

Article

Household debt inequalities



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Release date:
4 April 2016

Next release:
To be announced

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1. Main points

In July 2012 to June 2014:

48% of households and 35% of all individuals in Great Britain had financial liabilities (excludes mortgage debts) (down from 51% and 40% respectively in July 2006 to June 2008).

Around two-thirds of households with children present had financial liabilities. Couples with dependent children had the highest financial debt compared with income, with half of such households having debt of nearly one-fifth (19%) of their annual income.

Twice as many individuals living in households in the lowest total wealth quintile were in financial debt compared with those living in the households in the highest wealth quintile (46% compared with 23%).

Individuals in the lowest net income quintile had debts far larger compared with their income than those in any other income band. Half of adults in debt in this income band reported debts of 83% or more of the annual income. However, this was an improvement since July 2010 to June 2012, when half of such adults reported debts of 128% of their annual income.

Individuals with debt aged 16 to 24 had the highest level of debt compared with their income, with half reporting debts of 40% or more of their annual income.

The most common form of debt was credit or store cards, with 45% of individuals having such debt, but the highest value debts were student loans, with a median value of £10,000 for those who had them (compared with a median of £2,200 for all financial debt).

2. Introduction

The Wealth and Assets Survey collects the details of liabilities held by individuals in private households in Great Britain. Liabilities – or debts (terms used interchangeably throughout the article) – are split into 2 types: financial liabilities (borrowing such as: overdrafts; loans; outstanding balance on credit or store cards; mail order or Hire Purchase; student loans; or any arrears on fixed-term borrowing or household bills) and mortgage liabilities (any loans secured on a property – main residence and any privately owned other properties in or outside of the UK and the value of any equity release secured on properties).

Data on each of these types of debt have previously been presented in [Wealth in Great Britain, Wave 4](#), and Table 1 presents some main summary statistics about household debt in general^{1,2}.

Table 1: Household liabilities, summary statistics: Great Britain, July 2006 to June 2014

Great Britain

	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008
Percentage with financial liabilities (%)	48	51	51	51
Median value of financial liabilities (£)	3,400	3,500	3,200	2,800
Percentage with mortgage liabilities (%)	36	38	39	40
Median value of mortgage liabilities (£)	85,000	82,000	78,000	70,000
Percentage with any form of liabilities (%)	61	63	64	65
Median value of any form of liabilities (£)	37,000	36,000	35,000	32,400

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Medians are based only on those household with the respective debts.

Whilst mortgage liabilities are much larger than financial liabilities, mortgage debt is quite different from the majority of financial debt, as mortgages are secured on the value of the property to which they apply, but the majority of financial debt (with the exception of some loans) are unsecured and therefore tend to be considered less desirable. This article therefore, concentrates on financial liabilities and considers in more detail the types of households who have financial debt, who in these households have debts and whether individuals have single types of debts or debts ranging over a number of financial products.

Some people find debt a burden whilst others, some of whom have quite substantial debts, do not consider their debts a burden. This has also been explored previously (see above and also in [Wealth in Great Britain Wave 3: Debt Burden](#)) – and “problem debt” will be the subject of a further article in July of this year.

The aim of this article is to “set the scene” – consider whether some households and /or individuals are more likely to have debt than others – and to highlight any inequalities observed across the population.

Notes for introduction

1. Accounting for inflation - all estimates within this article are presented as current values (i.e. the value at time of interview) and have not been adjusted for inflation.
2. Significance testing - due to the complexity of the data, for example, the use of imputed values and complex weighting, none of the estimates commented on in this article have been tested for significance.

