

Debt advice client insights

August 2021

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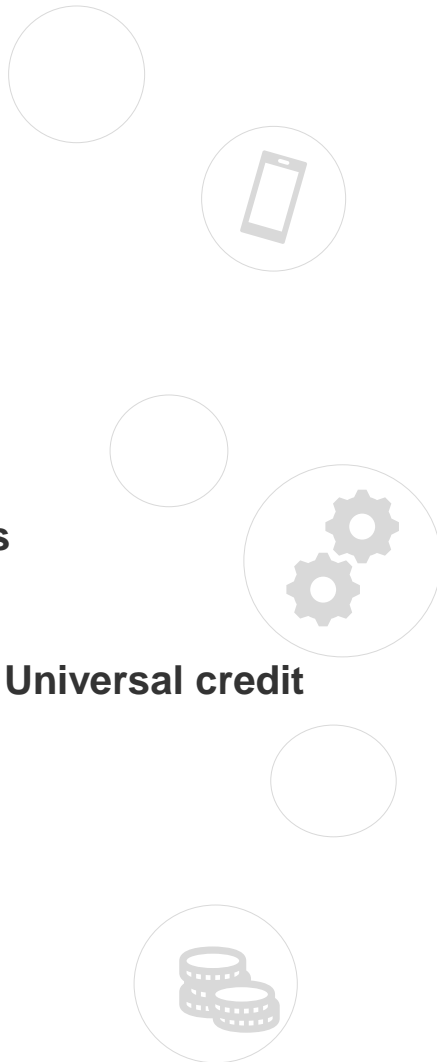
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Background

This report from StepChange Debt Charity provides insight into the demographic and debt characteristics of new clients who first sought debt advice in August 2021. This report also provides website traffic information as well as comparisons to previous months and years.

Previous monthly data reports can be found [here](#). Additionally, earlier this year the charity released the 2020 Statistics Yearbook, highlighting the debt and demographic situations of new clients who received full debt advice between January and December 2020. This document can be found [here](#).

Executive summary

The situations of the 12,500 new clients who received full debt advice in August present some potential new trends in the characteristics of people who are experiencing financial difficulty.

Throughout 2021, the charity continued to advise a greater proportion of clients in full time employment. This has increased from 36% in 2020 to 40% in August 2021.

There have also been small increases in the proportions of new clients in arrears on household bills including council tax, water and rent. The charity's website data also highlighted a substantial increase between July and August in the number of users accessing pages concerning support with energy bills.

Additionally, the proportion of clients in receipt of Universal Credit has been slowly decreasing over recent months. In April 2021, 35% of new clients were in receipt of Universal Credit, however this fell to 32% in August. Although this fall mirrors wider trends in the UK population, DWP statistics show a greater proportion of households are in receipt of Universal Credit compared to before the pandemic.

