



Debt advice during coronavirus

September 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 September 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 sixth 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 October, is due for release at the end of November.



Executive summary – September 2020



In September 2020, StepChange Debt Charity provided full debt advice to **over 16,000 new clients, an increase of more than 3,000 clients compared to August 2020**. This follows an upward trend in volumes compared to earlier this year. Volumes are still lower than levels we would otherwise expect. In August 2019, 24,200 clients received full debt advice.



We also saw a lower proportion of telephone clients in employment compared to levels found in 2019, and compared to August 2020. In September, 26% of clients were in full time employment, compared to 29% in August 2020.



September saw a reduction in the proportion of clients with unsecured credit debts across many different debt types compared to August 2020. This is despite overall rises among certain debt types compared to last year. For example, 77% of online clients held at least one credit card debt at the time of advice, compared to 72% in 2019. Additionally, 56% of new online clients had a personal loan debt in September, compared to just under half (49%) in 2019.



There was also an increase in the proportion of new clients with council tax in September. 36% of new telephone clients in September were behind on their council tax, compared to 32% in August. Additionally we saw a rise from 19% to 21% in the proportion of online clients with council tax arrears in the same time period.

Executive summary – September 2020



There has been an increase in traffic to our website in September compared to previous months. Our 'emergency funding' page remains the most visited debt information page on our website, closely followed by our 'self employed income calculator'. We also continue to see a larger proportion of younger age groups access our web pages.



We also continued to advise a disproportionate percentage of women, single parents, renters and younger age groups compared to wider UK population averages in September. Many of these groups were at risk of financial detriment before coronavirus, and have been identified at an increased risk of financial difficulty since March¹².



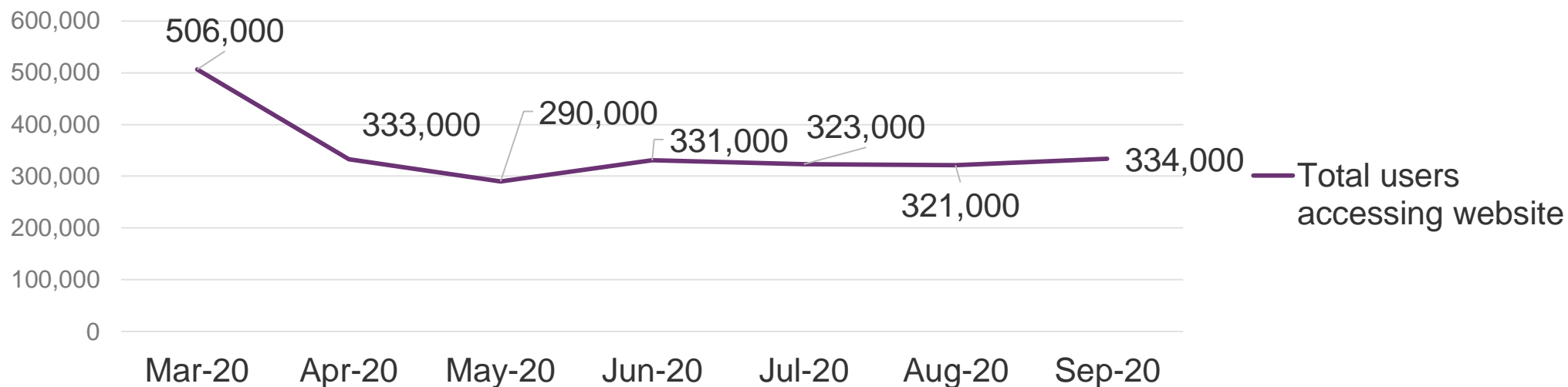
We have also seen a decrease in the average monthly income levels compared to 2019, which is unsurprising given that many households have experienced a reduction to their income as a result of coronavirus. Additionally, we also saw an increase of clients in receipt of universal credit. 43% of new clients in September were in receipt of this benefit, compared to 40% in August 2020.

