

# Debt Advice During Coronavirus

March – April 2020

A new monthly report from StepChange Debt Charity



## Background

This new report from StepChange Debt Charity provides insight into the demographic and debt information of our new clients who first sought debt advice in the five weeks following the implementation of a lockdown in the UK due to Coronavirus on 23 March 2020. This report also provides website traffic information as well as comparisons of all new data to previous years. New reports outlining our latest client data will be released monthly.

## Summary of findings

- In the five weeks following the implementation of a lockdown, we saw a 36% increase in traffic to our website compared to the same time period last year. Much of this unprecedented demand in traffic was to our Coronavirus 'emergency advice' pages. Common search terms included: **“help with food”**, **“I have no money and need help”** and **“emergency money”**.
- During this time period we also saw a notable increase in the proportion of younger age groups accessing our website and accessing emergency information relating to coronavirus.
- These acute financial pressures have not yet fed into growing demand for debt advice. The number of people seeking debt advice fell significantly below the level we would have otherwise expected to see.
- This is partly explained by the reduced capacity of our phone service at the start of the lockdown period; however payment holidays, the suspension of some types of debt enforcement and people having to prioritise emergency money needs are likely to have deferred demand for debt advice. We would expect to see this appear as additional demand later in the year, along with new demand created by Coronavirus-related shocks to household incomes.
- However, almost one in ten (9%) new debt advice clients said Coronavirus was the main reason for their problem debt. One in five (19%) new clients said experiencing unemployment or redundancy was a main reason for debt, up from 16% at the same time last year.
- We have started to see some change in the composition of people seeking advice that may indicate broader economic vulnerabilities. The proportion of men contacting us for advice increased in this five-week time period when compared against 2019, something we last saw in the 2008 recession. We have also advised a growing proportion of clients aged over 40 across both our telephone and online channels, which contrasts with the heavy increase in younger adults seeking help from our website on emergency money needs.
- We continued to advise a high proportion of renters (82%) and single parents (23%), compared against the wider UK population (37% of UK households and 6% of UK families respectively).

- Council tax is typically one of the most common bills on which clients are in arrears, and in the post-lockdown period one third (33%) of telephone clients with a responsibility for a council tax bill were behind on payments.
- We continued to advise a high proportion of clients with credit card debts through our telephone (59%) and online (73%) channels.

## Website trends

Between 23 March and 24 April 2020, 443,084 users accessed the StepChange Debt Charity website. This is an increase of 116,330 on the same time as last year (326,754).

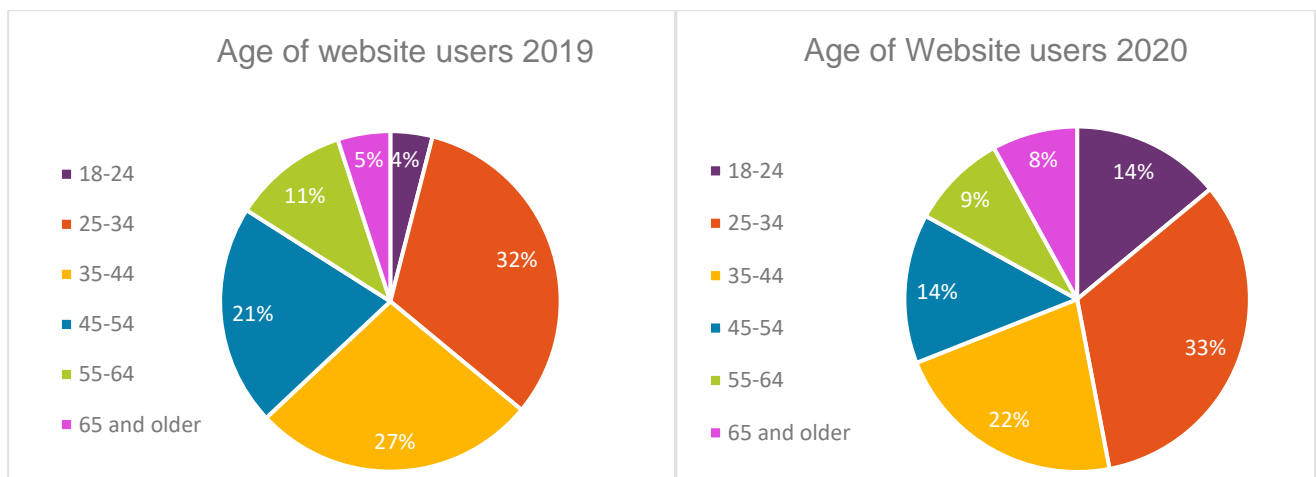
Among those who accessed StepChange Debt Charity’s website in the five weeks following the lockdown, 162,818 users accessed our website information relating to coronavirus or emergency help.

The most common search terms which led users to this information were: **“help with food”**, **“I have no money and need help”** and **“emergency money”**.

