Association of Business Recovery Professionals
R3
Rescue
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Renewal

Personal Debt Snapshot: Wave 15

Christmas debt

December 2014

Foreword

Concern about debt levels, and the factors driving this, is mostly consistent with previous waves. However, it is alarming that the average indebted British adult owes over £5,500; the equivalent to 12 weeks' average wages and seven months' average rent in England & Wales.

While the proportion of those struggling to payday has not changed notably since the last survey, there is a worrying correlation between high levels of concern with debt levels and struggling to payday, and being likely to take out a payday loan in the next six months. This implies that those already most in financial difficulty are the most likely to turn to payday loans.

It is also cause for concern that one-in-four British adults expected to go into debt paying for Christmas 2014. Worryingly, of those, 10% are planning to skip other spending commitments to pay for the festive period, leaving themselves open to serious financial ramifications in the future.

Giles Frampton
R3 president

Concerns about current level of debt

- Just over two in five British adults (44%) say that they are at least fairly worried about their current level of debt, in line with July of this year (44%).
- Women (48%) are more likely than men (40%) to say that they are worried about their current level of debt.
- Younger Britons (55% of those aged 18-24 and 56% of those aged 25-44) are more likely than older Britons (16% of those aged 65+) to say that they are worried about their level of current debt.

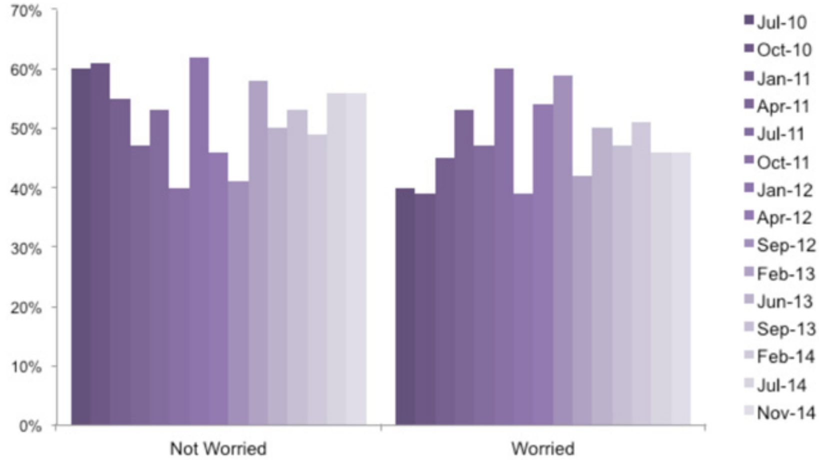

Figure 1 – Proportion of British adults not worried/ worried about their debts.
Base sizes – see appendix 1.

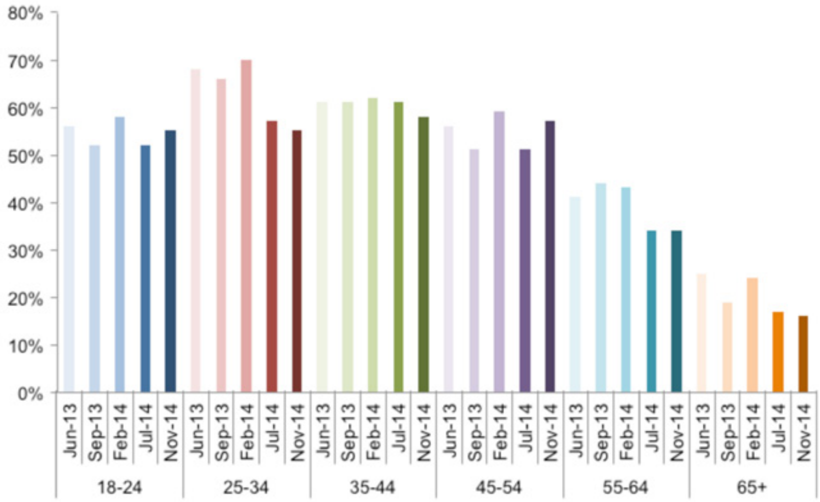

Figure 2 – Proportion of all British adults who are worried about their level of debt, by age.
Base sizes – see appendix 1.

