

Article

# Wealth in Great Britain Wave 3: The Burden of Financial and Property Debt, Great Britain, 2010 to 2012

Using the Wealth and Assets Survey this publication examines the self-reported burden of both financial and property debt between the years 2010 to 2012.



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# 1 . Main points

- Total household property debt was estimated to be £1 trillion in 2010 to 2012, up from £980 billion in 2008 to 2010
- In 2010 to 2012, the total financial debt for Great Britain was estimated to be £104 billion, an increase from £96 billion in 2008 to 2010
- 19.8% of households reported a heavy financial debt burden
- 5.8% of individuals in the highest net income decile reported a heavy burden, compared to 33.9% of individuals in the lowest decile.
- 3.2% of household's highest wealth decile reported that they have a heavy debt burden. This burden increases to 39.6% in the lowest decile
- Heavy burden of property debt improved from 11.3% in 2008 to 2010 to 10.6% in 2010 to 2012
- Households in the highest wealth decile are less likely to have a heavy property debt burden (2.4%), compared to 42.1% of households in the lowest wealth decile
- 4.1% of households in the highest income decile reported having a heavy debt burden, compared to 19.2% of households in the lowest income decile

## 2 . Background

The Wealth and Assets Survey (WAS) is a longitudinal survey, allowing household and individual comparisons over time (currently over six years, 2006 to 2012). WAS produces information on property wealth, financial assets and liabilities, distribution of wealth and income, physical wealth and pension wealth.

## 3 . Introduction

Subsequent to the previous publications [“The Burden of Household Debt”](#) and [“The Burden of Property Debt,”](#) this report focuses on the self reporting burden of both financial and property debt in 2010 to 2012. It includes a longitudinal comparison of the characteristics of those households with debt, with additional coverage of debt burden relative to income and wealth.

## 4 . Financial debt burden

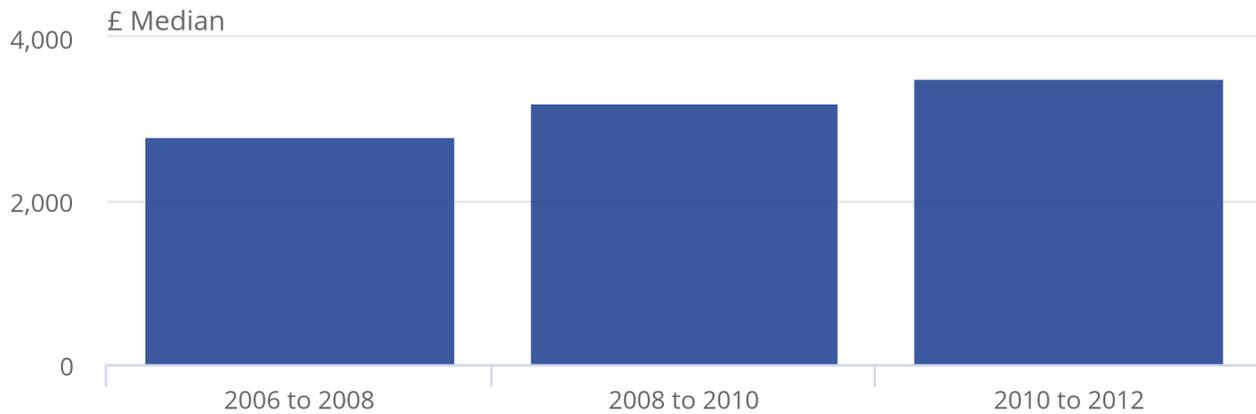
To estimate the total value of financial wealth, the gross levels of financial liabilities are taken from the gross value of financial assets. Financial assets include savings, shares, insurance products and bonds. Whereas financial liabilities include non-mortgage borrowing such as- credit cards, loans and overdrafts.