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

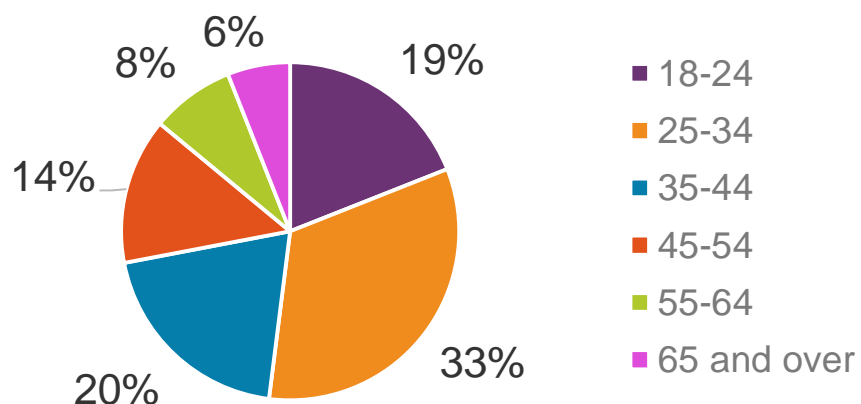
²Resolution Foundation (May 2020), Coping with housing costs during the coronavirus crisis, <https://www.resolutionfoundation.org/publications/coping-with-housing-costs-during-the-coronavirus-crisis/>

Website trends

Website users – March – September 2020



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



Website traffic began to rise in September, following a period of slight decline over the summer months.

We also continued to see a growing proportion of younger website users. Over half of website users (52%) were aged between 18-34. This has increased from 51% in August 2020, and 42% in September 2019.

Website trends continued

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



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

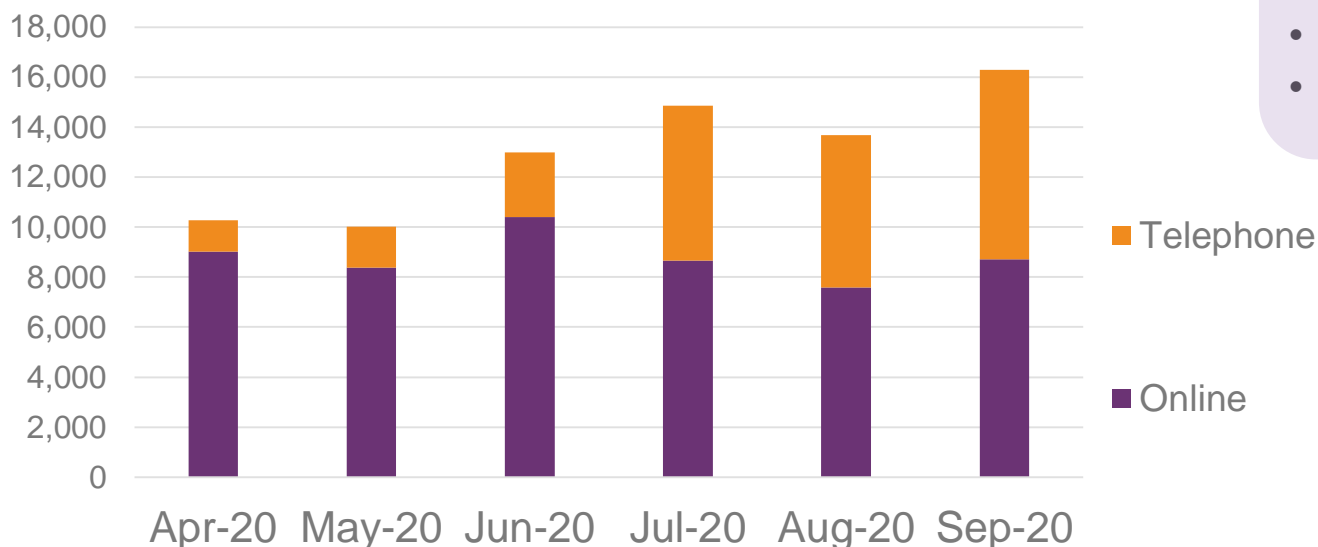
There was a 16% increase in web traffic to our 'self employed income calculator' page between August and September.

Client volumes

Since the implementation of a lockdown in late March, there has been a reduction in debt advice volume 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 steady volumes levels, we saw an increase in September compared to previous months. The charity provided full debt advice to over 16,000 new clients, an increase of more than 3,000 clients compared to August 2020.