Concerns about specific kinds of debt

- Among those who say that they are at least fairly worried about their current levels of debt, credit card debt remains the primary concern.
- Almost half of Britons worried about their current level of debt (47%) are concerned about credit card debt, the highest level since January 2012 (50%).
- A quarter of British adults (23%) who are worried about their current level of debt say that they are concerned about their overdraft. One in six (17%) are worried about their mortgage repayments. These levels have been fairly stable since 2013.
- 14% are worried about loans from family and friends, and 13% bank loans. While 11% are worried about rent arrears, 10% tax due to HMRC, 9% payday loans and 9% student loans.
- Among those worried about their current level of debt, a third (32%) of those aged 18-24 are worried about their student loan, a drop of 12 percentage points since July 2014 (44%), but in line with February 2014 (32%), suggesting that the peak in July may have been seasonal, and largely due to the high numbers of recent graduates at the time.

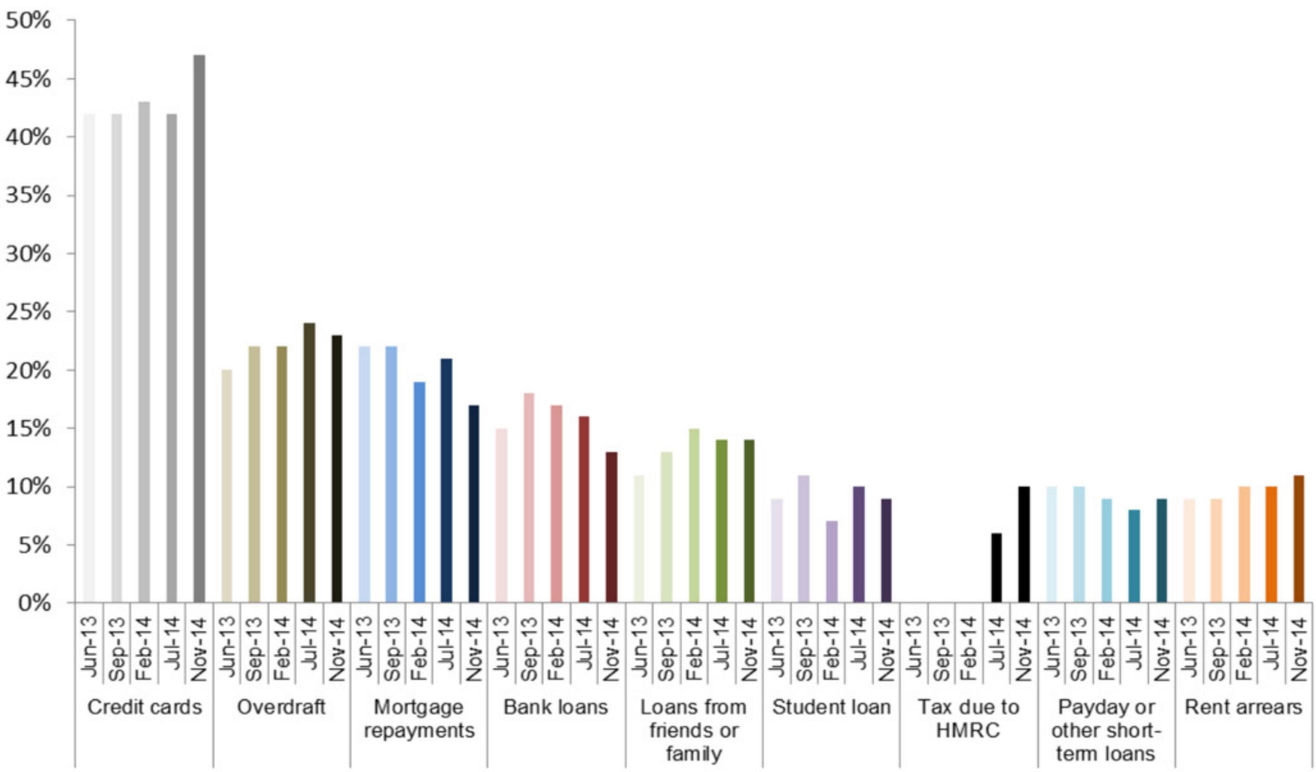

Figure 3 – Proportion of those British adults who are worried about their debt, by type of debt.
Base: all British adults worried about their current level of debt (Nov-14 n=896, Jul-14 n=871, Feb-14 n=985, Sep-13 n=932, Jun-13 n=1,029)