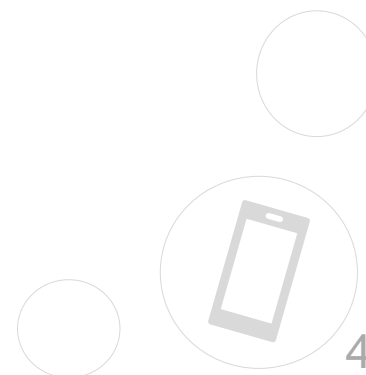
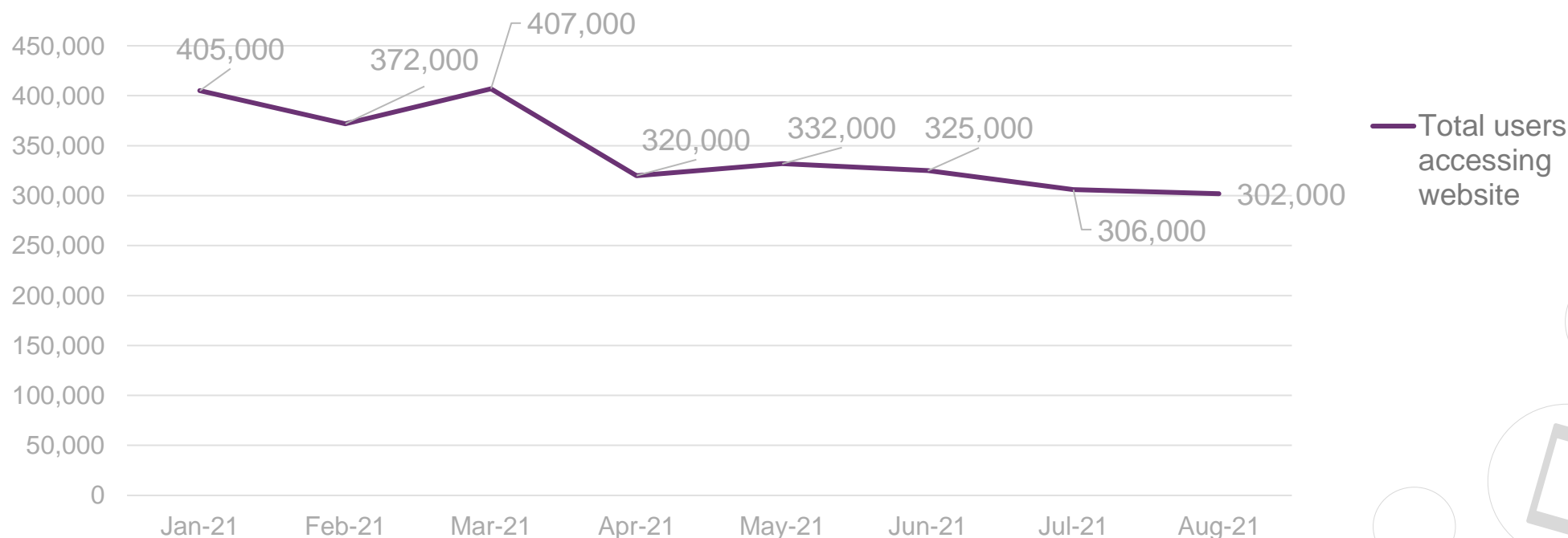
Despite these changes, the charity has continued to advise disproportionate amounts of women, single parents, younger age groups and renters.

Website trends

In August 2021, fewer users visited the StepChange website compared to previous months (302,000 users). However, this is a seasonal trend which is also found in previous years.

Despite receiving fewer visits overall, as with previous months, the 'emergency funding' page continues to be the most commonly visited debt information page, with more than 18,000 visits in August. There has also been a substantial increase between July and August in the number of users accessing pages concerning government support with utility bills (93% increase).