Number of new debt advice sessions - April – September 2020



Comparatively, in 2019 StepChange advised:

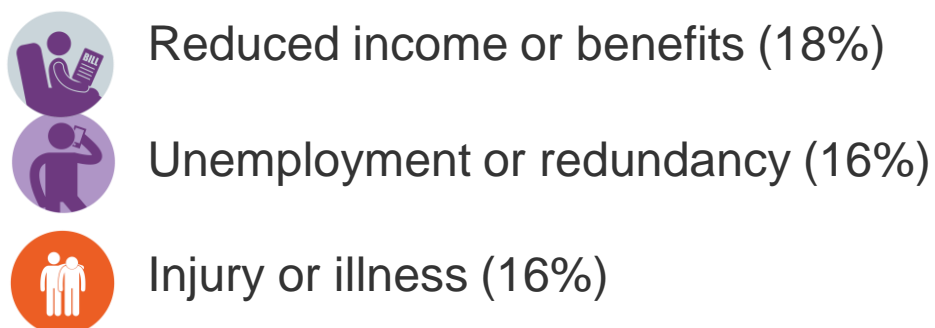
- 25,400 new clients in July 2019
- 24,000 new clients in August 2019
- **24,200 new clients in September 2019**



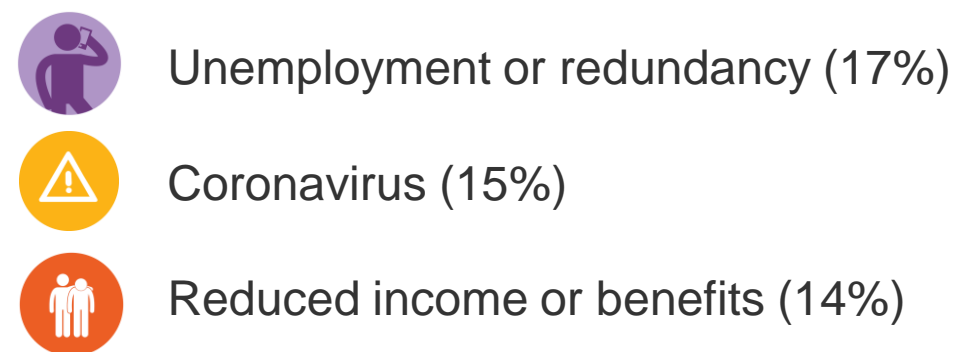
Reasons for debt*

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