Value of debts

- Two in five British adults (42%) say that they do not have any debts (excluding mortgages and student loans).
- On average, British adults have debts of £3,232 each, excluding mortgages and student loans. This rises to £5,534 purely among those who have debts.
- Among the overall British population, average debts peak in the middle age band (£4,802 among those aged 35-44), and drops among the younger and older age groups (£1,660 among those aged 18-24 and £1,606 among those aged 65+). These are also the groups most likely to say that they do not have any debts (46% and 66% respectively).

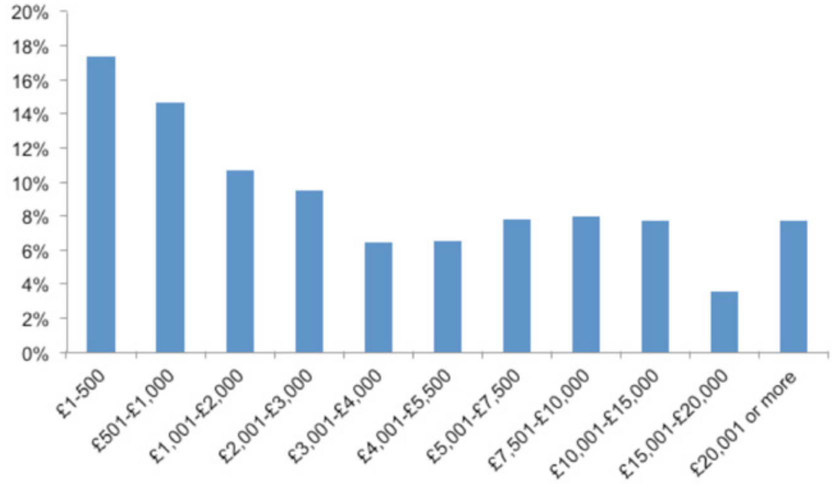

Figure 4 – Proportion of British adults, by amount of debt owed (excluding debt-free adults). Base: all British adults in debt (n=1,187).

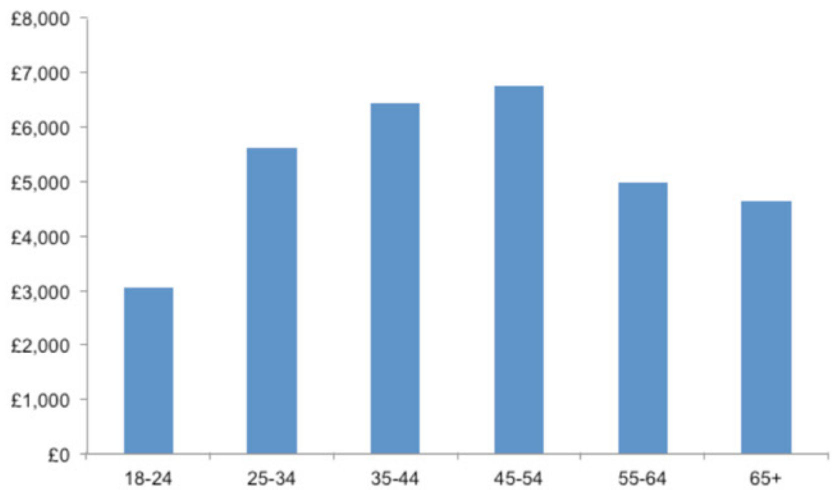

Figure 5 - Average debt owed by a British adult in debt, by age. Base all British adults in debt by age (18-24 n= 122, 25-34 n=232, 35-44 n=229, 45-54 n=263, 55-64 n=182, 65+ n=159)

Financial situation and spending/saving behaviours

- Nearly a quarter of British adults (24%) say that they have no savings at all, in line with figures for July 2014 (22%).
- As reported in the last survey in July, women (28%) are significantly more likely than men (21%) to say that they do not have any savings at all at the moment.

