Personal Debt Snapshot:

A time of uncertainty?

"Welcome to the second wave of R3's personal debt snapshot - a unique barometer of the nation's personal finances. As the insolvency trade body, we have seen first-hand the impact of the UK's personal debt crisis, with insolvencies sky-rocketing and consumer debt more prevalent than ever. Against this backdrop, our research explores the financial position of the UK public on a quarterly basis, and results from this wave indicate that the final quarter of 2010 is a time of uncertainty. The public are increasingly pessimistic about their financial outlook for the next six months, with one in five of us now putting off big financial decisions and one in ten fearful of redundancy. Worryingly, the number of people experiencing key warning signs of financial distress has increased since July. And with a VAT rise and public sector cutbacks on the horizon, personal debt is likely to remain a key issue for some time to come."

Steven Law, R3 President

Increased concern over mortgage repayments

Credit cards dominate debt fears

One in ten fear redundancy

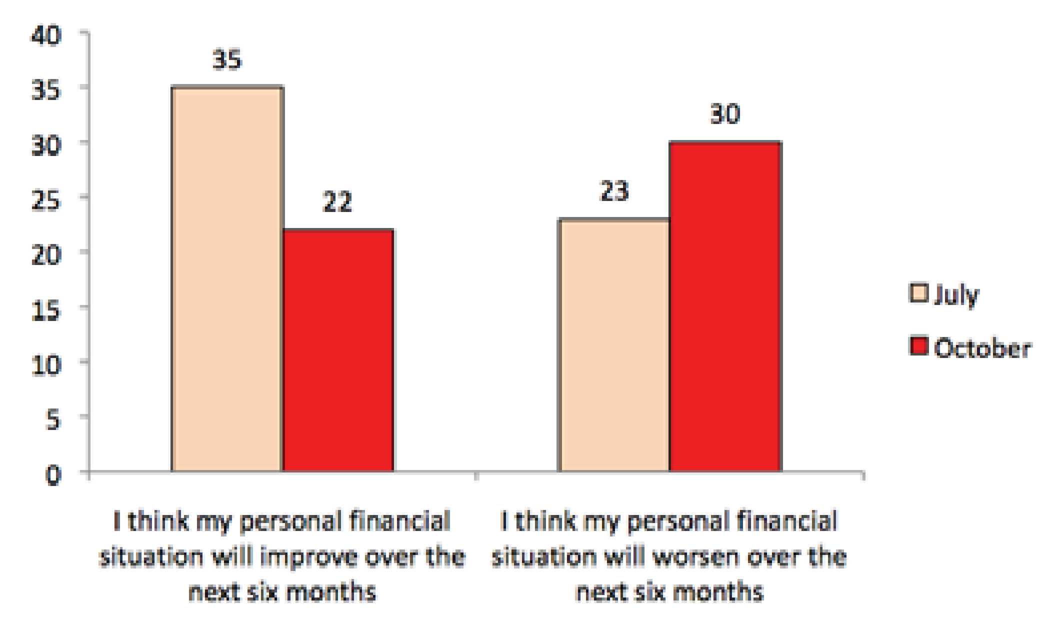
Signs of financial distress increasing

UK public increasingly pessimistic about their financial outlook

- **Financial outlook:** Individuals' overall financial outlook has become more pessimistic over the last quarter. In July, 35% of people believed their financial situation would improve over the coming six months; this has now fallen to just 22%.
- **Warning signs of distress:** The number of individuals experiencing each 'warning sign of financial distress' has increased since the last quarter. More than a quarter of people say they are saving less at the moment than they usually do (27%); one in five (19%) are putting off taking big financial decisions; 13% are likely to go into their overdraft this month and one in ten are now worried about being made redundant (9%).
- **Debt fears:** Four in ten people (39%) are worried about their current level of debt. Credit cards dominate their concerns, with 47% saying this is the debt that plays on their mind. This is followed by overdraft worry (28%) and mortgage repayments (23%). Concern about mortgage repayments has increased from 19% to 23% over the last quarter.
- **Payday Index:** The Payday Index reveals that 38% of people say they struggle to make it to 'payday', with credit card repayments and spending on non-essentials lying at the heart of their struggle. In July, those who found it hard to make it to 'payday' said their struggle begins on day 20 of a typical month - this has since reduced to day 19.