The top visited pages during this time period included:

- ‘emergency funding’ (81,265 page views)
- ‘debt and coronavirus’ (78,253 page views)
- ‘coronavirus and claiming benefits’ (33,634 page views)
- ‘coronavirus and your finances’ (27,629 page views)

### Age demographic of users accessing StepChange website



In terms of location, most website traffic was from users based in London (128,992 sessions), followed by Birmingham (15,045 sessions) and Leeds (13,185).

## New Debt Advice client contacts

While we know that many people across the UK are at great risk of financial difficulty, many are yet to proceed through to full debt advice. This could be due to temporary forbearance measures and payment holidays, alongside uncertain financial futures for many households. In common with the wider debt advice sector, we have seen a decrease in the proportion of new clients receiving full debt advice in what is likely to be “the calm before the storm”.

Between 23 March and 24 April 2020, StepChange Debt Charity provided full debt advice to **11,713** new clients across our telephone and online channels. This included:

Channel*	New clients receiving full debt advice 23 March – 24 April 2020	Clients who received full debt advice 23 March – 24 April 2019
Online debt advice	10,402	18,979
Telephone debt advice	1,311	10,919
Total	11,713	29,898

\*Due to the impact that Coronavirus 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.

## Reasons for debt

Between 23 March and 24 April 2020, the most common reasons for debt among new clients were due to:

- Unemployment or redundancy (19%)
- Injury or illness (14%)
- Experiencing a reduced income (13%)
- Separation or divorce (10%)
- Lack of control over finances (9%)
- Irregular income (4%)

Experiencing a reduction in income, injury or illness or unemployment were also the most prominent reasons for debt among new clients in 2019. The proportion of clients experiencing unemployment or redundancy has increased from 2019 (16%).

The charity started collecting Coronavirus as a specific reason for debt on 6th April. Between **6th April and 24 April 2020, 9% of new clients gave Coronavirus as one of their main reasons for requiring debt advice.**

### New clients affected by Coronavirus

New client advice data between 6 and 24 April 2020 shows **9% of new clients** receiving telephone debt advice said they experienced problem debt because of Coronavirus.

Among the 9% of clients who required debt advice because of because of Coronavirus, 25% are aged under 25, 32% are aged 25-39, 35% are aged 40-59 and 8% are aged over 60.

Age group	Clients with 'Covid-19' as a reason for debt	New telephone clients receiving full debt advice: 6 – 24 April 2020
18-24	25%	12%
25-39	32%	34%
40-59	35%	39%
60+	8%	16%

There was also an even gender split between men (51%) and women (49%) among those who said Coronavirus was a reason for debt. Comparably, 43% of all new clients were men and 57% were women.

### Household bills

Between 23 March and 24 April 2020, we also found that:

- Clients who accessed our telephone service were more likely to be in arrears across many different household bills.
- 13% of clients who sought online debt advice were behind on their electricity bill, and 11% were behind on their gas bill.
- One in five (19%) all new online clients, and one third (33%) of all new telephone clients who had a responsibility for a council tax bill were behind on payments.
- Almost one third of telephone clients (31%) who had a responsibility for paying rent were in arrears.

Proportion of new telephone clients (23 March – 24 April 2020) with different types of arrears

	Number of clients with responsibility for bill type	% in arrears for each bill type
Council tax	712	33%
Electricity	551	24%
Gas	415	19%
Rent	630	31%
Mortgage	130	0%
Water	715	31%

Proportion of new online clients (23 March – 24 April 2020) with different types of arrears

	Number of clients with a responsibility for bill type	% in arrears for each bill type
Council tax	6744	19%
Electricity	7326	13%
Gas	6015	11%
Rent	6508	16%
Mortgage	1405	9%
Water	6252	15%

## Income and surplus levels

As mentioned in the volumes section of this report, the demographic and debt profiles of our online and telephone clients are notably different in places.

Clients who access debt advice through online channels are more likely to have higher income, expenditure and surplus levels than telephone clients. However, the **'average monthly surplus'** level for new clients in the five weeks following the implementation of lockdown measures has fallen slightly for online clients, although remained about the same for telephone clients:

Average client monthly surplus\* levels per client

	All new clients 24 March-24th April 2020	All new clients 23 March - 24 April 2019
Online clients	+£124	+£134
Telephone clients	-£35	-£37

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

We also advised a higher proportion of new clients with negative budgets\* compared to last year:

% of clients with a negative budget\* per channel

	23 March - 24 April 2020	23 March- 24 April 2019
Online clients	26%	25%
Telephone clients	45%	41%

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

With that said, we have seen a fall in the average monthly income per client. The average income of all new StepChange telephone clients between 23 March and 24 April 2020 was £1,470, which is £42 lower than the average clients first contacting the charity over the same time period in 2019 (£1,512).

One third (32%) of new telephone debt advice clients who contacted the charity between 23 March and 24 April were in receipt of **Universal Credit**.