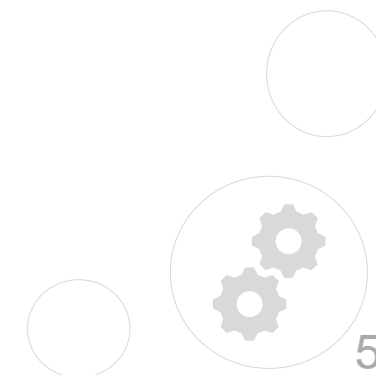
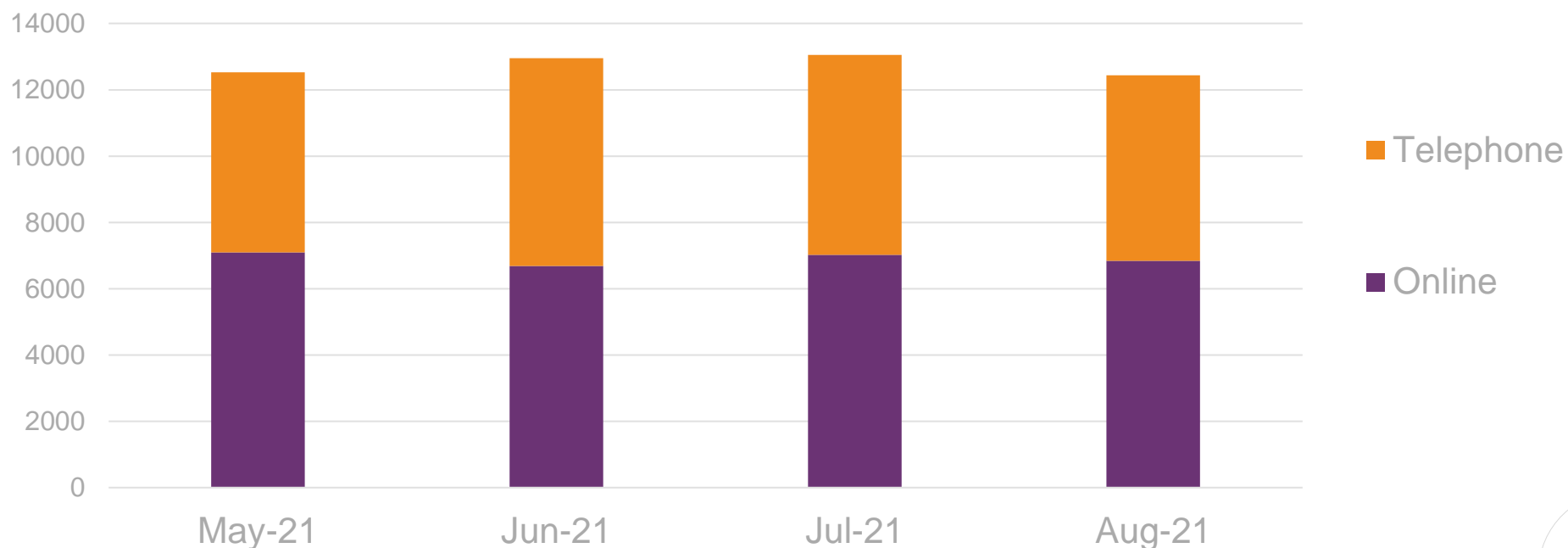
Total number of website users: January – August 2021



Client volumes

The number of new clients seeking debt advice continues to remain lower than levels found before the pandemic. 12,500 new clients received full debt advice in August 2021. There was a slight decrease in the number of new clients advised between July and August, however pre-pandemic data shows similar patterning between these two months in previous years. For example, in July 2019, 25,500 new clients received full debt advice compared to 24,000 in August 2019.