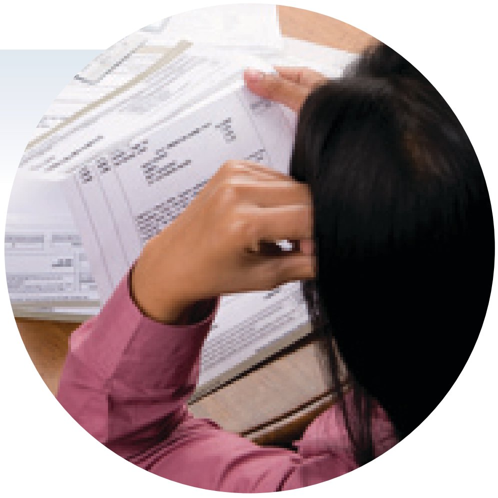
Financial outlook

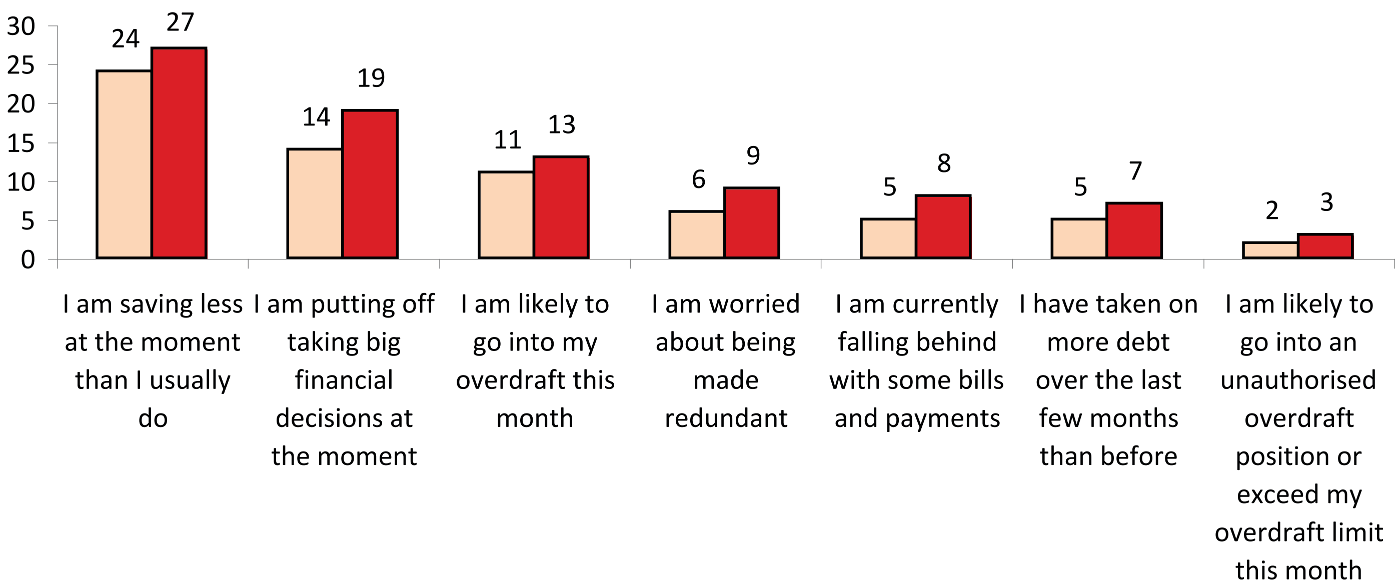
Overall financial outlook has become more pessimistic since the summer. 22% of people believe their financial situation will improve over the next six months, compared to 35% of people in July. 30% of individuals believe their financial situation will worsen over the next six months - a rise from last quarter.