Struggling to payday

- Two in five British adults (39%) say that they struggle to payday; the same level as July 2014.
- Of those employed, more than half (57%) say that they often or sometimes struggle to payday, while two in five (42%) say that they never struggle.
- Three-quarters (77%) of those who are extremely worried about their current level of debt also say that they struggle to payday, compared to the 18% who are not at all worried about their current level of debt.
- The cost of basic expenses is the most likely cause of problems for those that struggle to payday; particularly food (51%), energy (42%) and fuel and transport (33%). This is followed by the cost of credit card repayments (28%) and the cost of rent (22%). Wage freezes are a cause of problems for one in five (20%).

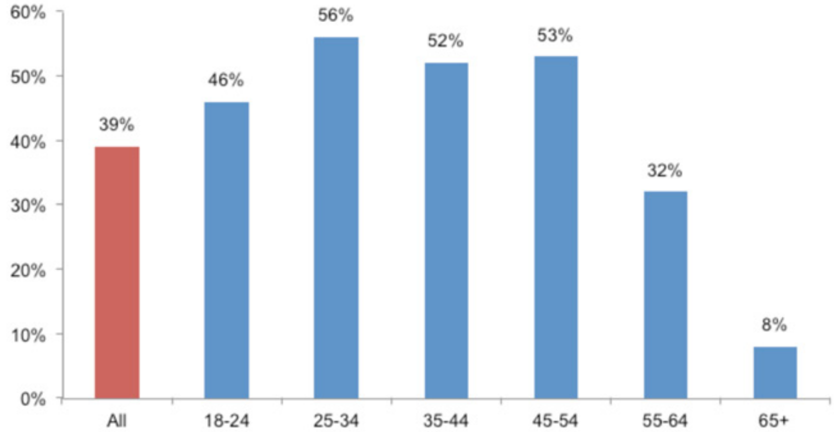

Figure 6 - Proportion of British adults who often or sometimes struggle to make it to payday. Base sizes – see appendix 1.

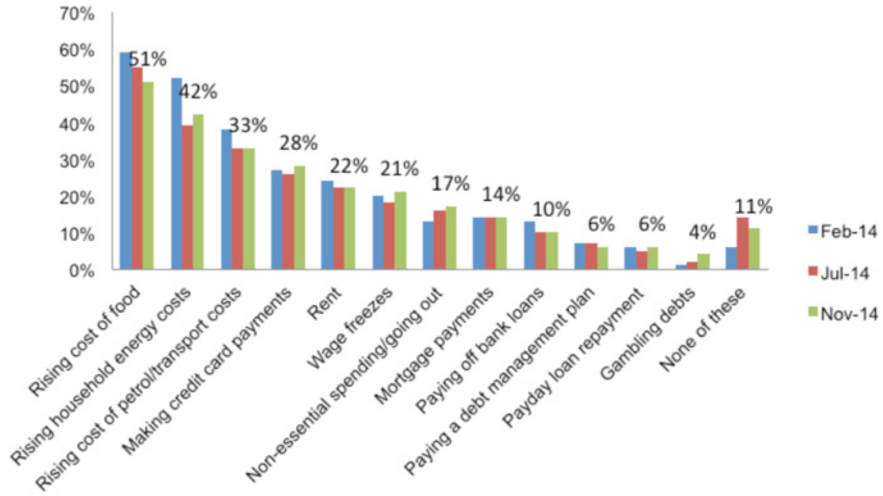

Figure 7 - Proportion of British adults who often or sometimes struggle to make it to payday, by reason for struggle. Base sizes – see appendix 2.

Likelihood of seeking payday loan in the next six months

- As in July and February 2014, 4% of British adults say that they have taken on a payday loan in the last six months.
- Fewer than one in ten (8%) British adults say that they are likely to see a payday or other short term, high interest loan in the next six months, in line with results over the past year.
- The results suggest that younger adults are most susceptible to high interest credit. One in six of 18-24 year-olds (17%) and one in seven of 25-34 year-olds (14%) say they are likely to seek a payday loan in the next six months, compared to just 1% of those aged 65+.