3. Household characteristics

Table 2: Household with financial liabilities by total household wealth: Great Britain, July 2006 to June 2014

Great Britain

Total Wealth Quintile	July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008
Quintile 1				
Percentage with financial liabilities (%)	58	62	63	62
Median value of financial liabilities (£)	1,700	2,000	1,800	1,800
Median value of gross financial wealth (£)	500	600	500	400
Median value of total household wealth (£)	11,300	12,600	11,000	7,100
Quintile 2				
Percentage with financial liabilities (%)	58	63	62	61
Median value of financial liabilities (£)	3,800	3,900	3,500	3,200
Median value of gross financial wealth (£)	2,700	2,800	2,700	2,400
Median value of total household wealth (£)	82,500	82,400	77,000	57,900
Quintile 3				
Percentage with financial liabilities (%)	47	49	51	51
Median value of financial liabilities (£)	4,100	4,100	3,600	3,000
Median value of gross financial wealth (£)	8,800	8,600	8,600	7,900
Median value of total household wealth (£)	222,900	215,100	198,100	177,900
Quintile 4				
Percentage with financial liabilities (%)	41	43	43	44
Median value of financial liabilities (£)	3,900	3,900	3,800	3,000
Median value of gross financial wealth (£)	27,400	26,600	27,500	26,700
Median value of total household wealth (£)	447,800	414,400	383,100	343,400
Quintile 5				
Percentage with financial liabilities (%)	36	36	38	39
Median value of financial liabilities (£)	4,900	4,700	4,200	3,300
Median value of gross financial wealth (£)	95,800	89,100	87,800	82,300
Median value of total household wealth (£)	996,600	872,800	797,100	730,000

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Median values include only households with financial liabilities
2. July 2006 to June 2008 Total Wealth median based on half sample

Table 2 presents summary statistics for households with financial liabilities by total household wealth. This clearly shows that households in the lower wealth quintiles are more likely to have financial liabilities, with 58% of households in the lowest wealth quintile having financial liabilities in the period July 2012 to June 2014, compared with 36% of households in the highest wealth quintile. However, the value of the debt is considerably higher in the higher wealth quintiles. In the lowest wealth quintile, half of all households had debt of £1,700 or more whilst the median value of debt for households in the highest wealth quintile is £4,900.

The earliest data available from the Wealth and Assets Survey covers the period July 2006 to June 2008. There is therefore, data for 4 survey periods available. The proportion of households with financial liabilities is lower in the latest survey period (July 2012 to June 2014) than in the first period for all total wealth quintile groups, though the pattern fluctuated a little over the 4 survey periods for the lowest 2 income quintiles.

Table 3 shows similar summary statistics by total household net equivalised income. Income data is only available from the Wealth and Assets Survey for 2 survey periods: July 2010 to June 2012 and July 2012 to June 2014.

Equivalisation is a process that adjusts households' incomes to take into account the number of people living in the household and their ages. This is a more appropriate measure to use when considering household income.

Households in the fourth income quintile have the highest proportion of households with financial liabilities, with 53% of households in this income quintile having financial liabilities. However, the value of the debt rises as income quintile increases. Therefore, the ratio of debt to income is also given. In July 2012 to June 2014, half of all households in both the third and fourth income quintile groups had an income to debt ratio of 0.15 or more (that is, their household debt was at least 15% of their household equivalised net income).

Table 3: Household with financial liabilities by total household net equivalised income: Great Britain, July 2010 to June 2014

Great Britain

Total Household Net Equivalised Income Quintile	July 2012 to June 2014	July 2010 to June 2012
Quintile 1		
Percentage with financial liabilities (%)	42	46
Median value of financial liabilities (£)	1,400	1,500
Median value of household net equivalised income (£)	12,100	12,300
Median financial debt to income ratio	0.13	0.15
Quintile 2		
Percentage with financial liabilities (%)	47	49
Median value of financial liabilities (£)	2,000	2,300
Median value of household net equivalised income (£)	19,000	18,400
Median financial debt to income ratio	0.11	0.12
Quintile 3		
Percentage with financial liabilities (%)	51	53
Median value of financial liabilities (£)	3,600	3,400
Median value of household net equivalised income (£)	25,000	23,900
Median financial debt to income ratio	0.15	0.14
Quintile 4		
Percentage with financial liabilities (%)	53	55
Median value of financial liabilities (£)	5,000	5,500
Median value of household net equivalised income (£)	33,100	31,600
Median financial debt to income ratio	0.15	0.17
Quintile 5		
Percentage with financial liabilities (%)	48	51
Median value of financial liabilities (£)	6,300	6,600
Median value of household net equivalised income (£)	49,100	47,400
Median financial debt to income ratio	0.12	0.13