Warning signs of distress

The number of individuals experiencing each warning sign of financial distress has increased since July 2010. More than a quarter of people say they are saving less at the moment than they usually do (27%); one in five (19%) are putting off taking big financial decisions; 13% are likely to go into their overdraft this month and one in ten are worried about being made redundant (9%). 8% admit to falling behind with some bills and payments, and 7% have taken on more debt in recent months. 16% of those aged 25-34 are worried about being made redundant - a greater proportion than any other age group.



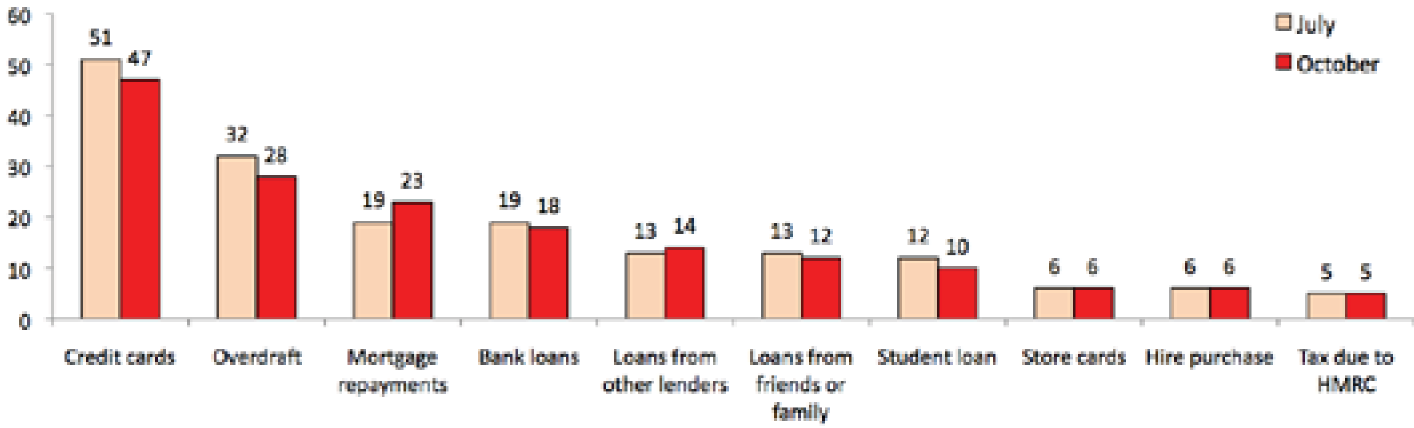


The table below shows extrapolated figures indicating how many adults in the UK fall into each category this time around compared to the last quarter (in millions):

