022 and January 2023. There were also rises in the proportion of new clients with personal loans, catalogue and store card debts.

The proportion of clients in arrears with household bills remained fairly consistent compared to the previous month, however there has been a substantial increase in the proportion of clients in energy arrears, such as dual fuel and gas, compared to January 2022.

In terms of demographics, the proportion of clients in some form of employment also increased to 58% in January 2023.

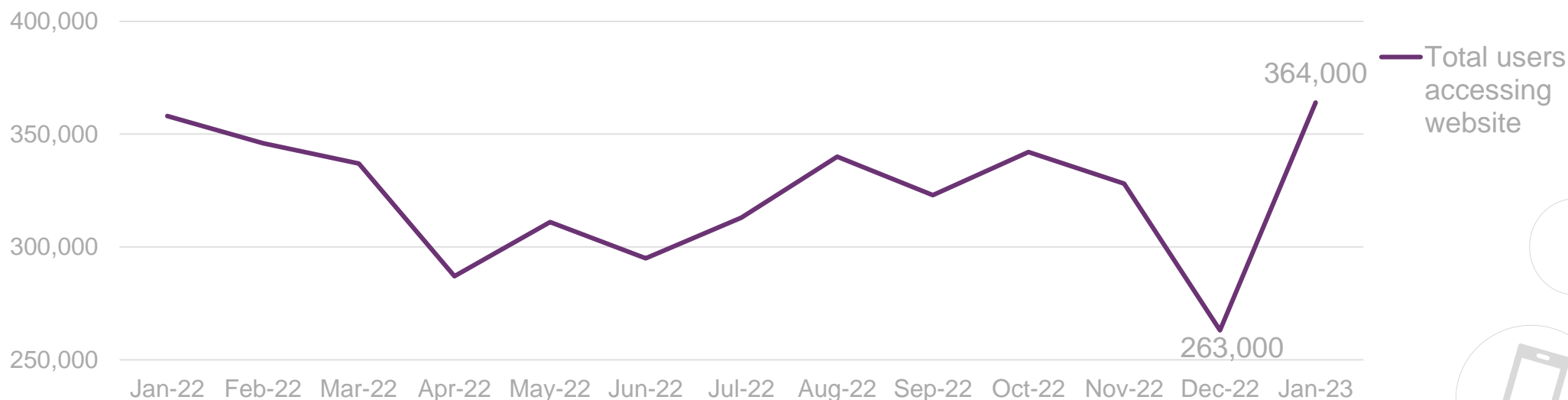
Additionally, more women completed debt advice in January 2023, accounting for almost two thirds (65%) of all new clients this month. The proportion of single parents and couples with children also increased, perhaps reflecting the ongoing pressure of growing costs on family budgets.

Website trends

The number of monthly website users increased by 38% between December 2022 (263,000) and January 2023 (364,000), which is in line with a seasonal trend we see each year between December and January. However, the number of users in January 2023 is higher than any single month in 2022.

As with previous months, the [emergency funding](#) webpage has remained as the most commonly viewed debt information page in January (25,000), which represents an 11% increase compared to December. The next most viewed debt information page was the [self-employed income calculator](#) (14,000), where the number of views doubled compared to December (7,000). The [income and expenditure form](#) page also saw an increase in views between December (7,000) and January (8,000).