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Median values include only households with financial liabilities

Table 4 presents households with financial liabilities by household type. A higher proportion of households containing children have financial liabilities than those without children, with between 63% and 65% of such households having financial debt. Couple households with children had a higher level of debt (median values of debt of £4,600 and £4,700 for non-dependent and dependent children respectively) than lone parents with children (median values of debt of £1,400 and £2,100 for dependent and non-dependent children respectively). However, it was couples with dependent children who had the highest debt to income ratio (with half having household debt of at least 19% of household income).

Table 4: Household with financial liabilities by household type: Great Britain, July 2012 to June 2014

Great Britain						
Household Type	Percentage with financial liabilities (%)	Median value of financial liabilities (£)	Median value of annual net equivalised income (£)	Median household debt to income ratio	Median value of gross financial wealth (£)	Median value of total household wealth (£)
Single household, over 60/65	15	1,100	20,800	0.05	1,700	179,900
Single household, under 60/65	48	1,800	22,900	0.09	400	52,500
Couple both over 60/65, no children	17	1,900	27,100	0.07	20,600	496,500
Couple both under 60/65, no children	60	6,000	35,900	0.16	6,100	173,200
Couple 1 over/ 1 under 60/65, no children	34	2,600	29,000	0.10	18,000	553,900
Couple, dependent children	65	4,700	25,000	0.19	3,900	153,800
Couple, non-dependent children	63	4,600	31,800	0.15	16,300	442,200
Lone parent, dependent children	65	1,400	18,700	0.08	800	24,200
Lone parent, non-dependent children	63	2,100	23,000	0.10	1,600	14,600
2 + households /other household type	64	5,700	26,000	0.22	8,300	144,600
All Households with financial liabilities	48	3,400	25,800	0.13	3,700	157,000

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Median values include only households with financial liabilities
2. 60/65 refers to men aged 60 and above and/or women aged 65 and above

Table 5 shows households with financial liabilities by the number of children aged 0 to 18 in the household. Whilst households with no children have fewer households in debt, the value of these debts is lower and their debt to income ratio is lowest, there is very little difference between these measures across the increasing numbers of children in the household. This implies that households with more children are no more likely to have increased financial liabilities.

Table 5: Household with financial liabilities by number of children aged 0-18 in the household: Great Britain, July 2012 to June 2014

Great Britain

Number of Children	Percentage with financial liabilities (%)	Median value of financial liabilities (£)	Median value of annual net equivalised income (£)	Median household debt to income ratio	Median value of gross financial wealth (£)	Median value of total household wealth (£)
No children aged 0-18	41	3,200	27,700	0.12	5,000	199,400
1 child aged 0-18	66	4,000	24,600	0.16	2,800	112,900
2 children aged 0-18	66	4,000	23,500	0.16	3,300	134,800
3 children aged 0-18	67	3,000	19,800	0.17	2,400	78,300
4 or more children aged 0-18	67	2,300	16,600	0.16	1,400	27,400
All Households with financial liabilities	48	3,400	25,800	0.13	3,700	157,000

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

Median values include only households with financial liabilities

4. Individual characteristics

Unlike mortgage debt which is predominantly “household” based (for example, often the responsibility of both people in a couple), financial debt is usually the responsibility of a single person. Therefore when looking at financial liabilities, it is important to consider the individuals within the household.

Table 6 presents summary statistics for individuals with financial liabilities by the total household wealth of the household in which they live. This clearly shows that individuals living in households in the lower wealth quintiles are more likely to have financial liabilities, with 46% of individuals in households in the lowest wealth quintile having financial liabilities in the period July 2012 to June 2014, compared with 23% of individuals in households in the highest wealth quintile. However, the value of the debt is considerably higher in the higher wealth quintiles. In the lowest wealth quintile, half of all individuals had debt of £1,400 or more whilst the median value of debt for individuals living in households in the highest wealth quintile is £3,100.