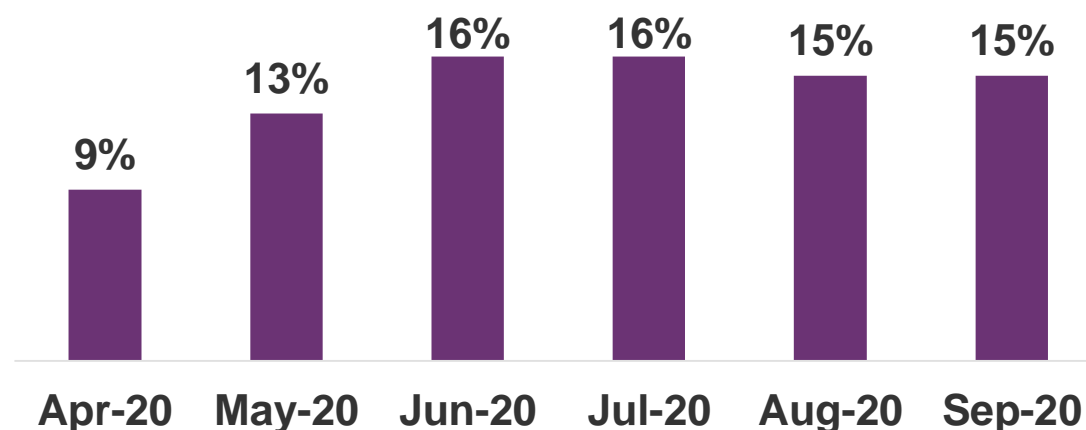
Full year 2019



September 2020



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

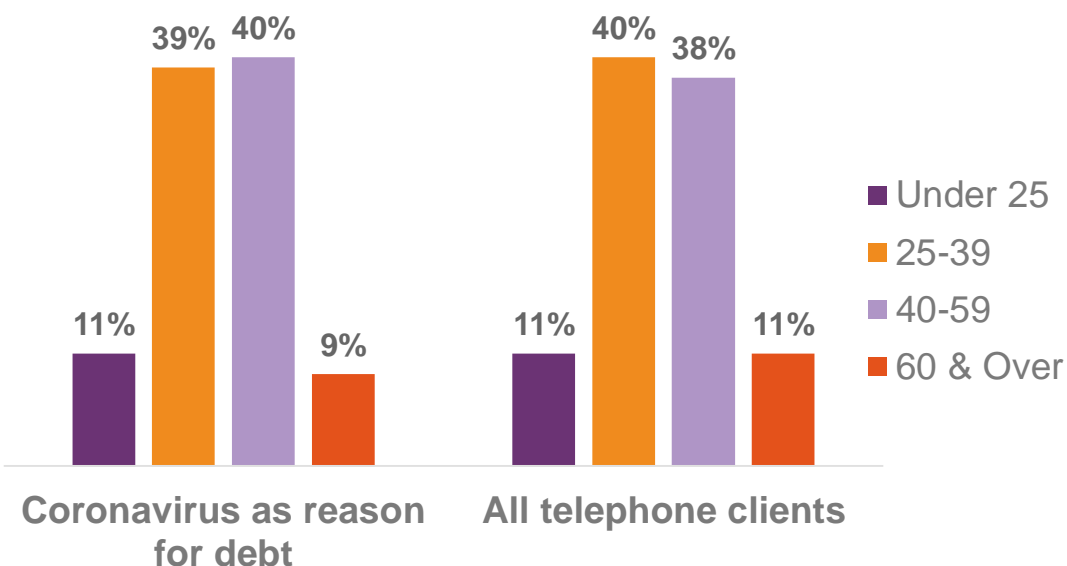


*Telephone data only. Clients can select more than one reason for debt

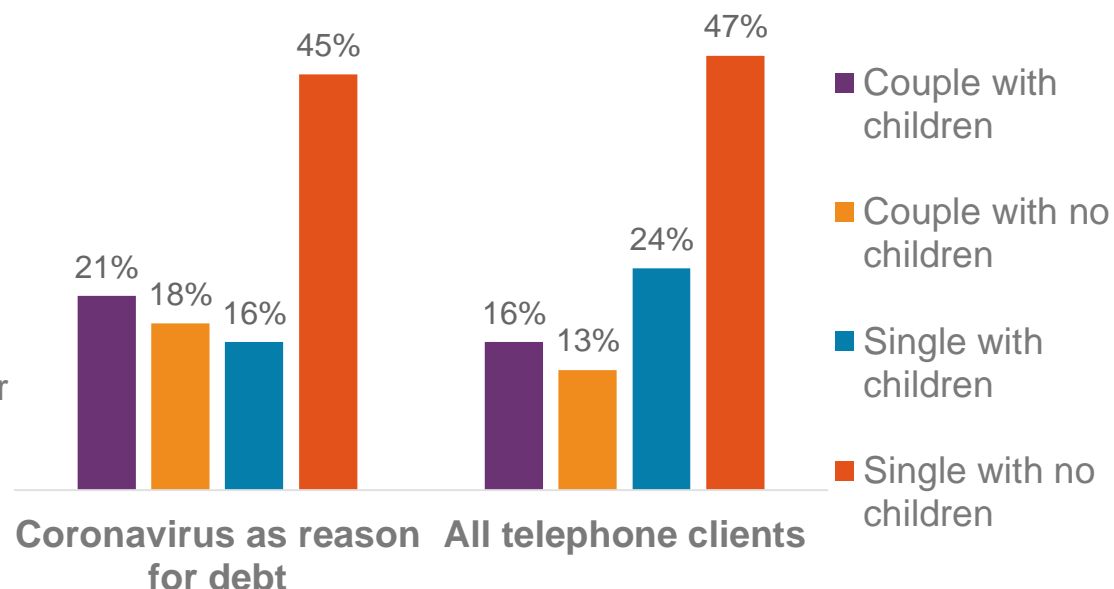
New clients with coronavirus as a reason for debt*