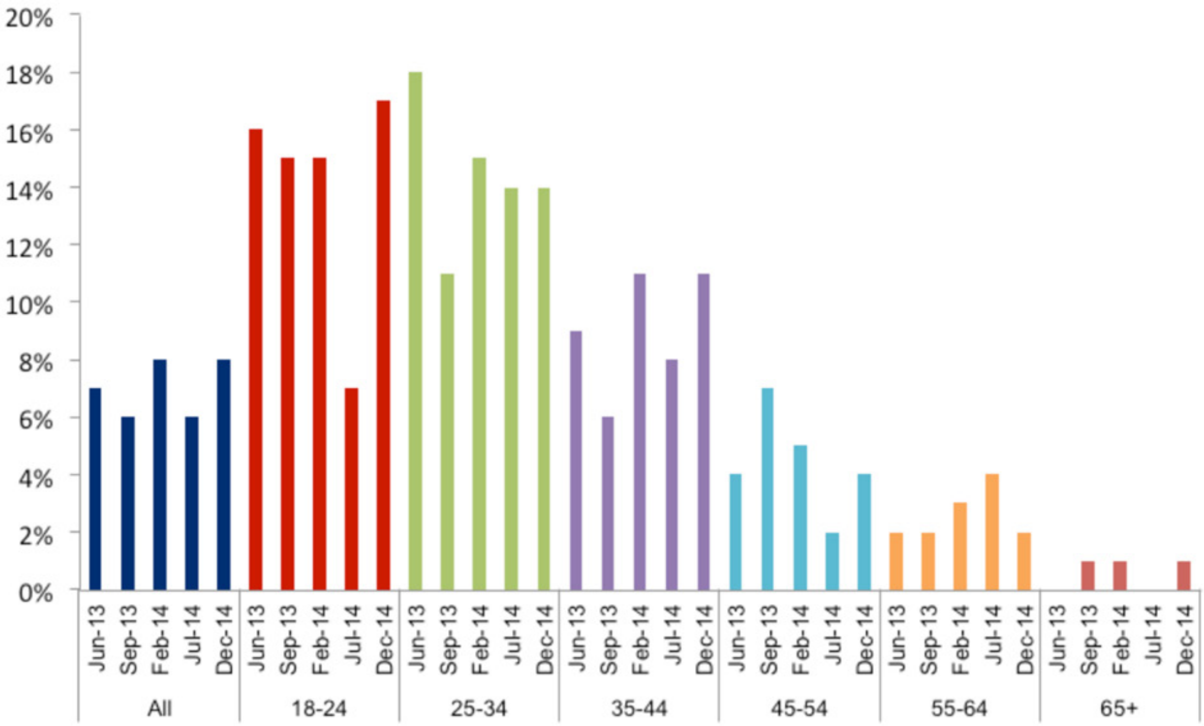

Figure 8 - Proportion of British adults 'likely' to take out a payday loan in the next six months, by age. Base sizes – see appendix 1.

Paying for Christmas

- Three quarters of British adults (73%) do not intend to use credit or loan products to pay for extra costs this Christmas, while one quarter (27%) expect to do so.
- Of the 27% of British adults expecting to pay for extra Christmas costs by borrowing, 50% plan to borrow with a credit card, 24% will use their overdrafts, 14% will borrow on store cards and 13% will use a loan from family or friends. 11% plan to skip other spending commitments, such as mortgage payments and bills, while 2% say they may turn to an unofficial lender.