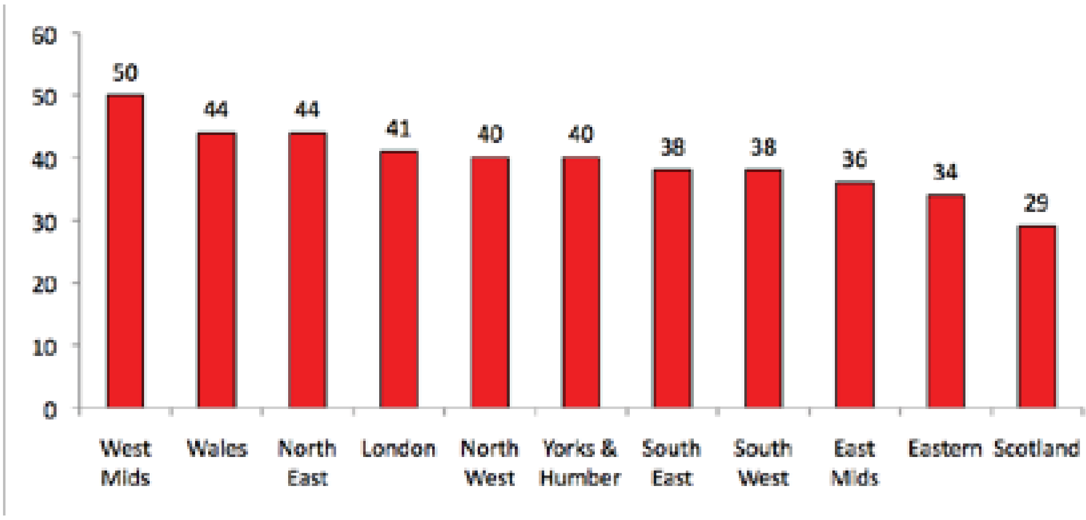
	July	October
I am saving less at the moment than I usually do	11.4m	12.8m
I am putting off taking big financial decisions at the moment	6.6m	9m
I am likely to go into my overdraft this month	5.2m	6.2m
I am worried about being made redundant	2.8m	4.3m
I am currently falling behind with some bills and payments	2.4m	3.8m
I have taken on more debt over the last few months	2.4m	3.3m
I am likely to go into an unauthorised overdraft position or exceed my overdraft limit this month	946,000	1.4m

Debt fears

One in four people (39%) are worried about their current level of debt, which is very similar to the proportion who felt this way last quarter (40%). Credit card debts continue to dominate the concerns of those who are worried about their debts, with 47% saying this accounts for their worries. This is followed by overdraft worry (28%) and mortgage repayments (23%). Concern about mortgage repayments has grown from 19% to 23% over the last quarter, while worry about credit cards and overdraft has marginally declined during this time.

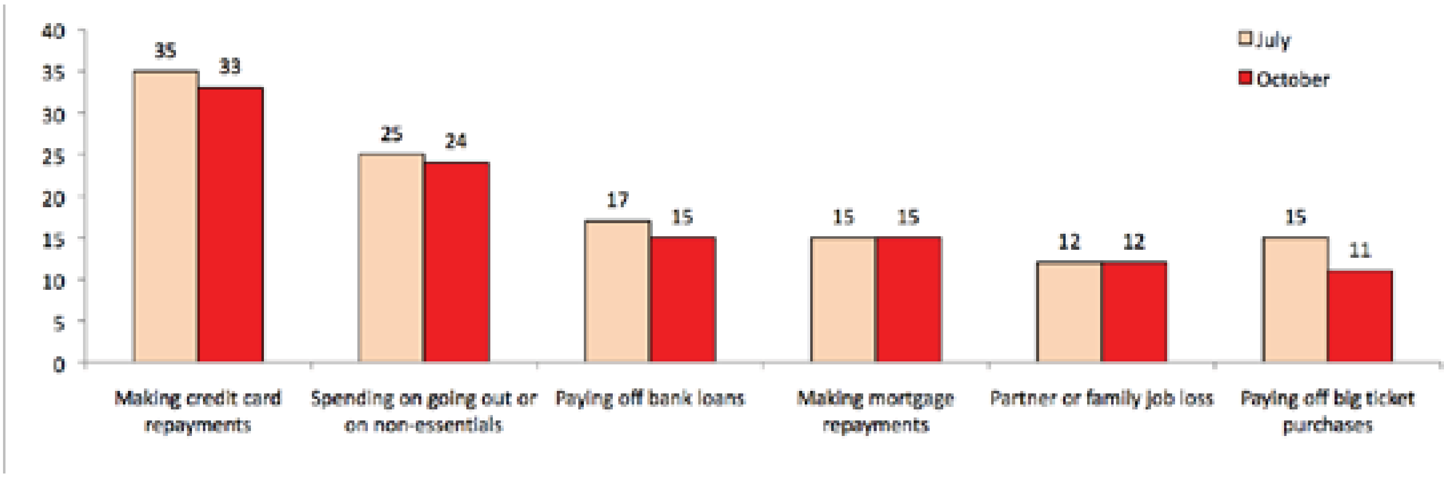


In the West Midlands, 50% of people are worried about their debts. This is closely followed by Wales and the North East (44%). Debt worry is lowest in Scotland and Eastern England.