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

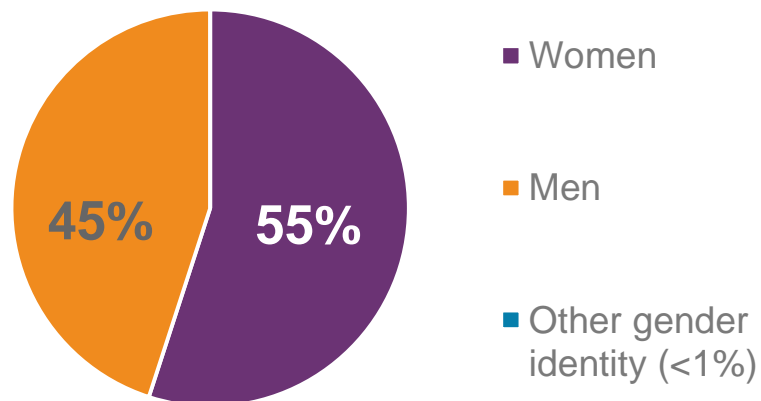
Coronavirus as reason for debt - Age



Coronavirus as reason for debt- family composition



Coronavirus as reason for debt - Gender



Among new clients citing coronavirus as a reason for debt, we continued to advise 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	July 2020	August 2020	September 2020
Council tax	23%	19%	19%	21%
Electricity	13%	15%	13%	14%
Gas	11%	12%	13%	11%
Water	19%	18%	16%	19%
Rent	17%	14%	13%	14%
Mortgage	12%	9%*	6%*	7%*
TV license	7%	4%	4%	4%

*Please note, these stats have been revised. Please see methodology note for further details.

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	July 2020	August 2020	September 2020
Council tax	46%	32%	32%	36%
Electricity	27%	29%	32%	31%
Gas	19%	23%	26%	25%
Water	34%	30%	33%	35%
Rent	30%	30%	30%	29%
Mortgage*	29%	18%*	16%*	19%*
TV license	10%	8%	8%	7%

*Please note, these stats have been revised. Please see methodology note for further details.

Income and surplus levels

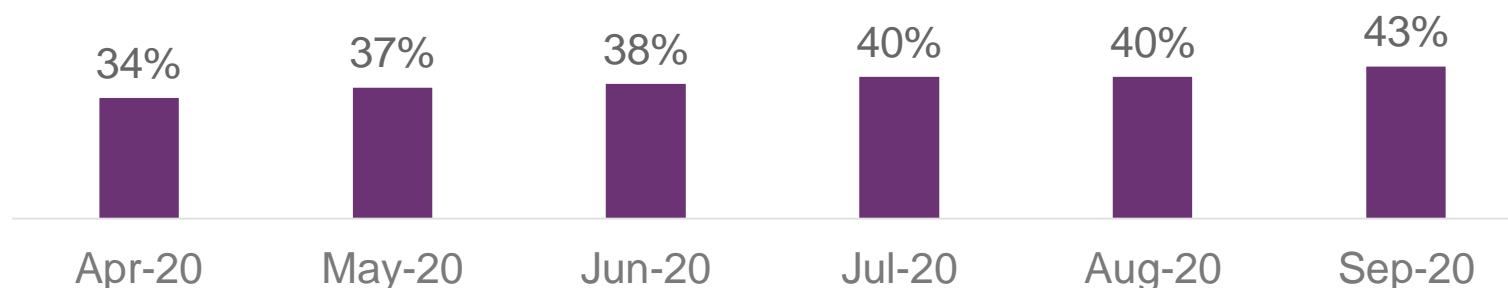
Average monthly income and surplus levels per client

	Full year 2019		August 2020		September 2020	
	Online	Telephone	Online	Telephone	Online	Telephone
Average monthly surplus*	£142	-£36	£106	-£17	£99	-£16
Average monthly net income	£1,617	£1,369	£1,452	£1,233	£1,454	£1,225

* 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)