## Where our clients live

Proportion of new clients by location (telephone data only)

	Ranking proportion of clients against regional or national population*	New clients 23 March- 24 April 2020
North East	1	6%
North West	2	15%
Wales	3	6%
Yorkshire	4	10%
London	5	14%
South West	6	9%
West Midlands	7	9%
East Midlands	8	7%
South East	9	12%
Scotland	10	6%
East Anglia	11	6%
Northern Ireland	12	1%

\*based against ONS Population statistics mid-2019

As a proportion of our total new clients, the North West has overtaken London as the English region with the highest proportion of StepChange clients.

Determined against regional and national population sizes, the North East remains the English region with the most clients receiving debt advice per local population size, which is in line with long-term client trends.

Wales has seen a notable increase in the proportion of clients against the population size. We advised more clients per national population in Wales than any other UK nation in the five weeks after the implementation of lockdown measures.

## Housing status

We continued to advise a greater proportion of renters than homeowners. More than four in five (82%) new clients rent their homes, which is similar to the proportion of new clients in the same time period in 2019 (83%).

We also continued to advise a similar proportion of private renters compared to 2019. Two in five (40%) new clients privately rent their homes (39% in 2019):

## Age

Despite an increase in the proportion of younger people accessing our website, we have seen the proportion of clients seeking debt advice aged under 40 fall across both telephone and online channels.

For telephone clients, the most substantial rise has been among clients aged over 60, and for online clients we have seen smaller, but notable rises among those aged over 40.

### Age groups of new telephone clients

Age group	New telephone clients 23 March – 24 April 2020	New telephone clients 23 March – 24 April 2019
18-24	12%	13%
25-39	34%	40%
40-59	39%	37%
60+	16%	11%

### Age groups of new online clients

Age group	New online clients 23 March – 24 April 2020	Online clients 23 March – 24 April 2019
18-24	16%	15%
25-39	51%	56%
40-59	28%	26%
60+	4%	3%



## Gender

Between 23 March – 24 April 2020, we saw an increase in the proportion of men undertaking debt advice. Our latest stats show **43% of new client contacts are men**, compared to **39% in the same period last year**.

Although the Institute for Fiscal Studies points to women being at particular risk of financial detriment as a result of Coronavirus, we saw a growing proportion of men seeking debt advice in the weeks following the lockdown implementation. This increase does mirror a trend found following the 2008 financial crisis, however we will continue to monitor how the gender split among our clients develops over time.

## Employment status

Almost half of clients (48%) who took advice from StepChange in the five weeks following lockdown measures were either in full-time or part-time employment or on a zero-hours contract at the time of advice. This is similar to data from the same time period in 2019 (50% of clients were in full time or part time employment).

### Employment status of new clients receiving full debt advice

Employment type	New clients 23 March – 24 April 2020
Carer	2%
Full-time employed	29%
Not working due to illness or disability	14%
Part-time employed	15%
Retired	5%
Student	1%
Unemployed	28%
Zero-hour contract	4%

## Family composition

We're continuing to advise a high proportion of single parents compared against the wider UK population. Almost a quarter of all new StepChange debt advice clients were single parents, compared to just 6% of the wider population.

	New Debt Advice clients 23 March – 24 April 2020	Debt advice clients 23 March – 24 April 2019
Couple with children	23%	25%
Couple with no children	16%	14%

Single with children	23%	23%
Single with no children	38%	38%

## Types of debt

We find that clients who access debt advice through different channels generally have different debt profiles. For example, clients who access online debt advice are more likely to have credit card and overdraft debts, whereas clients who access telephone advice are more likely to have catalogue debts.

Across our online channel, we also saw the proportion of clients with overdraft debts, payday loans and catalogue debts fall in the five weeks following the implementation of lockdown measures.

### % of online debt advice clients with each debt type

Debt type	New online clients 23 March – 24 April 2020 (% point change against same time period last year)
Credit card	73% (no change)
Overdraft	45% (-4%)
Payday loan/ short-term high-cost credit	16% (-4%)
Personal loan	48% (no change)
Catalogue	30% (-5%)
Store Card	13% (no change)

### % of telephone debt advice clients with each debt type

Debt type	New telephone clients 23 March – 24 April 2020 (% point change against same time period last year)
Credit card	59% (-2%)
Overdraft	40% (no change)
Payday loan/ short-term high-cost credit	8% (no change)
Personal loan	48% (-3%)
Catalogue	30% (-2%)
Store Card	12% (-1%)

## Summary and what next?

As noted, the initial post-lockdown period resulted in a notable increase in web traffic, but a decrease in debt advice volumes. We will now be able to track over time whether and how this profile shifts further.

Among the clients who received full debt advice, we advised a higher proportion of older age groups, men and clients in arrears on household debts, particularly among our telephone debt advice channels. Most measures have remained consistent with previous findings among our client data. However, the wild card at present is understanding the profile of those people currently seeking information at a “pre-advice” stage, who are likely to become full debt advice clients at a future trigger point.

Looking ahead, we will release new data based on debt advice and website traffic on a regular basis to seek to identify emerging new trends.

## Editor

Josie Warner

## Get in touch

For help and advice with problem debts, call (Freephone) 0800 138 1111 Monday to Friday 8am to 8pm and Saturday 8am to 4pm, or use our [online debt advice tool](#).



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