Table 6: Individuals with financial liabilities by total household wealth: Great Britain, July 2006 to June 2014

Great Britain

Total Wealth Quintile		July 2012 to June 2014	July 2010 to June 2012	July 2008 to June 2010	July 2006 to June 2008
Quintile 1					
	Percentage with financial liabilities (%)	46	50	52	52
	Median value of financial liabilities (£)	1,400	1,600	1,400	1,300
	Median value of gross financial wealth (£)	100	100	100	100
	Median value of total household wealth (£)	11,300	12,600	11,000	7,100
Quintile 2					
	Percentage with financial liabilities (%)	46	48	49	51
	Median value of financial liabilities (£)	2,400	2,700	2,300	1,800
	Median value of gross financial wealth (£)	700	700	800	700
	Median value of total household wealth (£)	82,500	82,400	77,000	57,900
Quintile 3					
	Percentage with financial liabilities (%)	36	38	40	41
	Median value of financial liabilities (£)	2,400	2,400	2,100	1,700
	Median value of gross financial wealth (£)	2,100	2,100	2,500	2,200
	Median value of total household wealth (£)	222,900	215,100	198,100	177,900
Quintile 4					
	Percentage with financial liabilities (%)	30	31	32	33
	Median value of financial liabilities (£)	2,300	2,400	2,300	1,600
	Median value of gross financial wealth (£)	8,000	6,700	7,800	7,100
	Median value of total household wealth (£)	447,800	414,400	383,100	343,400
Quintile 5					
	Percentage with financial liabilities (%)	23	25	26	28
	Median value of financial liabilities (£)	3,100	3,000	2,600	2,000
	Median value of gross financial wealth (£)	29,500	27,000	27,800	26,600
	Median value of total household wealth (£)	996,600	872,800	797,100	730,000

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Median values include only individuals with financial liabilities
2. July 2006 to June 2008 Total Wealth median based on half sample

Table 7 shows summary statistics for individuals with financial liabilities by individual net income quintile. (It should be noted that this has not been adjusted in any way to reflect the composition of the household in which they live.) Individuals with income in the fourth income quintile are most likely to have financial liabilities, with 44% of such individuals reporting financial debt. However, the level of debt increases as income quintile increases, with half of individuals in the highest income quintile reporting debts of £4,000 or more, compared with a median figure of £1,300 for individuals in the lowest income quintile.

The median debt to income ratio of individuals in the lowest quintile is substantially higher than in the other 4 quintiles. In July 2012 to June 2014, half of individuals with financial liabilities in the lowest income quintile had debt of at least 83% of their personal net income. However, this was much lower than the same figure for July 2010 to June 2012 – when the median debt to income ratio was 128% – which implies half of all individuals with debt in this income quintile had borrowed over one quarter more than their annual income. Whilst this change between survey periods seems large, it could be an indication of the tightening of controls that have been in place following the economic downturn in 2008 to 2009 with regard to financial institutions ensuring loans are affordable. Further investigation of this observation will be carried out and reported on in the next article in July 2016.

Table 7: Individuals with financial liabilities by total individual net income: Great Britain, July 2008 to June 2014

Great Britain

Individual Net Income Quintile	July 2012 to June 2014	July 2010 to June 2012
Quintile 1		
Percentage with financial liabilities (%)	26	28
Median value of financial liabilities (£)	1,300	1,400
Median value of individual net income (£)	3,300	2,900
Median financial debt to income ratio	0.83	1.28
Quintile 2		
Percentage with financial liabilities (%)	30	33
Median value of financial liabilities (£)	1,100	1,100
Median value of individual net income (£)	9,600	9,300
Median financial debt to income ratio	0.12	0.12
Quintile 3		
Percentage with financial liabilities (%)	39	40
Median value of financial liabilities (£)	1,800	2,000
Median value of individual net income (£)	14,300	13,600
Median financial debt to income ratio	0.13	0.14
Quintile 4		
Percentage with financial liabilities (%)	44	45
Median value of financial liabilities (£)	3,100	2,900
Median value of individual net income (£)	19,800	19,000
Median financial debt to income ratio	0.13	0.15
Quintile 5		
Percentage with financial liabilities (%)	39	42
Median value of financial liabilities (£)	4,000	4,300
Median value of individual net income (£)	30,500	29,400
Median financial debt to income ratio	0.12	0.13