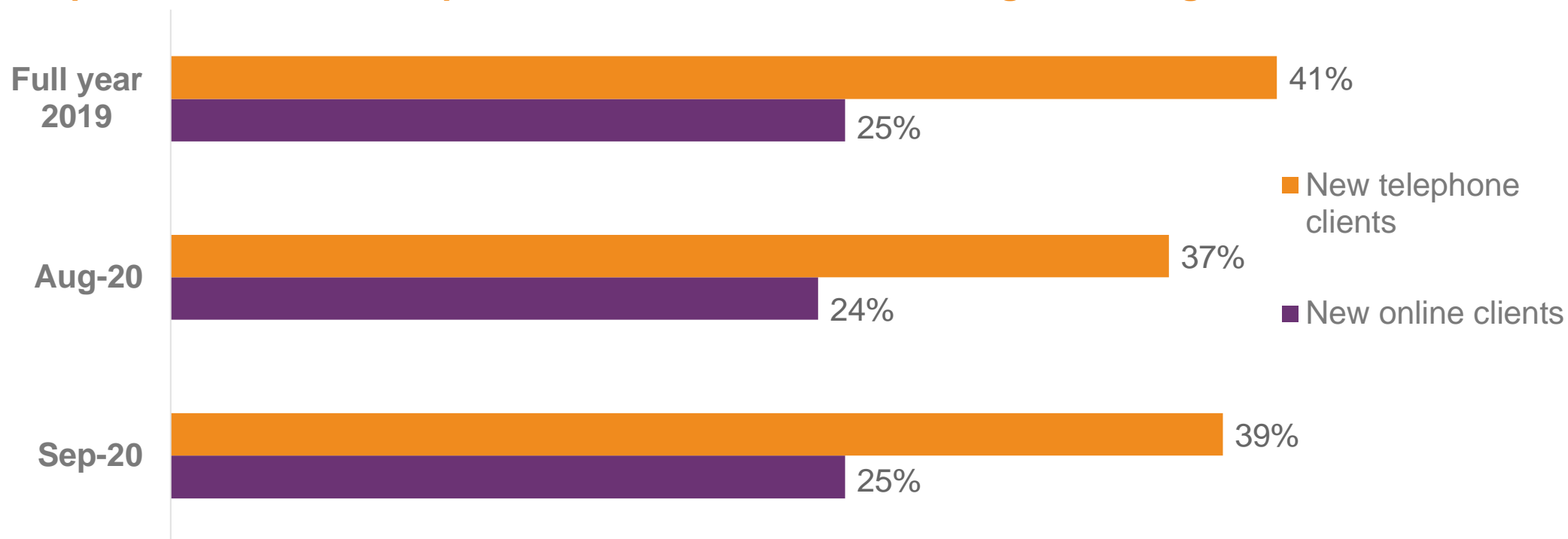
Proportion of new telephone clients receiving Universal Credit



*see page 13 for more details

Negative budgets

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



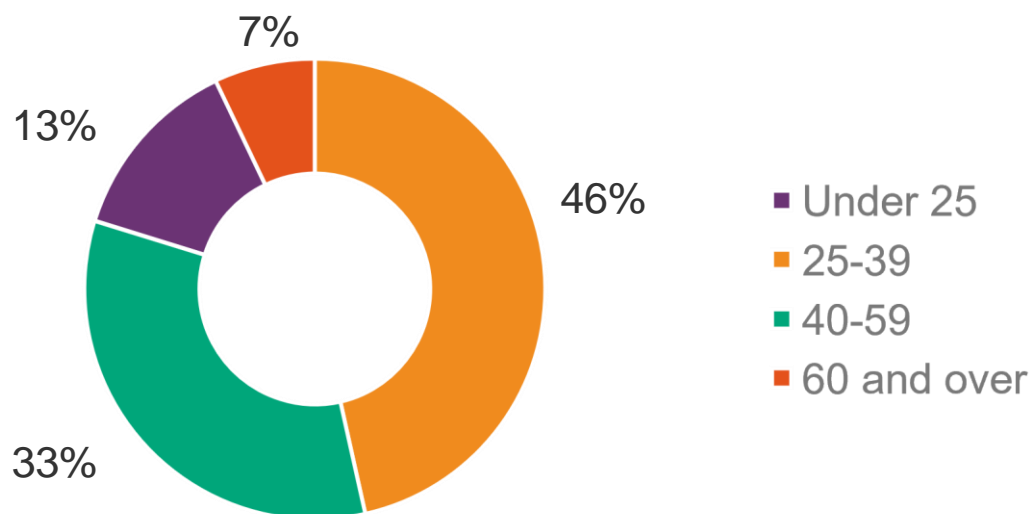
*A negative budget describes where a client's expenditure is greater than their income after the StepChange advice and budgeting process



In September, the average deficit for a client with a negative budget was **-£392.**

Client demographics: Age

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



In September, we saw a slight increase in the proportion of those aged 40-59. 33% of new clients were in this age group compared to 31% in August 2020.