## Figure 1: Median household value of all financial liabilities

Great Britain, 2006 to 2008, 2008 to 2010, 2010 to 2012

### Figure 1: Median household value of all financial liabilities

Great Britain, 2006 to 2008, 2008 to 2010, 2010 to 2012



Source: Wealth and Assets Survey - Office for National Statistics

#### Notes:

1. Median excludes households with no financial liabilities.

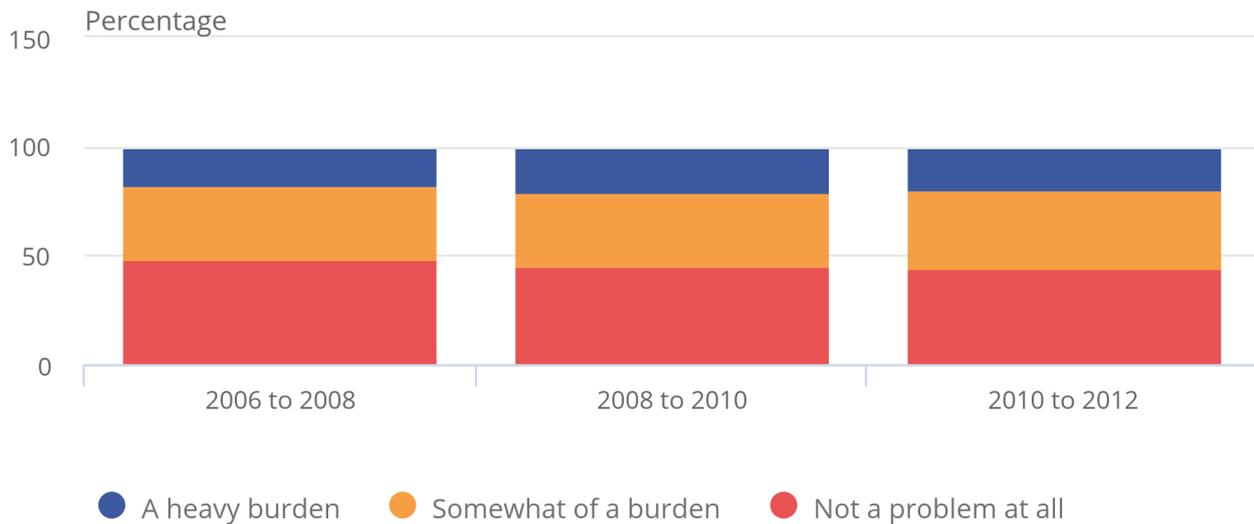
In 2010 to 2012, the total household financial debt for Great Britain was estimated to be £104 billion, which was an increase from £96 billion in 2008 to 2010. There was a slight reduction in households having financial debt, from 51% in 2008 to 2010 to 50% in 2010 to 2012. Although the number of households with financial debt has decreased, in 2006 to 2012 the median value of the financial debt has risen from £2,800 in 2006 to 2008, to £3,200 in 2008 to 2010, and again increased to £3,500 in 2010 to 2012.

## Figure 2: Self- reported burden of financial

Great Britain, 2006 to 2008, 2008 to 2010, 2010 to 2012

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Great Britain, 2006 to 2008, 2008 to 2010, 2010 to 2012



Source: Wealth and Assets Survey - Office for National Statistics

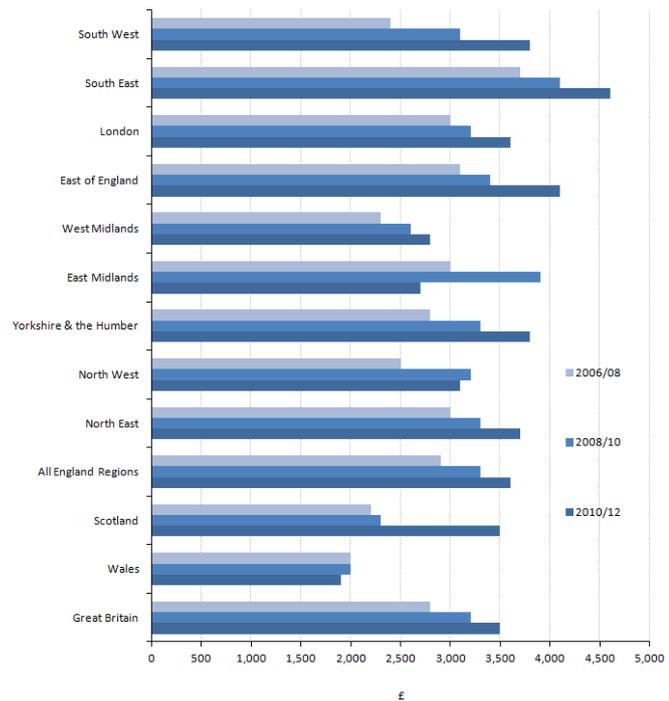
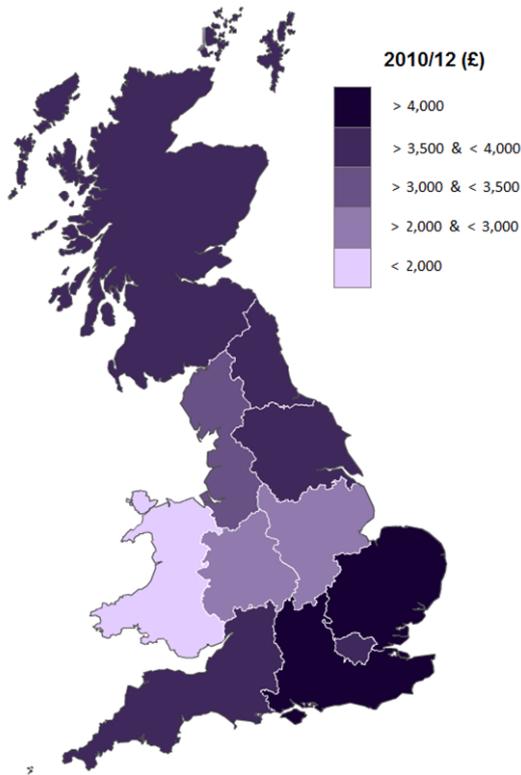
### Notes:

1. Includes only individuals with financial liabilities.
2. Includes only individuals answering the debt burden question.

In 2008 to 2010, 20.4% of the households reported that their financial debt was a heavy burden, which later improved to 19.8% in 2010 to 2012. Households reporting somewhat of a burden increased from 34.2% (2008 to 2010) to 36.2% (2010 to 2012). Fewer households in 2010 to 2012 described that their financial debt as not a problem at all (44%). In addition, Figure 2 illustrates a shift from heavy burden to somewhat of a burden; indicating an overall improvement in financial debt burden in 2010 to 2012.

## Figure 3: Median financial debt by region

## Great Britain, 2010 to 2012



Source: Wealth and Assets Survey - Office for National Statistics

### Notes:

1. Includes only households with financial liabilities.

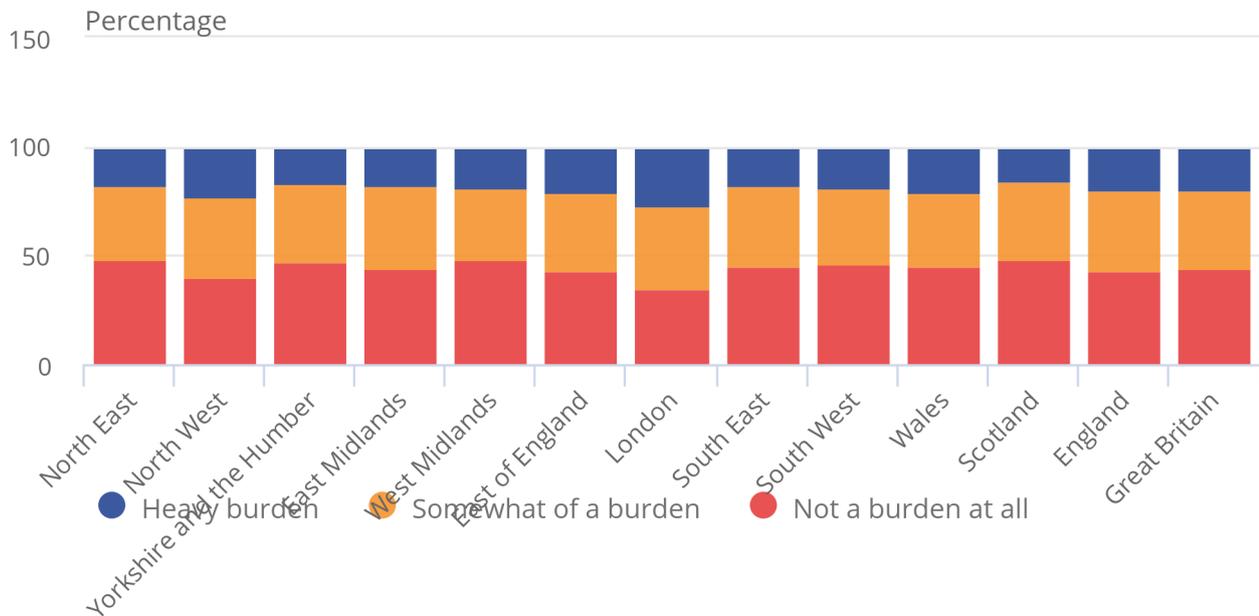
The South East had largest amount of financial debt in 2010 to 2012, estimated at £4,591. This is followed by the East of England accumulating up to £4,145 in median financial debt. Overall, individuals in England are estimated to have a median of £3,600 in 2010 to 2012, which is an increase from £3,290 in 2008 to 2010 and £2,900 in 2006 to 2008. Wales is shown to had the lowest financial debts of a median less than £2,000 over the six years, and a short decline in debt to £1,900 in 2010 to 2012. In comparison, Scotland has seen a rapid increase in financial liabilities, with a median of £3,480 in 2010 to 2012, compared to £2,250 in 2008 to 2010. Whereas, the East Midlands have seen a decrease from £3,942 (2008 to 2010) to £2,703 (2010 to 2012).

