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Press Release

“New penury” strikes as debt grips the more cautious

An unprecedented change in the kind of people needing help with their debts is revealed in the stats year book of CCCS for 2009 published today (March 15). The Consumer Credit Counselling Service is Britain's leading charitable debt advice agency.

Traditionally the trigger figure for over-indebtedness had been to owe more than 20 times net monthly income. In 2009, nearly three in four counselling clients of CCCS fell outside that category - they owed less than 20 times their take home pay.

This has been accompanied by a steep rise in the number of people coming for help who are unable to start repaying their debts. For the first time, only a quarter of people coming for help had the means to go on a repayment plan (Debt Management Plan or Individual Voluntary Arrangement) and an increasing proportion was unable to meet basic living costs, let alone repay debts.

As a result, the largest proportion of clients coming for help were “can't pays” – people in the grip of the new penury. Nearly one in three clients counselled had neither the budget for a repayment plan, nor qualified for any kind of insolvency.

This bleak picture stands in stark contrast to the yearbook's other main finding that debt levels have fallen for all clients, irrespective of age, income or housing status. Most (56.9 percent) now owe less than £20,000.

The information gathered together in the stats yearbook is derived from the charity's unique data warehouse which is widely used by researchers and academics. It contains

the details of more than eleven million phone calls, one million clients and cumulative debts of over £36.2 billion.

The yearbook discloses that:

- The CCCS helpline received a record number of calls in 2009, with 335,323 calls, a 25 percent increase on 2008. Over 150,000 people sought help online via *CCCS Debt Remedy*, almost two-thirds more than in 2008 and over double the number using this service in 2007.
- There is no evidence that the recession is pressing disproportionately on families as the number of households with dependent children has remained stable but an increasing number of men are seeking help. In 2007, 44 percent of clients were men, rising to 48 percent in 2009.
- The number of CCCS Debt Management Plans exceeded 100,000 in 2009, accounting for over £3.3 billion of unsecured debt, of which £251 million was repaid to creditors in 2009.
- Credit cards accounted for the highest proportion of debt (46.3 percent) followed by personal loans (39.0 percent)
- Homeowners owe almost twice as much as renters.
- There was a slight increase in the proportion of clients under 25, reflecting the employment problems of the young.
- Calls to the CCCS Mortgage Counselling and Welfare Benefits Centres increased by 23 percent and eight percent respectively.

Presenting the stats yearbook to an invited audience at the House of Commons, CCCS Chairman Malcolm Hurlston said:

“It is rare for an annual review to reflect such rapid change. The new penury has struck many people who would ordinarily not have fallen into debt on the basis of their borrowings alone.

“We are determined to put in place a new charter to help these “can’t pays” through a difficult but perhaps temporary period.

“For many 2009 has been a tale of pain deferred but if unemployment rises we can expect many more households to come unstuck this year, irrespective of whatever is happening in the greater economy.

“The medium term is more promising, but in the meantime, the charitable sources of debt advice will be at full stretch.

“However, troubled borrowers should not rush off and pay thousands of pounds for the help of companies who charge excessive fees. We have vast capacity on the internet and we have geared up to offer more telephone capacity too this year.”

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Notes to editors:

1. CCCS is self-funding. Unsecured lenders share with the charity the benefit they receive from its operation, making a donation from the money repaid to them through debt management plans. This allows CCCS to retain its independence and ensure that its advice is always in the best interest of the client. CCCS aims to separate the “can’t pay” from the “won’t pay”.
2. The CCCS *Statistical Yearbook 2009* can be downloaded from the CCCS website: <http://www.cccs.co.uk/MediaCentre/Researchandreports.aspx>

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