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

	Full year 2019		July 2020		August 2020		September 2020	
	Online	Telephone	Online	Telephone	Online	Telephone	Online	Telephone
18-24	14%	11%	16%	12%	15%	11%	15%	11%
25-39	53%	38%	53%	39%	56%	40%	52%	40%
40-59	30%	42%	27%	37%	27%	37%	29%	38%
60 and over	3%	9%	4%	12%	3%	12%	4%	11%

Client demographics: Locations and vulnerability*

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

	Full year 2019	August 2020	September 2020
London	16%	19%	18%
North West	14%	13%	13%
South East	12%	12%	13%
West Midlands	11%	11%	11%
Yorkshire and the Humber	10%	9%	10%
South West	8%	7%	8%
East of England	6%	6%	6%
East Midlands	7%	6%	6%
North East	6%	6%	6%
Wales	5%	5%	5%
Scotland	6%	4%	4%
Northern Ireland	1%	1%	1%



Clients in vulnerable situations*:

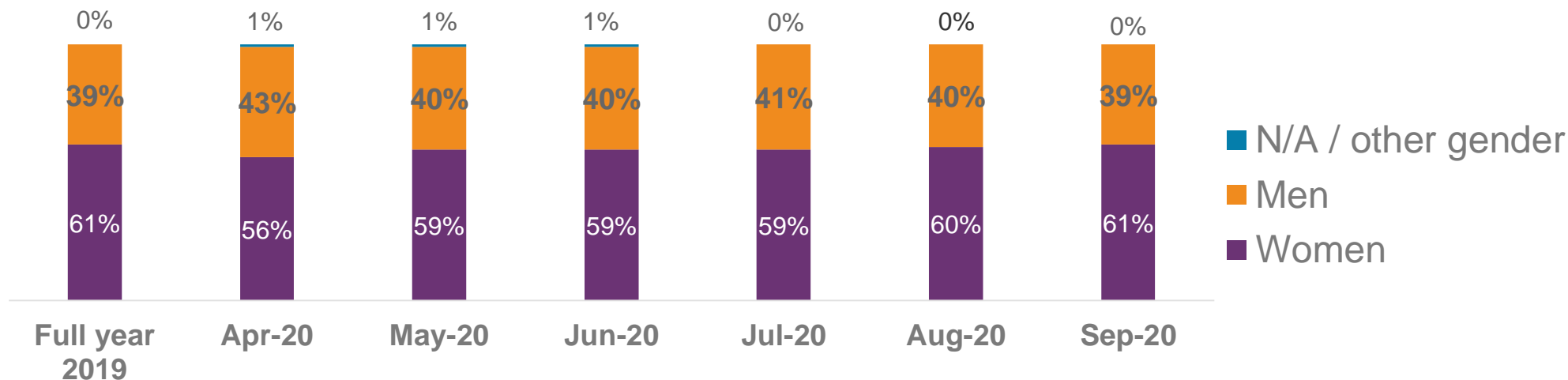
Over half (52%) of all new telephone clients in September were in a vulnerable situation in addition to their financial difficulty, this has increased from 44% in 2019.

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.

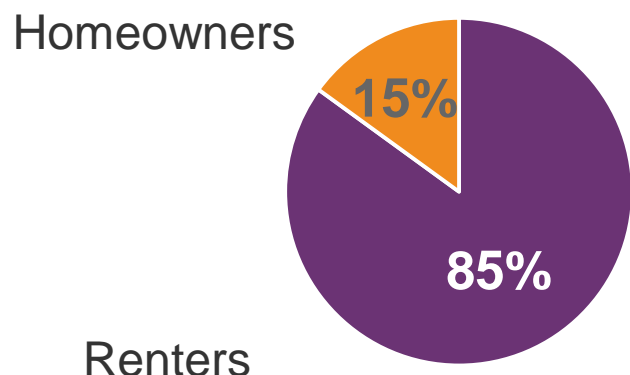
*Telephone data only

Client demographics: Gender and housing

Gender – all new clients – September 2020



Housing – all new clients (September)



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

	September 2020
Private rented sector	54%
Housing association	21%
Local authority	24%

Client demographics: Employment status*

	July 2020	August 2020	September 2020
Carer	2%	2%	3%
Full-time employed	28%	29%	26%
Not working due to illness or disability	15%	15%	16%
Part-time employed	15%	15%	15%
Retired	5%	5%	5%
Student	1%	1%	1%
Unemployed	32%	31%	32%
Zero hour contract	2%	3%	3%

*Telephone data only

In September, we saw a growing proportion of clients who were not in employment.