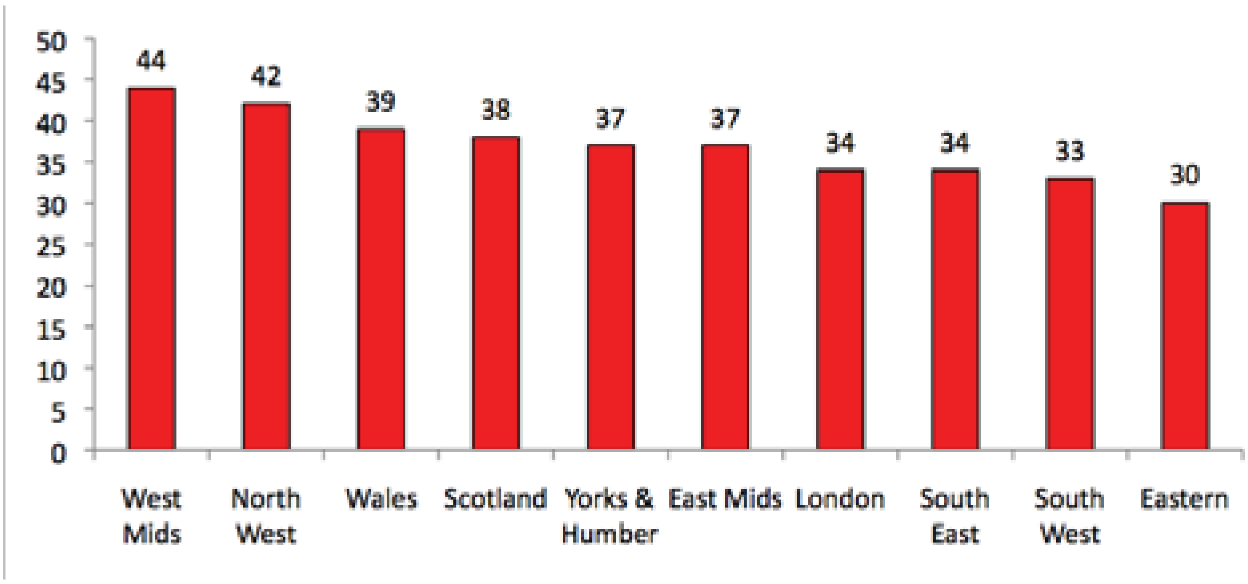
▼ Payday index

38% of people say they struggle to make it to 'payday', which equates to 18 million individuals. This is a very similar proportion to last quarter (42%). Credit card repayments and spending on non-essentials are cited at the key reasons for the struggle to 'payday', as they were in July.



Of those who struggle to 'payday', on average their struggle begins on day 19 of a typical month. In July, those who said they struggled started to do so on day 20.

Individuals in the West Midlands are most likely to struggle to 'payday', with those in the North West close behind (42%). People living in the Eastern region are least likely to say they struggle to 'payday'.



About R3

R3 is the insolvency trade body, representing 97% of all licensed Insolvency Practitioners. Insolvency Practitioners work on rescue and preventing insolvency, as well as formal insolvency procedures.

Methodology note: ComRes surveyed 2035 adults online on behalf of R3 between 29th and 31st October 2010. Data were weighted to be representative demographically of all GB adults. Where population figures are mentioned, estimates have been extrapolated using the percentages from the results and adult population figures for Great Britain available from the Office of National Statistics.