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Median values include only individuals with financial liabilities

Table 8 presents an age breakdown for individuals with financial liabilities for the period July 2012 to June 2014. Nearly half of all individuals aged 25 to 44 have financial liabilities, the highest of all aged bands shown. Those aged 25 to 34 also had the highest median value of financial liabilities, with half of all individuals in this age band having at least £2,800 of debt. In addition to median debt for each age band, median net annual income is also given, for those with financial liabilities. This demonstrates the relative size of income compared with debt (for individuals with debt) – but a better measure is the debt to income ratio for each individual. This has been calculated and the median value given for each age band. Using this debt to income ratio, those individuals with debt in the 16 to 24 year age band have the highest level of debt compared with their income – over twice as high as the figure for all individuals with debt.

Table 8: Individuals with financial liabilities by age: Great Britain, July 2012 to June 2014

Great Britain

Age	Percentage with financial liabilities (%)	Median value of financial liabilities (£)	Median value of individual annual net income (£)	Median individual debt to income ratio	Median value of individual gross financial wealth (£)
16 to 24	32	2,600	9,600	0.40	300
25 to 34	49	2,800	16,600	0.19	600
35 to 44	49	2,300	18,000	0.14	700
45 to 54	44	2,000	16,800	0.13	900
55 to 64	30	2,000	15,600	0.13	2,000
65 and above	13	1,100	13,900	0.08	3,000
All Individuals with financial liabilities	35	2,200	15,700	0.15	800

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Median values include only individuals with financial liabilities

Table 9 considers the financial debt of individuals by sex for the period July 2012 to June 2014. Just over a third (35%) of both men and women have financial liabilities. However, over half of all men have financial liabilities of £2,800 or more compared with the median figure of £1,800 for women. However, the debt to income ratio shows very little difference in the level of debt compared with income between men and women.

Table 9: Individuals with financial liabilities by sex: Great Britain, July 2012 to June 2014

Great Britain						
Sex	Percentage with financial liabilities (%)	Median value of financial liabilities (£)	Median value of individual annual net income (£)	Median individual debt to income ratio	Median value of individual gross financial wealth (£)	
Male	35	2,800	18,000	0.16	1,000	
Female	35	1,800	14,200	0.15	600	
All Individuals with financial liabilities	35	2,200	15,700	0.15	800	

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Median values include only individuals with financial liabilities

Table 10 presents financial liabilities by an individual's marital status for the period July 2012 to June 2014. Over half (52%) of separated individuals have financial liabilities, the highest of all marital status groups, but nearly half of cohabiting individuals (49%) had financial liabilities. Cohabiting individuals had the highest level of financial liabilities (£2,700) but also had one of the highest levels of median net individual income. Single individuals (that is, never married) had the highest debt to income ratio (0.18 compared with 0.15 for all individuals with financial debt).

Table 10: Individuals with financial liabilities by marital status: Great Britain, July 2012 to June 2014

Great Britain						
Marital Status	Percentage with financial liabilities (%)	Median value of financial liabilities (£)	Median value of individual annual net income (£)	Median individual debt to income ratio	Median value of individual gross financial wealth (£)	
Married	34	2,500	17,600	0.15	1,300	
Cohabiting	49	2,700	16,000	0.17	600	
Single	35	2,000	12,900	0.18	300	
Widowed	16	1,000	13,900	0.08	1,800	
Divorced	42	1,600	15,700	0.10	400	
Separated	52	1,600	16,100	0.09	200	
All Individuals with financial liabilities	35	2,200	15,700	0.15	800	

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Median values include only individuals with financial liabilities

Table 11 looks at financial liabilities by the economic activity of the individuals holding that debt for the period July 2012 to June 2014. Whilst the percentage of individuals with financial liabilities is highest for those in employment (44%), those unemployed have a much higher median debt to income ratio – 0.35 compared with 0.15 for those in employment and for all individuals with debt.