## Figure 4: Financial debt burden by region

Great Britain, 2010 to 2012

### Figure 4: Financial debt burden by region

Great Britain, 2010 to 2012



Source: Wealth and Assets Survey - Office for National Statistics

#### Notes:

1. Excludes individuals with no financial liabilities.
2. Excludes non- response to this particular question.

Figure 4 illustrates that 26.6% of individuals in London reported their financial debt was a heavy burden, closely followed by the North West with 22.5% and the East of England with 21.2%. London was least likely to find their debt not a problem at all, at 34.6%; overall indicating the highest levels of burden debt among individuals living in London.

Scotland (48.4%) and The West Midlands (48.3%) reported the highest amount of individuals finding their financial debt not a problem at all. Scotland was the least likely to report its financial debt a heavy burden (15.9%).

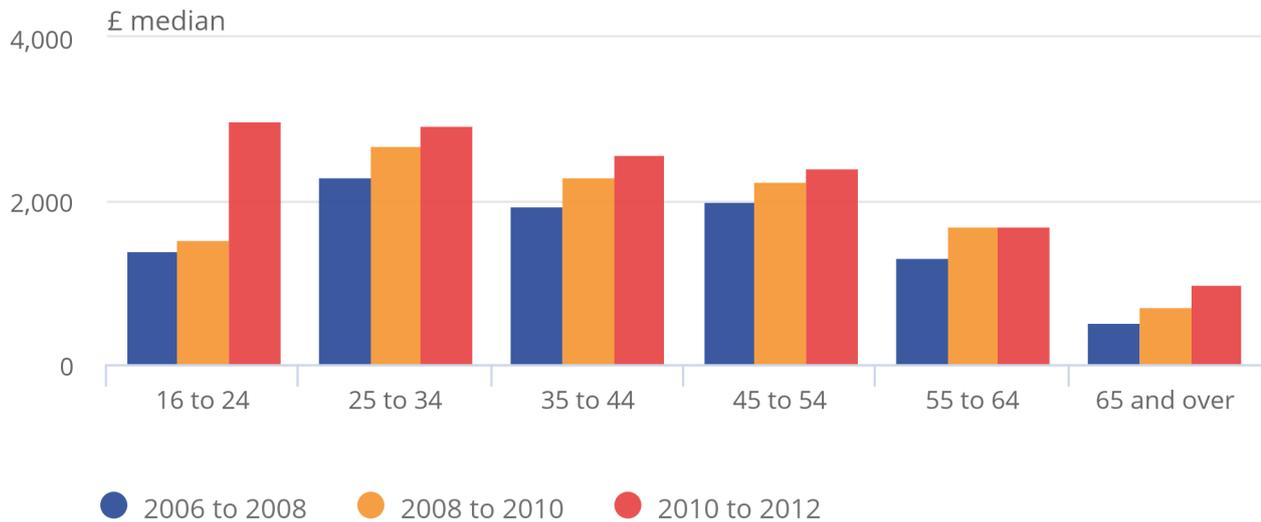
Overall, 19.8% of England found their financial debt a heavy burden, compared to 36.2% reporting somewhat of a burden and 44% defining their burden as not a problem at all.