Number of new telephony and online clients: May – August 2021

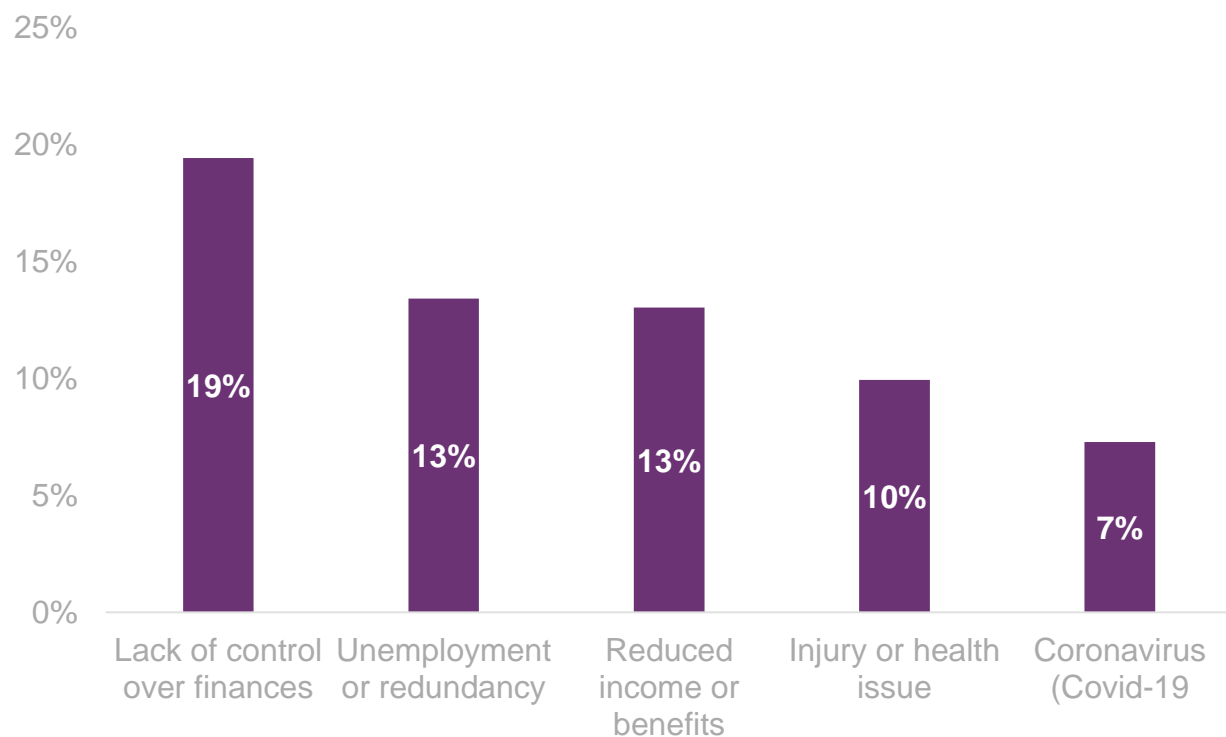


Reasons for debt

As with previous months, ‘lack of control over finances’ continued to be the single most commonly mentioned reason for debt among new clients in August. However, the majority of new clients have experienced at least one life event or income shock which had caused their problem debt, such as unemployment or redundancy (13%), reduced income or benefits (13%), or an injury or health issue (10%).

The proportion of new clients citing Covid-19 as a reason for debt continues to decrease over time. Just 7% of new clients cited this as a reason for their debt in August, down from 9% in May 2021.

Most common reasons for debt*: August 2021



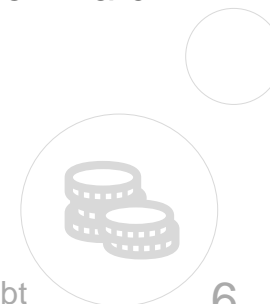
2020

The most common reasons for debt in 2020 were unemployment or redundancy (18%) and reduced income or benefits (15%)

2021

These top five reasons were also the five most common each month between March and July 2021.

*clients can select multiple reasons for debt



Debt types

Credit cards continue to be the most common debt type among new clients, with 67% of new clients having at least one credit card debt at the time of advice; a statistic which is consistent with data from July 2021.

There have been small increases in the proportion of new clients with overdrafts (36%), and store cards (13%), however these proportions are still lower than levels found in 2020.

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

	Full year 2020	June 2021	July 2021	August 2021
Credit card	67%	66%	67%	67%
Personal loan debt	52%	49%	50%	50%
Overdraft	39%	35%	35%	36%
Catalogue debt	35%	36%	36%	36%
Short-term high cost credit or payday loan	13%	11%	11%	11%
Store card	14%	12%	12%	13%

Arrears types

Although arrears levels in August remain relatively similar to previous months, there have been some small changes. The proportion of new clients with council tax arrears, which remains the most common arrears type, has also increased slightly between July and August.

Similarly, following an overall decrease since 2020, the proportion of clients with rent arrears grew between July (23%) and August (24%).