Table 11: Individuals with financial liabilities by economic activity: Great Britain, July 2012 to June 2014

Great Britain						
Economic Activity	Percentage with financial liabilities (%)	Median value of financial liabilities (£)	Median value of individual annual net income (£)	Median individual debt to income ratio	Median value of individual gross financial wealth (£)	
In Employment	44	2,900	18,000	0.15	1,000	
Unemployed	41	1,200	3,700	0.35	0.0	
Economically Inactive	21	1,000	9,400	0.14	300	
All Individuals with financial liabilities	35	2,200	15,700	0.15	800	

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Median values include only individuals with financial liabilities
2. ' - ' denotes a value less than £50

Table 12 presents the education level of individuals with financial liabilities for the period July 2012 to June 2014. The percentage of individuals with financial liabilities was highest among those educated to degree level or above (41%) but lowest for those with no qualifications (22%). Both the level of debt and the debt to income ratio were highest for those educated to degree level or above, but a contributing factor of this may be student loans. Conversely, both the level of debt and the debt to income ratio was lowest for those with no qualifications.

Table 12: Individuals with financial liabilities by education level: Great Britain, July 2012 to June 2014

Great Britain						
Education Level	Percentage with financial liabilities (%)	Median value of financial liabilities (£)	Median value of individual annual net income (£)	Median individual debt to income ratio	Median value of individual gross financial wealth (£)	
Degree level or above	41	4,600	20,500	0.22	2,600	
Other qualifications	37	1,900	15,100	0.14	600	
No qualifications	22	900	11,700	0.09	100	
All Individuals with financial liabilities	35	2,200	15,700	0.15	800	

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Median values include only individuals with financial liabilities

Table 13 shows the socio-economic group of those with financial debts for the period July 2012 to June 2014. The percentage of people with financial debt was highest for those in the “Higher professional” group, with 41% of people in this group having liabilities. This group also had one of the higher debt to income ratios at 0.17. Individuals in the lower socio-economic groups – “Routine occupations” and “ Never worked / long-term unemployed” were least likely to have debt, with only 25% of individuals in these groups having financial liabilities. Individuals in the “never worked / long-term unemployed” had the highest debt to income ratio, meaning they borrowed the most compared with their level of income.

Table 13: Individuals with financial liabilities by socio-economic group: Great Britain, July 2012 to June 2014

Great Britain

Socio-Economic Group	Percentage with financial liabilities (%)	Median value of financial liabilities (£)	Median value of individual annual net income (£)	Median individual debt to income ratio	Median value of individual gross financial wealth (£)
Large employers and higher managerial	38	4,300	26,800	0.15	5,400
Higher professional	41	3,400	20,400	0.17	2,000
Lower managerial and professional	38	2,100	14,800	0.16	1,000
Intermediate occupations	36	2,600	14,500	0.17	600
Small employers and own account workers	37	2,200	15,800	0.14	410
Lower supervisory and technical	36	1,500	12,700	0.13	200
Semi-routine occupations	33	1,200	13,000	0.11	100
Routine occupations	25	700	6,200	0.15	0.0
Never worked /long term unemployed	25	1,400	8,500	0.19	300
All Individuals with financial liabilities	35	2,200	15,700	0.15	800

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Median values include only individuals with financial liabilities

1. " - " denotes a value less than £50

5. Debt type and multiple debts

In order to collect the levels of debt, the Wealth and Assets Survey considers each type of debt. These can be split into 4 major borrowing types: student loans from a Student Loan Company (which is a very different type of debt than other forms); and arrears for either the payment of borrowing or of household bills.