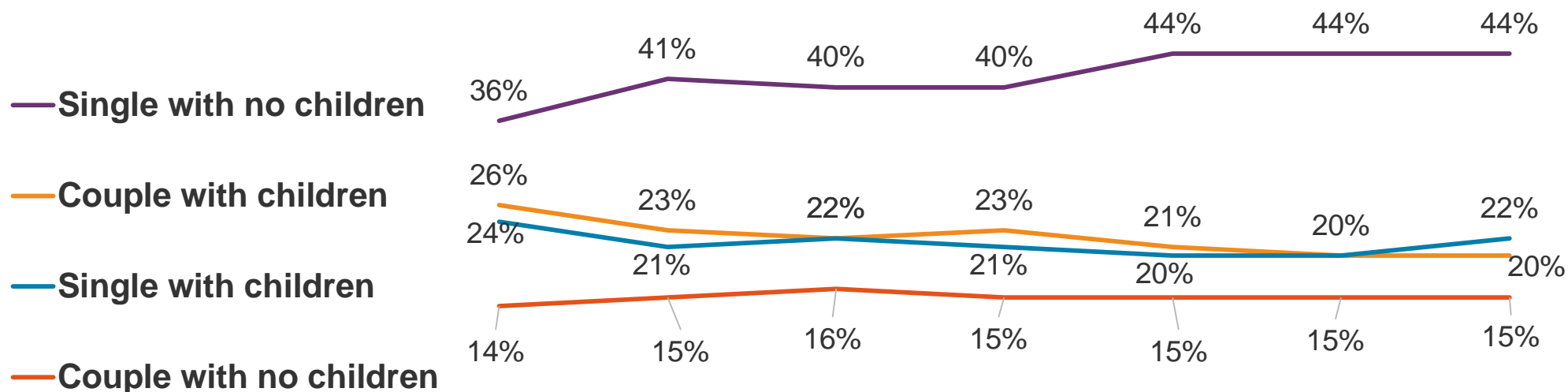
More than two thirds of those who were unemployed were actively seeking employment at the time of advice.

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 Sep-20



	All new clients: September 2020	UK population ¹
Single with no children	44%	36%
Couple with children	20%	22%
Single with children	22%	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		July 2020		August 2020		September 2020	
	Online	Telephone	Online	Telephone	Online	Telephone	Online	Telephone
Credit cards	72%	61%	77%	62%	79%	62%	77%	60%
Personal loan debt	49%	48%	55%	48%	56%	48%	56%	46%
Overdrafts	46%	46%	41%	40%	39%	39%	38%	38%
Catalogue debt	34%	36%	36%	33%	38%	31%	37%	32%
Short term high cost credit/payday loans	20%	9%	17%	10%	19%	10%	18%	10%
Store card	13%	12%	15%	13%	16%	13%	17%	13%

Although we saw a slight fall in the proportion of clients with forms of unsecured debts between August and September, the proportion of new clients with credit cards, personal loan debts and store cards are still higher than levels found in 2019.



Summary and what's next?



September saw the first significant rise in volumes for several months; an increase of over 3,000 new clients receiving full debt advice compared to August 2020. However, volumes were still lower than levels at the same point last year (24,200 new clients in September 2019), suggesting that temporary forbearance measures were still having an effect, despite evidence to suggest that financial difficulty has been building up for many households in the wider UK population.



As with previous months, experiencing unemployment and redundancy continues to be the most common reason for debt, affecting 17% of all new clients. September also saw a fall in the proportion of clients in full time employment, down from 29% in August to 26% in September. The disproportionate amount of women, renters and single parents receiving advice continues to be a worrying trend given that these groups have been identified as being 'debt vulnerable'.



Despite a fall in the proportion of clients with unsecured debts, there has been a rise in arrears levels, particularly council tax and utility bills. Coupled with the continued high traffic to our 'emergency funding' web page, it is particularly worrying that an increase of new clients are struggling to find the resources to cover their essential payments.

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 mortgage arrears findings have been amended due to an error in retrieving mortgage data in previous reports.



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

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