## Figure 5: Median financial debt by age

Great Britain, 2006 to 2008, 2008 to 2010, 2010 to 2012

### Figure 5: Median financial debt by age

Great Britain, 2006 to 2008, 2008 to 2010, 2010 to 2012



Source: Wealth and Assets Survey - Office for National Statistics

#### Notes:

1. Median excludes individuals with no financial liabilities.

Figure 6 illustrates median financial debt by age. Within each age group the median financial debt has increased between 2006 to 2012. The biggest increase of financial debt comes from the age group 16 to 24, with a median from £1,540 (2008 to 2010) to £3,000 (2010 to 2012).

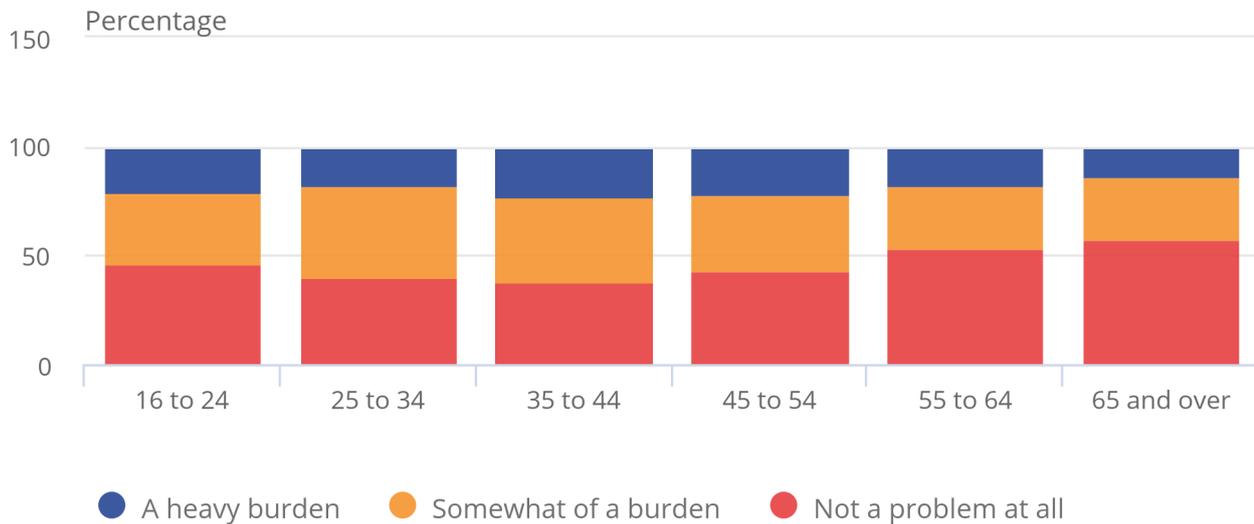
Individuals in the age group 65+ have the lowest median financial debt compared to other age groups. In 2006 /2008, they had a median debt of £521, which slightly increased to £700 in 2008 to 2010 and again to £981 in 2010 to 2012. Age group 25 to 34 continue to be the greatest proportion of individuals with financial debt.