The 4 major borrowing categories are:

- **overdrawn current accounts:** includes all individual current accounts in overdraft and each individual's share of any joint current accounts in overdraft – these overdrafts can be either authorised or unauthorised
- **formal or informal loans:** includes any form of loan from both recognised lenders (for example, banks, building societies, payday lenders) plus any informal loans from friends or family (the latter form only a very small proportion of all loans)
- **credit cards and store cards:** any outstanding balances held on credit cards or store cards – if the previous balance was paid in full, then no outstanding balance is considered
- **mail order or hire purchase:** includes any form of mail order or hire purchase type arrangement where an outstanding balance exists – also includes “buy now pay later” purchases where payments have not yet started

Some households contain individuals with different types of loan and/or individuals with multiple types of loan.

Table 14 splits financial liabilities by debt type at the household level for the period July 2012 to June 2014. Over half of all households with financial liabilities contained one or more credit/store cards with an outstanding balance – that is, an amount carried forward from a previous period. Over one-third of these households (31% or 16% of all households with liabilities) had this as their only form of debt.

The percentage of households with overdrawn current accounts and those with formal or informal loans was similar (34% and 33% respectively). Of each of these, 21% (or 7% of all households with liabilities) had each of these forms of debt as their only form of debt. However, the level of debt differed considerably. Half of households which had formal or informal loans valued these at £5,400 or more, whilst half of households which had overdrafts valued these at just £500 or more.

The highest level of debt was seen for student loans which had a median value of £11,000. However, only 11% of households held such debt.

Table 14: Households with financial liabilities by type of debt: Great Britain, July 2012 to June 2014

Great Britain

Debt Type	Percentage by debt type (%)	Percentage of each singular debt type (£)	Median value of financial liabilities (£)
Overdrawn Current Accounts	34	100	500
- as only type of debt	7	21	400
Formal or informal loans	33	100	5,400
- as only type of debt	7	21	4,300
Credit Cards & Store Cards	51	100	1,600
- as only type of debt	16	31	1,100
Mail Order or Hire Purchase	38	100	1,600
- as only type of debt	13	35	1,600
Student Loans from SLC	11	100	11,000
- as only type of debt	2	21	10,000
Fixed Term Borrowing arrears	2	100	200
- as only type of debt	0.0	0.0	0.0
Household Bill arrears	11	100	500
- as only type of debt	4	36	400
All Households with financial liabilities	100		3,400

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Median values include only households with financial liabilities

As mentioned above, households may contain more than one adult with different types of financial debt. Table 15 shows a similar breakdown for individuals. The breakdown is not dissimilar at the individual level than it was at the household level. Credit or store cards with an outstanding balance were held by 45% of all individuals with financial liabilities. Of these individuals, 41% had this as their only form of debt. Half of all individuals with credit or store cards valued their debt at £1,300 or more. Formal or informal loans were held by 28% of individuals, half of whom valued this debt at £4,800 or more – with 31% of these having this as their only form of debt. Once again the highest valued debt type was student loans, half of loanees valued their loan at £10,000 or more, with 38% of such individuals having student loans as their only form of debt.

Table 15: Individuals with financial liabilities by type of debt: Great Britain, July 2012 to June 2014

Great Britain

Debt Type	Percentage by debt type(%)	Percentage of each singular debt type (£)	Median value of financial liabilities (£)
Overdrawn Current Accounts	33	100	400
- as only type of debt	12	37	300
Formal or informal loans	28	100	4,800
- as only type of debt	9	31	4,000
Credit Cards & Store Cards	45	100	1,300
- as only type of debt	19	41	1,000
Mail Order or Hire Purchase	31	100	1,400
- as only type of debt	14	46	1,500
Student Loans from SLC	9	100	10,000
- as only type of debt	4	38	11,000
Fixed Term Borrowing arrears	1	100	200
- as only type of debt	0.0	0.0	0.0
Household Bill arrears	8	100	500
- as only type of debt	3	41	400
All Individuals with financial liabilities	100		2,200

Source: Wealth and Assets Survey, Office for National Statistics

Notes:

1. Median values include only individuals with financial liabilities

Table 16 splits all individuals by the number of types of debt they have.