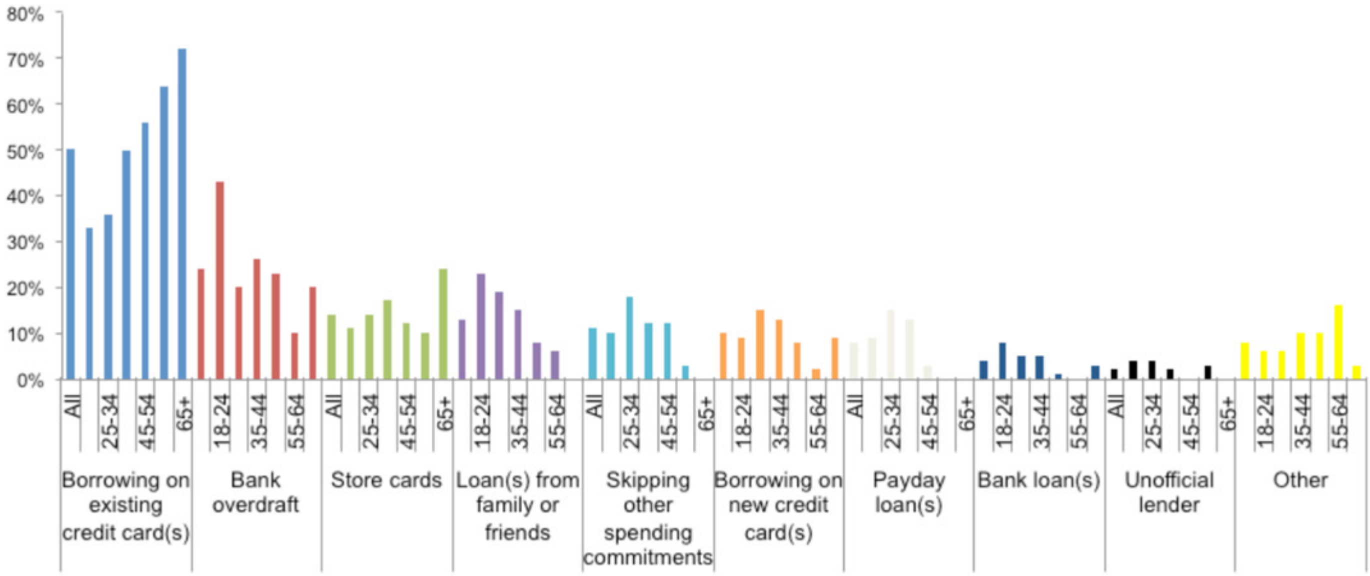

Figure 9 – Means of borrowing forecast to be used by those British adults intending to borrow to pay for Christmas.
Base: All British adults intending to borrow by age (all n=533, 18-24 n=72, 25-34 n=108, 35-44 n=116, 45-54 n= 106, 55=64 n=64, 65+ n= 67).

Appendix 1: Total base sizes and base sizes by age group (referenced in figures 1, 2, 6 and 8)

Wave	Total base, n=	Base 18-24, n=	Base 25-34, n=	Base 35-44, n=	Base 45-54, n=	Base 55-64, n=	Base 65+, n=
Wave 15 – November 2014	2,054	219	344	310	390	329	462
Wave 14 – July 2014	2,035	205	314	356	388	323	449
Wave 13 – February 2014	2,013	162	298	305	369	346	533
Wave 12 – September 2013	2,006	219	354	334	342	304	453
Wave 11 – May-June 2013	2,060	222	334	356	390	314	444
Wave 10 – February 2013	2,007	-	-	-	-	-	-
Wave 9 – September 2012	2,051	-	-	-	-	-	-
Wave 8 – April-May 2012	2,044	-	-	-	-	-	-
Wave 7 – January 2012	2,016	-	-	-	-	-	-
Wave 6 – October 2011	2,005	-	-	-	-	-	-
Wave 5 – July 2011	2,047	-	-	-	-	-	-
Wave 4 – April 2011	2,052	-	-	-	-	-	-
Wave 3 – January 2011	2,031	-	-	-	-	-	-
Wave 2 – October 2010	2,035	-	-	-	-	-	-
Wave 1 – July 2010	2,008	-	-	-	-	-	-

Appendix 2: Total base sizes for British adults who struggle to make it to payday and base sizes by age group (referenced in figure 7)

Wave	Total base, n=	Base 18-24, n=	Base 25-34, n=	Base 35-44, n=	Base 45-54, n=	Base 55-64, n=	Base 65+, n=
Wave 15 – November 2014	799	101	193	169	205	99	32
Wave 14 – July 2014	790	93	173	192	191	102	39
Wave 13 – February 2014	795	79	189	180	186	104	57

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Methodology

ComRes interviewed 2,054 GB adults online between 14th and 16th November 2014. Data were weighted to be demographically representative of all British adults aged 18+. ComRes is a member of the British Polling Council and abides by its rules (**www.britishpollingcouncil.org**). This commits us to the highest standards of transparency. Data tables are available on the ComRes website, **www.comres.co.uk**

About R3:

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