## Figure 6: Financial debt burden by age

Great Britain, 2010 to 2012

### Figure 6: Financial debt burden by age

Great Britain, 2010 to 2012



Source: Wealth and Assets Survey - Office for National Statistics

#### Notes:

1. Excludes individuals with no financial liabilities.
2. Excludes non-response to this particular question.

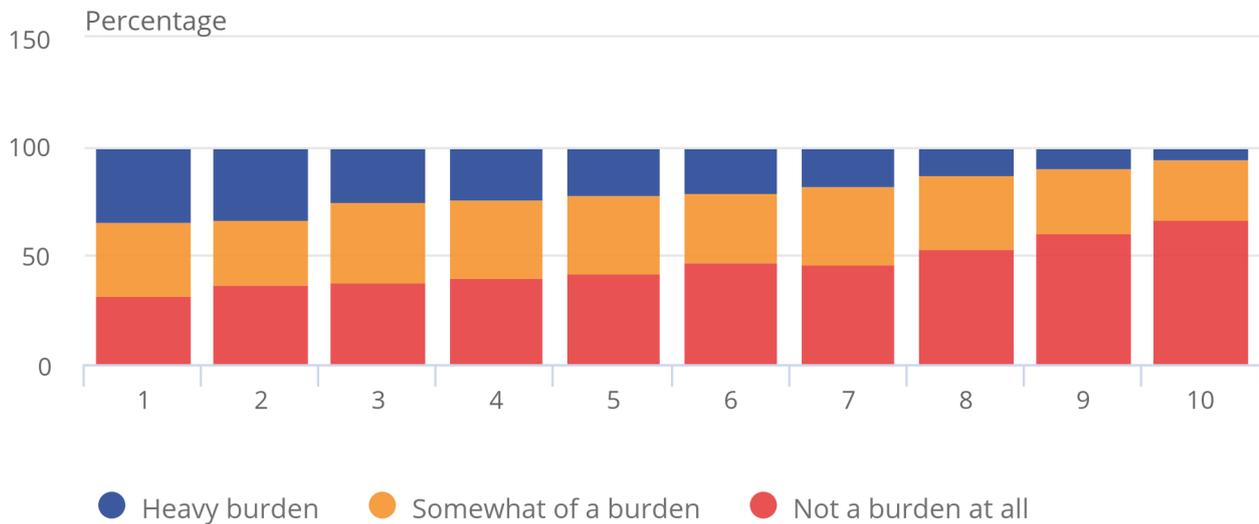
Individuals aged 35 to 44 indicating that they have the heaviest debt burden (22.8%) and the highest reports of somewhat of a burden (38.9%). This is followed by individuals aged 45 to 54 with 21.6% stating they have a heavy burden of financial debt. The age group 65 and over are least likely to have debt burden, with Figure 7 illustrating that 13.7% have a heavy debt burden and 28.9% stated somewhat of a burden. They are also more likely to report their financial debt not a problem at all (57.4%).

## Figure 7: Individual financial debt burden by household net income decile

Great Britain, 2010 to 2012

### Figure 7: Individual financial debt burden by household net income decile

Great Britain, 2010 to 2012



Source: Wealth and Assets Survey - Office for National Statistics

#### Notes:

1. Income includes regular income from employment including bonuses, self-employment (including loss), benefits, private pension, state pension, investment income, and other regular income such as rental income.
2. Excludes individuals with no financial liabilities.

Figure 7 illustrates that individuals in the tenth (highest) net income decile are least likely to find their financial debt a heavy burden, at 5.8%. Whereas individuals in the first (lowest) net income decile were more likely to find their financial debt a heavy burden, at 33.9% and somewhat of a burden, at 34%.

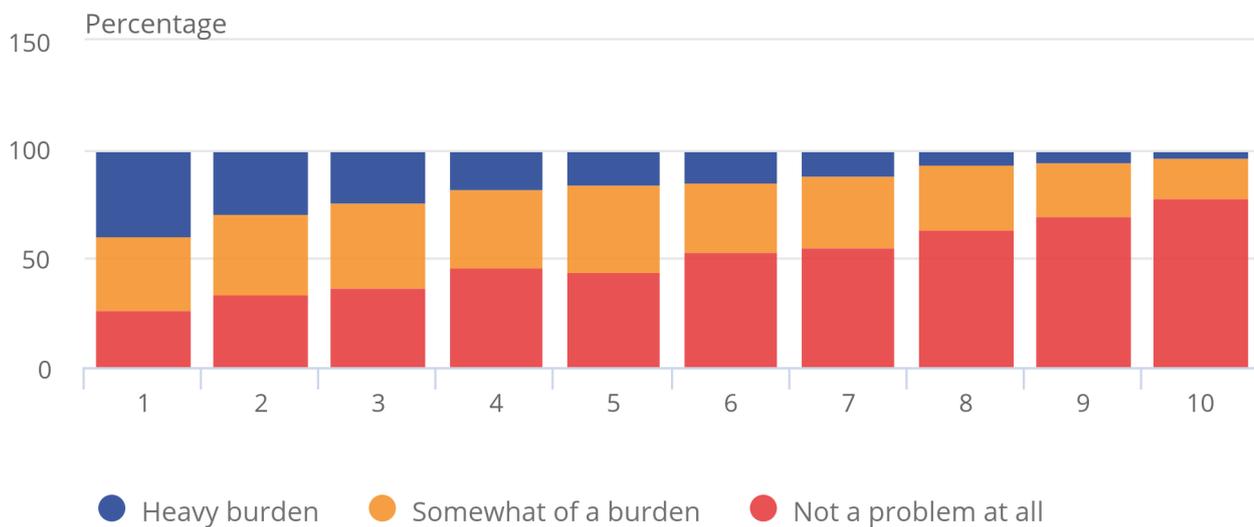
Fewer Individuals report having a heavy burden as the net income decile gets higher. In the third decile, 24.8% of individuals reported a heavy burden. In addition, 22% of individuals in the fifth decile reported a heavy burden and 12.6% in the eighth income decile. The same pattern occurs with individuals reporting somewhat of a burden.