Key:

'4 major debt types': the individual has overdraft current account(s); formal or informal loan(s); credit or store card (s) and mail order or hire purchase. These individuals may or may not have student loans (SL) and/or arrears.

'3 major debt types': any 3 of the above with or without SL and/or arrears.

'2 major debt types': any 2 of the above with or without SL and/or arrears.

'1 major debt type': any 1 of the above with or without SL and/or arrears.

'No major debts but SL': student loans from a Student Loan Company only.

'Arrears only': fixed term borrowing arrears or bill arrears only.

Table 16: Individuals with financial liabilities by condensed multiple debts: Great Britain, July 2012 to June 2014

Great Britain

Number of debts	Percentage with (%)	Median value of financial liabilities (£)	Median value of individual gross financial wealth (£)
No Debt	65	0.0	5,000
4 major debt types	< 1	15,000	300
3 major debt types	3	8,600	200
2 major debt types	9	4,500	600
1 major debt type	21	1,100	1,100
No major debts but Student Loan	1	11,000	3,500
Arrears only	1	400	0.0
All Individuals with financial liabilities	100	2,200	800

Source: Wealth and Assets Survey, Office for National Statistics

1. " - " denotes a value less than £50

Unsurprisingly those individuals with more types of debt tend to have a total higher value of financial debt. Whilst only less than 1% of individuals have all 4 major debt types, half of these individuals value their total debt at £15,000 or more. The median gross financial wealth for such individuals is only £300. Conversely, 21% of individuals have only one major type of debt, with a median total debt of £1,100.

Analysis of the characteristics of people within these different categories has been carried out. Full details are given in the datasets accompanying this article, but some main facts for each debt category is given below. In July 2012 to June 2014:

'4 major debt types':

- Less than 1% of all individuals
- 66% were aged 35 to 54
- 59% were female
- 55% were married
- 41% educated to degree level or above
- 52% were 'Higher professionals' or above

'3 major debt types':

- 3% of all individuals
- 33% were aged 35 to 44 – but 82% were aged 25 to 54
- 52% were female
- 57% were married
- 31% educated to degree level or above
- 38% were 'Higher professionals' or above

'2 major debt types':

- 9% of individuals
- 76% were aged 25 to 54
- 51% were female
- 54% were married
- 27% had degree level or above
- 38% were 'Higher professionals' or above

'1 major debt type':

- 21% of individuals
- 65% were aged 25 to 54
- 51% were female
- 50% were married
- 26% had degree level or above
- 32% were 'Higher professionals' or above

No major debts but student loan

- 1% of individuals
- 86% aged 16 to 34
- 53% were female
- 49% were single.
- 71% had degree level or above
- 48% were 'Higher professionals' or above

Arrears only

- 1% of individuals
- 31% were aged 45 to 54
- 54% were female
- 37% were single
- 94% had "no" or "other" qualifications
- 72% were 'Lower supervisory and technical' or below

6. Problem debt

Whilst 48% of households and 35% of all individuals have financial liabilities, not all of this debt would be considered "problem debt". The evidence we have presented shows a wide spread of debt across households and individuals of all wealth levels and characteristics. Some of the debt to income ratios presented show those with lower incomes are more likely to borrow larger sums compared with their income, but there is also some evidence that some with larger incomes also have high liabilities. There is much more investigation required.

The Wealth and Assets Survey carries a number of questions which could potentially form indicators of whether the debt a person has could be classified as “problem debt”. Some of the obvious questions are around debt burden – which was briefly considered in [Wealth in Great Britain, Wave 4](#), whether individuals are keeping up with payments, debt to income ratios, and how often individuals run out of money and what they might do when they run out.

We are currently working with colleagues in HM Treasury and the Department for Work and Pensions to develop some indicators which will aim to monitor problem debt. This is the subject for another article to be published in July 2016.