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

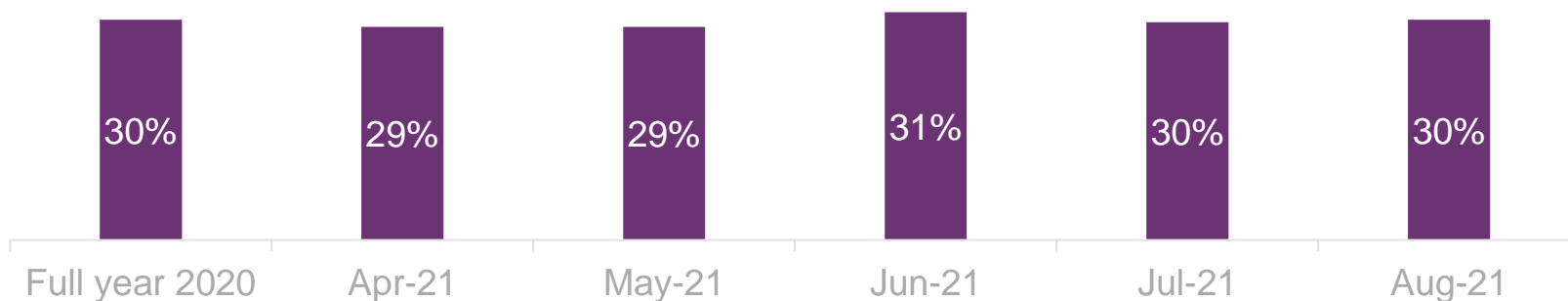
	Full year 2020	June 2021	July 2021	August 2021
Council tax	36%	35%	35%	36%
Electricity	26%	27%	27%	27%
Gas	23%	21%	22%	22%
Water	32%	31%	31%	32%
Rent	27%	24%	23%	24%
Mortgage	17%	18%	19%	18%
TV license	7%	3%	4%	4%

Negative budgets and Universal Credit

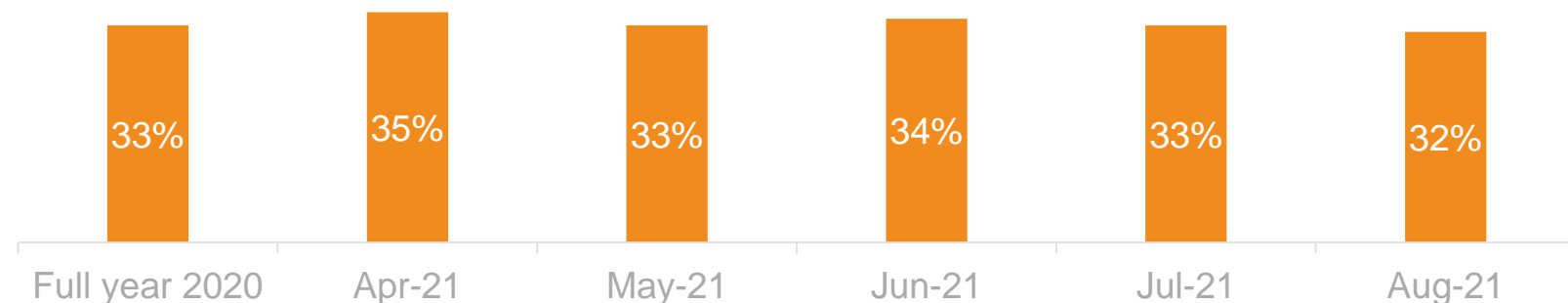
The proportion of new clients with a negative budget (where a client's monthly outgoings exceeds their monthly income after proceeding through StepChange's budgeting and advice process) has remained fairly consistent throughout the pandemic, and continued at 30% in August 2021.

Additionally, although the proportion of new clients in receipt of Universal Credit has decreased in recent months, 5.9 million UK adults were in receipt of Universal Credit in August 2021; almost double the number shortly before the start of the pandemic in March 2020 (DWP, 2021).

