

R3 Personal Debt Snapshot: A fifth of British adults have had an outstanding credit card balance for at least six months (April 2018)

Research by insolvency trade body R3 has found that a fifth of British adults have had an outstanding credit card balance for at least six months.

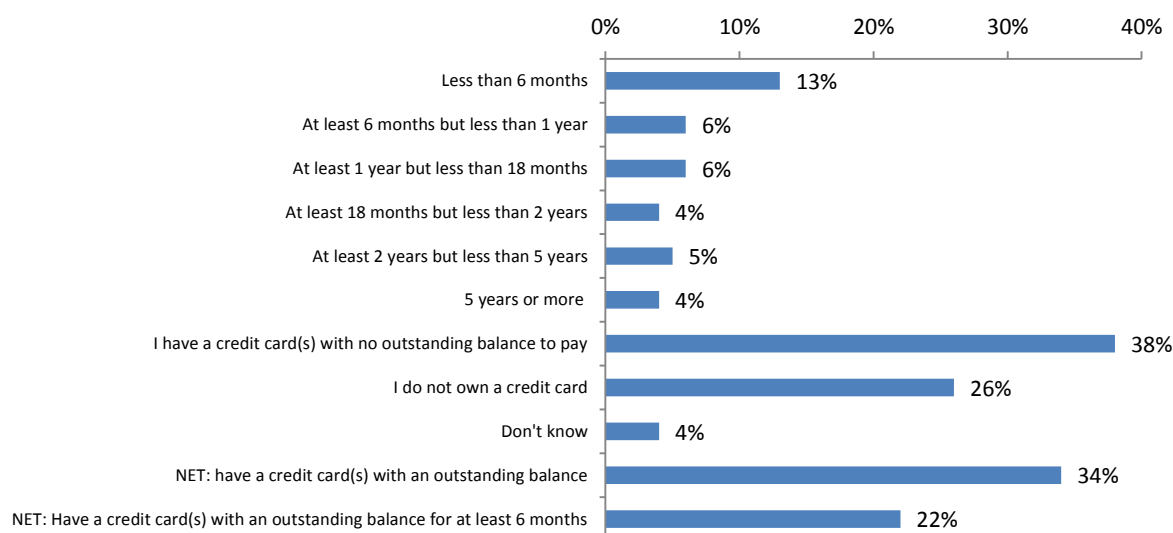
Key findings

The research, carried out by ComRes on behalf of R3, surveyed 2,000 British adults in April 2018 to give an insight into the current financial position of Britain's personal finances. The survey indicated that **22%** of British adults have had an outstanding credit card balance for at least six months.

Outstanding credit card balances

- A third (**34%**) of British adults have a credit card with an outstanding balance.
- **13%** of British adults reported they had a credit card or cards which has had an outstanding balance for less than six months; **6%** said between six months and one year; **6%** said between one year and 18 months; **4%** said between 18 months and two years; **5%** said between two and five years; and **4%** said five years or more.
- **44%** of 25-44 year olds have an outstanding balance, compared to **26%** of over-55 year olds (the least likely group to have a credit card with an outstanding balance).
- Two fifths of renters (**40%**) have a credit card(s) with an outstanding balance, compared to **31%** of homeowners.

I currently have a credit card(s) which has had an outstanding balance for...



Source: R3/ComRes

Q. Thinking about your credit card balance, which of the following statements apply to any of the credit cards you own? When answering please think about all the credit cards you own and select all that apply, including if you have a credit card with no outstanding balance. Base: all respondents (n = 2,004)

Wider personal financial distress findings

- **34%** of British adults say they are at least fairly worried about their current level of debt – a fall from the two latest surveys in August and February 2017 (both **41%**).
- Renters (**49%**) are almost twice as likely to be at least fairly worried about their current level of debt as homeowners (**26%**).

- Credit card debt remains by far the most frequently reported cause of worry among British adults who say they are worried about their current level of debt, with half (**49%**) saying it worries them (More than the **31%** who said the same in August 2017).
- **19%** of British adults say they do not have any savings at all at the moment (compared to **24%** in August 2017 and **22%** in February 2017).
- **33%** of renters say they do not have any savings at all at the moment (down from **40%** in August 2017), compared to **12%** of homeowners (down from **16%** in August 2017).
- **34%** of British adults say they often or sometimes struggle to make it to payday, down from **40%** in August 2017.
- Renters (**52%**) are twice as likely as homeowners (**24%**) to say they often or sometimes struggle to make it to payday.

R3 Commentary



Mark Sands, Chair of R3's Personal Insolvency Committee, said: "With low interest rates, lengthy interest-free periods, and a poor period of real wage growth, credit cards have become a necessary crutch for some households.

"The problem is that credit card debt can be so easy to accumulate. Contactless payments and automatic minimum repayments can make it easy to lose track of spending and the total amount owed.

"When taking on any new debt, including a credit card, it's very important to have a plan for how to repay it. Taking on more debt or continually putting off repayments is not the answer and will only make existing financial situations worse. Credit cards aren't a long-term solution for serious financial difficulties, but they can be treated like that.

"For many, credit card debt is affordable. Interest-free periods and transferable balances can help make things manageable. But, it is very easy to be caught out or for small balances to snowball. Where people have outstanding balances which are several years old, you worry about whether that debt can actually ever be repaid."

Mark Sands added: "With a chance of Bank of England base rate rises over the next year or so, which underpin the rates at which commercial lenders price their lending, credit card borrowers may find themselves in for a shock. A significant chunk of the adult population has never experienced base rates higher than 0.5%.

"While credit cards can be a quick fix for financial problems, they can store up problems for later. It's really important that anyone worried about their debt, or struggling with their finances, speaks to a qualified and regulated expert about their options."

About R3: R3 is the trade association for the UK's insolvency, restructuring, advisory, and turnaround professionals. From senior partners at global accountancy and legal firms to practitioners who run their own small and microbusinesses, our members have extensive experience of helping businesses and individuals in financial distress. If you have any queries, or would like a meeting to discuss insolvency trends in the UK please contact R3's Policy Executive, Mira Lodhia, on 020 7566 4202 or mira.lodhia@r3.org.uk

ComRes surveyed 2,042 members of the GB general public online between the 17th and 18th of October 2018. Data were weighted to be representative of GB adults aged 18+ by age, gender, region and socio-economic grade.