Total number of website users: January 2022 – January 2023



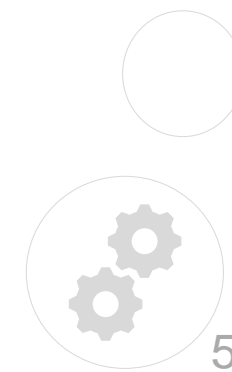
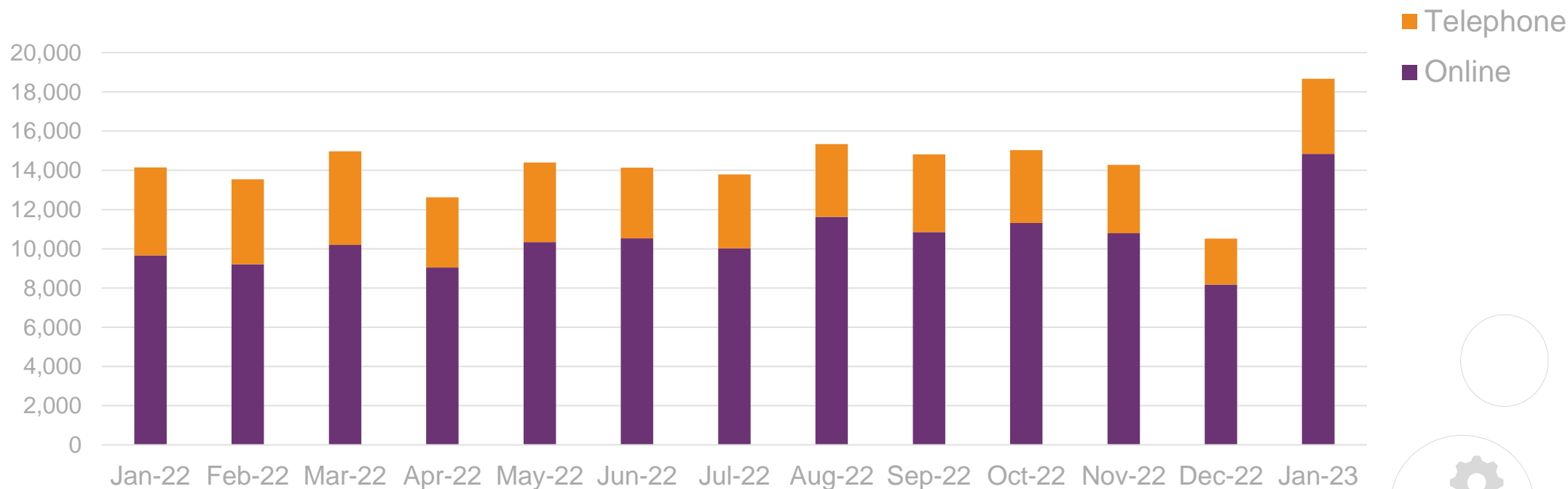
Note: In March 2022, functionality to opt-out of website statistical cookies was added to the website – this means the actual number of users and pageviews will be higher than reported from March 2022 onwards. An estimated 8% to 15% of website users are opting out of statistical cookies.

Client volumes

In line with the increase in website users, January 2023 saw 18,665 new clients seeking full debt advice, which is 32% higher than January 2022 (14,149). In January 2023, 80% of clients completed debt advice online compared to 20% over the telephone.

The number of new clients seeking debt advice increased by 77% between December 2022 and January 2023, whereas this increase was 48% between December 2021 and January 2022.

Number of new telephony and online clients: January 2022 – January 2023

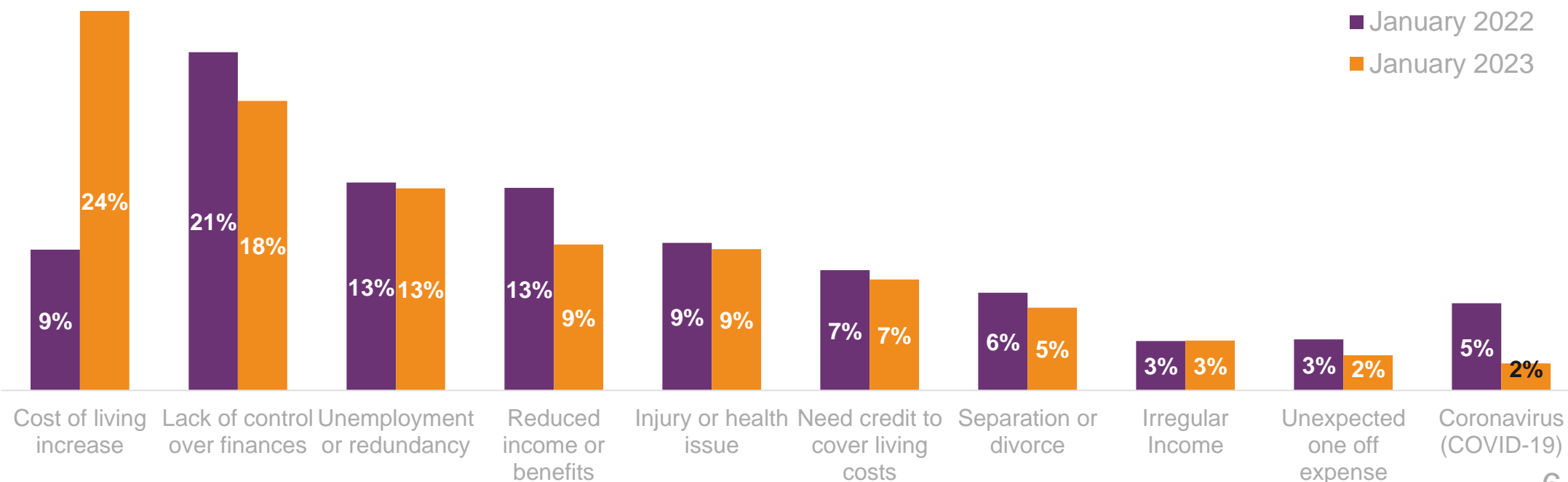


Reasons for debt

The proportion of clients citing an increase in the cost of living has continued to increase. Almost one quarter (24%) of new clients cited this as their main reason for debt in January 2023; an increase of 15 percentage points compared to 12 months ago.