Proportion of new debt advice clients with negative budgets



Proportion of new debt advice clients in receipt of Universal Credit



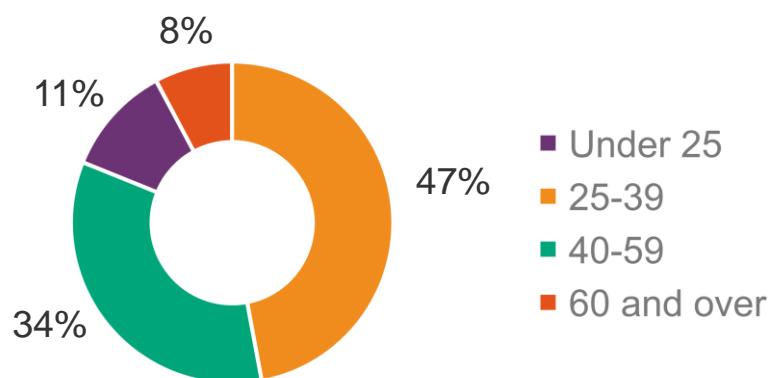
Demographics

There has been a slight increase in the proportion of women completing debt advice in August 2021, although overall this has remained disproportionately high compared to the UK general adult population. Additionally, the charity continued to advise a disproportionate amount of younger clients compared to the general population. Between July and August, there has been a 2 percentage point increase in the proportion of 25-39 year olds completing full debt advice, and a 2 percentage point fall among those aged 40-59.

Gender split: New debt advice clients, June - August 2021

	Full year 2020	June 2021	July 2021	August 2021
Female	60%	62%	61%	62%
Male	40%	38%	39%	38%
Other gender identity	<1%	<1%	<1%	<1%

Age: New debt advice clients, August 2021



Demographics continued - housing tenure

The proportion of new clients who are homeowners has remained fairly consistent between July and August 2021. There has been a small increase in the proportion of new clients who rent their homes through their local authority or a housing association.

Despite a one percentage point decrease, renting from a private landlord remained the most common housing type among new clients completing a full debt advice session in August.

Housing tenure among new clients: June – August 2021

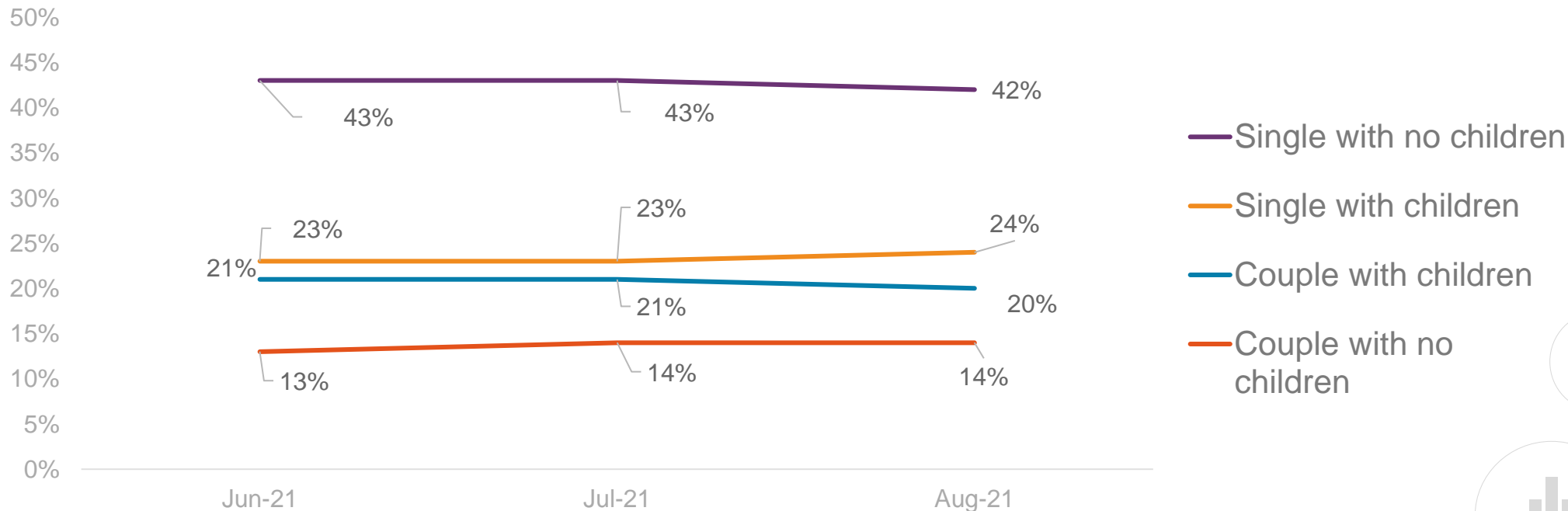
	Full year 2020	June 2021	July 2021	August 2021
Board payment (not with family)	3%	2%	3%	2%
Living with family	15%	13%	13%	12%
Mortgage	12%	12%	13%	13%
Other	2%	2%	2%	3%
Owns property outright	3%	2%	2%	2%
Renting - Council or Housing Association	31%	32%	31%	32%
Renting - private landlord	34%	34%	35%	34%
Shared ownership (mortgage and rent)	1%	1%	1%	1%