There has also been a small increase in the proportion of clients citing a 'lack of control over finances' as their main reason for debt between December (17%) and January (18%), however this is three percentage points lower than January 2022 (21%).

Most common reasons for debt*: January 2022 vs. January 2023



Debt types

Although the proportion of clients with credit card debts is one percentage point lower than 12 months ago, there has been a substantial four percentage point increase in the proportion of new clients with credit card debts between December 2022 (63%) and January 2023 (67%). The number of clients with this debt type was decreasing towards the end of 2022.

This trend in credit card debts is reflected in other unsecured debt types. For example, the proportion of clients with personal loan debts, catalogue debts and store card debts all increased between December and January 2023.

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

	January 2022	November 2022	December 2022	January 2023
Credit card	68%	64%	63%	67%
Personal loan debt	50%	45%	44%	46%
Catalogue debt	38%	32%	31%	35%
Overdraft	36%	32%	32%	32%
Store card	13%	12%	12%	13%
Short-term high cost credit or payday loan	12%	9%	9%	9%

Arrears types

The proportion of clients in arrears with their household bills has remained fairly similar over recent months, however, there have been some notable increases year-on-year. For example, the proportion of clients with dual fuel arrears has increased by nine percentage points from 42% in January 2022 to 51% in January 2023.

However, there have also been some decreases, the proportion of clients in electricity, gas and rent arrears have all decreased by one percentage point each month-on-month. The proportion of clients with mortgage arrears has also decreased by two percentage points between December (17%) and January (15%).

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

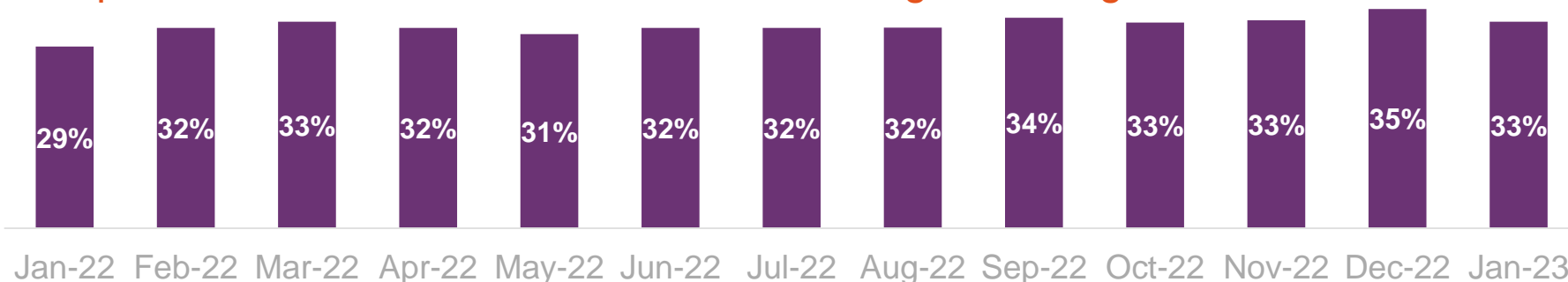
	January 2022	November 2022	December 2022	January 2023
Dual fuel	42%	51%	51%	51%
Council tax	38%	33%	34%	34%
Gas	22%	24%	27%	26%
Electricity	26%	27%	27%	26%
Water	31%	24%	23%	24%
Rent	23%	20%	21%	20%
Mortgage	15%	15%	17%	15%
TV licence	4%	3%	3%	3%