Demographics continued - family composition

August has seen a small increase in the proportion of single parents receiving full debt advice. Single parents account for around one quarter (24%) of all new StepChange clients; comparably just 6% of UK households are single parent families (ONS, 2020).

Despite a fall between July and August, the proportion of single adults with no children (42%) remains higher than before the pandemic. In 2019, 36% of new StepChange clients were in this family type.

Family composition: June – August 2021



Demographics continued - employment

The proportion of clients in full-time employment has continued to increase. Two fifths (40%) of new clients in August were in full time employment, up from 36% in 2020.

Employment status: August 2021

Employment type	%
Carer	3%
Full-time employed	40%
Not working due to illness or disability	16%
Part-time employed	14%
Retired	4%
Student	1%
Unemployed: looking for work	12%
Unemployed: not looking for work	9%
Zero hour contract	2%

The proportion of new clients who are either not working due to illness or disability, or those who are unemployed and not looking for work for other reasons has also increased between July and August.

The proportion of new clients in retirement has also increased very slightly (from 3% to 4%).

In August 2021,
56% of new
clients were in
employment



What's next?

The charity has started to see a decline in the proportion of clients in receipt of Universal Credit. However, 5.9 million UK adults were in receipt of Universal Credit in August 2021, almost double the number shortly before the start of the pandemic in March 2020 (DWP, 2021).

Although the proportion of clients citing Covid as the cause of their problem debt has decreased, the majority of new StepChange clients have been affected by a life event or income shock such as unemployment, redundancy or a physical or mental health issue.

Data in August also highlights other new trends such as a continued increase in the proportion of clients in full-time employment, and a small rise in the proportion of clients aged 25-39.

While credit cards and council tax unsurprisingly remain the most common unsecured debt and arrears types respectively, time will tell whether the increases in the proportion of new clients with overdrafts, utility bills and rent arrears are part of longer term trends.

The next data report will be published at the end of October 2021, which will highlight the experience of new clients who first received full debt advice in September 2021.

Notes on the methodology

This data is based on the 12,500 clients who first sought debt advice from the charity between 1 – 31 August 2021. All new clients accessed debt advice either through the charity’s telephony service, or online channel.

All comparisons to 2020 are based on clients who accessed debt advice through the charity’s new debt advice system, Pulse. More details about this system and the data in 2020 can be found in the 2020 Statistics Yearbook, which can be found [here](#).

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.

References

[Office for National Statistics \(2021\). Labour market overview: August 2021.](#)

[Department for Work and Pensions \(2021\). Universal Credit statistics, 29 April 2013 to 12 August 2021.](#)

[Office for National statistics \(2021\). Families and Households in the UK: 2020](#)

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)