Negative budgets and Universal Credit

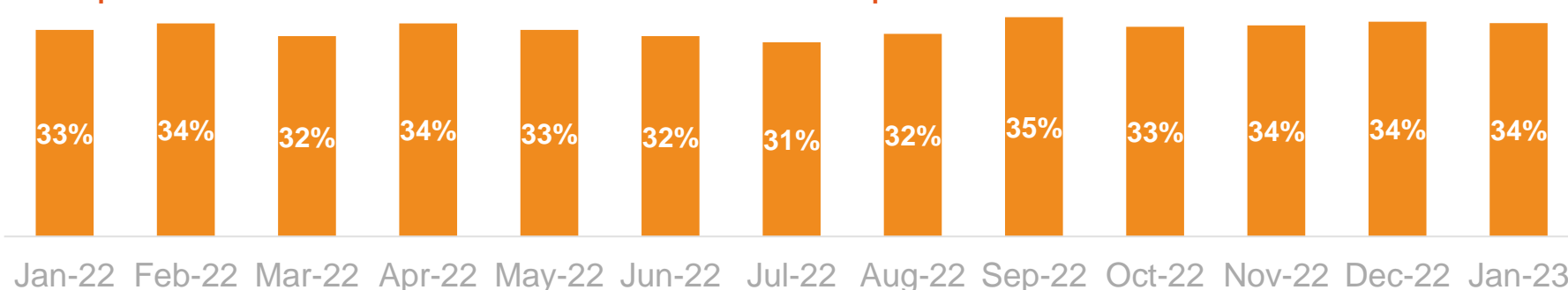
The proportion of clients with a negative budget, at the time of advice, decreased by two percentage points compared to the previous calendar month, with one third (33%) of clients with a negative budget in January 2023. However, this is four percentage points higher than 12 months ago (29% in January 2022).

The proportion of new clients who are in receipt of Universal Credit continues to be unchanged for the third consecutive month at 34% in January 2023, and remains at a similar level compared to January 2022 (33%).

Proportion of new debt advice clients with a negative budget



Proportion of new debt advice clients in receipt of Universal Credit



Demographics

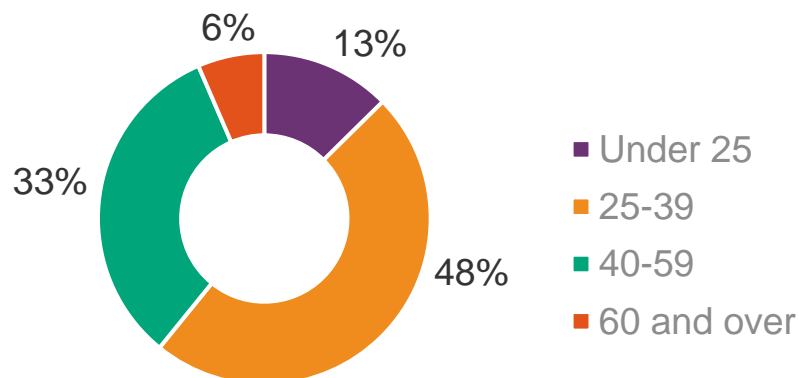
The proportion of women among StepChange's new client population has increased fairly substantially over the past month, up from 62% in December 2022 to 65% in January 2023. The proportion of women is also marginally higher than 12 months ago (64% in January 2022). Women have long been over-represented in our population of new clients, and [existing research](#) conducted by StepChange and other organisations show that women are more likely to seek debt advice and experience debt problems than men.

The proportion of clients aged under 25 (13%) remains the same as December 2022. The number of clients aged 18-59 represents 94% of all new clients in January 2023.

Gender split: New debt advice clients

	January 2022	November 2022	December 2022	January 2023
Women	64%	63%	62%	65%
Men	36%	37%	38%	35%
Other gender identity	<1%	<1%	<1%	<1%

Age: New debt advice clients, December 2022



*Source: ONS 2021



Demographics continued - housing tenure

There was minimal change in the housing situations of new clients completing debt advice between December 2022 and January 2023. Renting from a private landlord (33%) continues to be the most common housing tenure among new clients, closely followed by renting from a council or housing association (30%).

Around one in six (17%) new clients in January 2023 are homeowners, which is a slight increase compared to January 2022 (15%) and December 2022 (16%).

Housing tenure among new clients

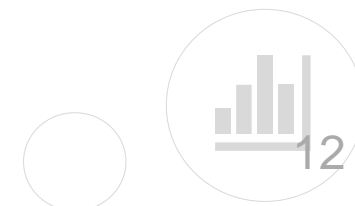
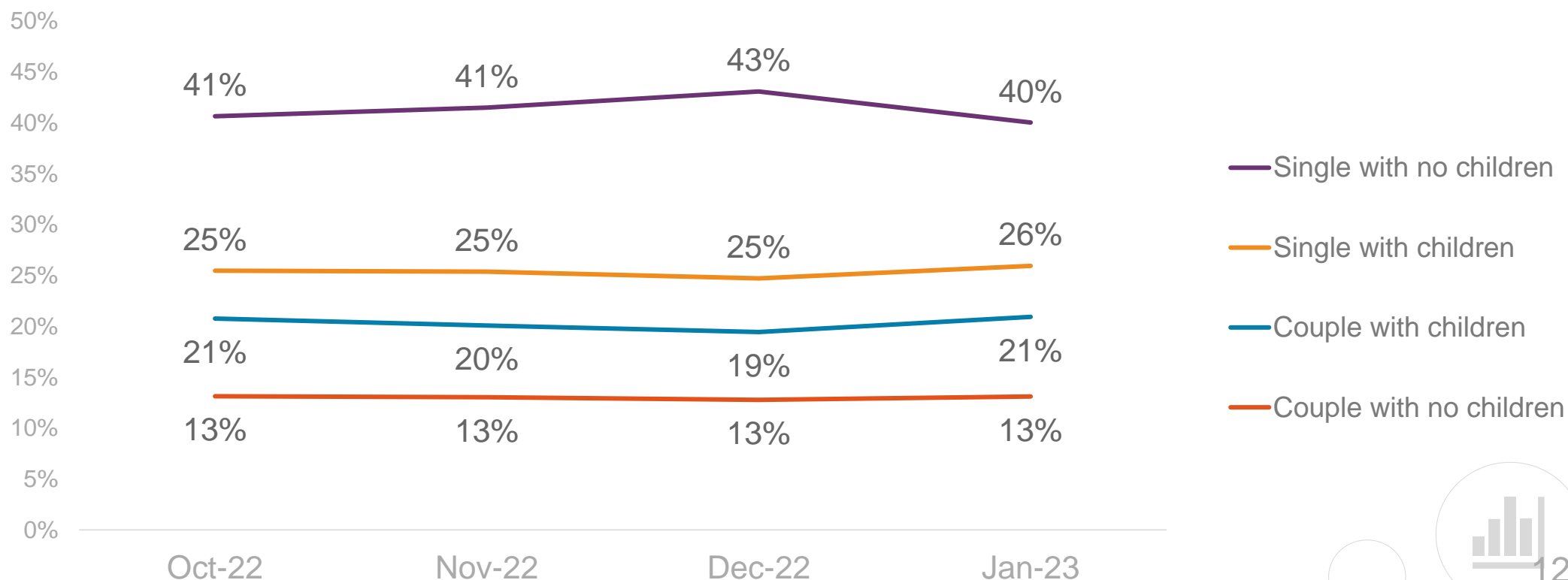
	January 2022	November 2022	December 2022	January 2023
Board payment (not with family)	2%	3%	2%	2%
Living with family	13%	13%	14%	14%
Mortgage	12%	13%	13%	13%
Other	3%	3%	3%	3%
Owns property outright	2%	2%	2%	2%
Renting - Council or Housing Association	31%	31%	31%	30%
Renting - private landlord	35%	33%	33%	33%
Shared ownership (mortgage and rent)	1%	2%	1%	2%

Demographics continued - family composition

Given the increase in the proportion of women completing full debt advice in January, it is perhaps unsurprising that the proportion of single parents has also increased from 25% in December to 26% in January – almost nine in ten (88%) single parents are women. The proportion of clients in couples with children has also increased by two percentage points between December 2022 (19%) and January 2023 (21%).

The proportion of single adults decreased by three percentage points month-on-month. There is likely some seasonality to these statistics; similar trends were evident between December 2021 and January 2022.

Family composition: October 2022 – January 2023



Demographics continued - employment

The employment status of new clients in January 2023 is fairly similar to the previous calendar month. The proportion of new clients in full-time employment is up by one percentage point month-on-month to 41%.

Employment status

Employment type	December 2022	January 2023
Carer	3%	3%
Full-time employed	40%	41%
Not working due to illness or disability	16%	15%
Part-time employed	13%	14%
Retired	3%	2%
Student	2%	2%
Unemployed: looking for work	12%	12%
Not in employment and not looking for work	8%	8%
Zero hour contract	2%	2%

- One in seven (14%) new clients were in part-time employment in January 2023, which is a one percentage point increase on December 2022 (13%).
- In January 2023, around 2% of clients seeking debt advice were retired, which is one percentage point lower than last month (December 2022 = 3%).
- Around 15% of clients were not working due to an illness or disability in January 2023.

In January 2023, 58% of new clients were in employment



Methodology

This data is based on the 18,665 clients who first sought debt advice from the charity between 1 – 31 January 2023. 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.

Note that figures are presented as rounded whole numbers throughout this report. As a result of rounding, some figures may not correspond with the sum of their individual figures or add up to 100%.

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)