**Figure 8: Individuals financial debt burden, by household total wealth decile**

Great Britain, 2010 to 2012

Figure 8: Individuals financial debt burden, by household total wealth decile

Great Britain, 2010 to 2012



Source: Wealth and Assets Survey - Office for National Statistics

Notes:

1. Includes only individuals with financial liabilities who provide a response to the debt burden question.

Figure 8 illustrates a consistent pattern with figure 7, illustrating as the wealth decile increases, and the burden of financial debt decreases. 3.2% of households in the tenth (highest) decile reported that they have a heavy debt burden. This burden increases to 15.6% among the fifth wealth decile and to 39.8% in the first (lowest) wealth decile. Households in the third (38.4%) and fifth (39.8%) deciles are more likely to state somewhat of a burden. In addition, households in the highest wealth decile are more likely to find their financial debt not a problem at all, at 77.6%.

## 5 . Property debt burden

Property debt is recorded as the total outstanding value of the mortgage on a household's main residence and additional properties. The total property liability was estimated to be £1 trillion in 2010 to 2012, up from £980 billion in 2008 to 2010.

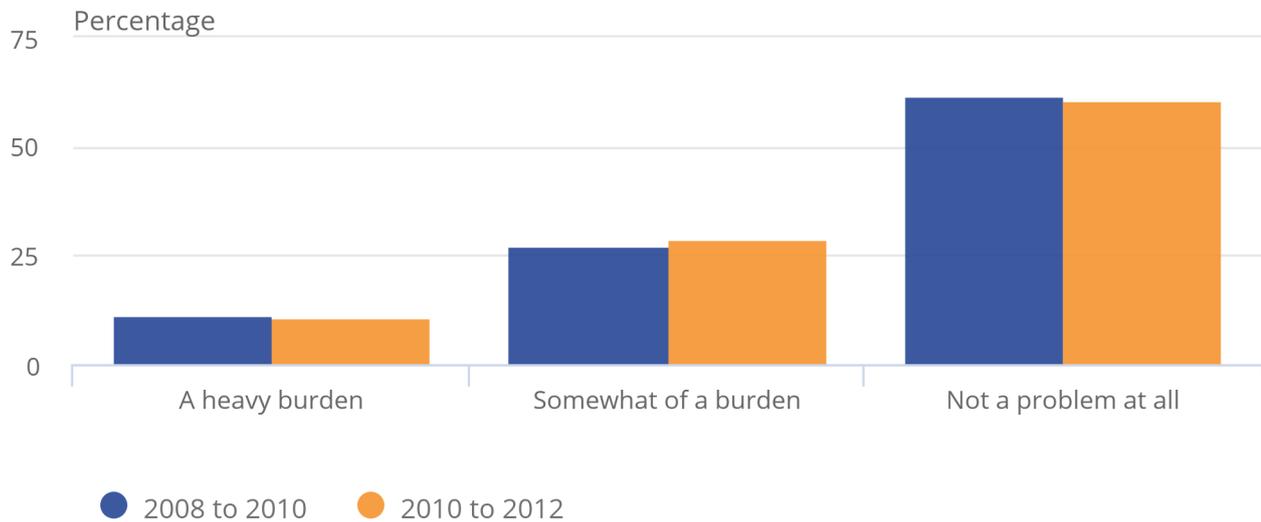
Half of households owning their main residence with a mortgage owed at least £80,000, which is an increase from £50,000 in 2008 to 2010. The mortgage value on other properties remained at a constant £84,000 from 2008 to 2012.

## Figure 9: The burden of property debt

Great Britain, 2008 to 2010 and 2010 to 2012

### Figure 9: The burden of property debt

Great Britain, 2008 to 2010 and 2010 to 2012



Source: Wealth and Assets Survey - Office for National Statistics

#### Notes:

1. Excludes individuals living in households with no liabilities on their main residence.
2. Excludes non-response at this particular question.

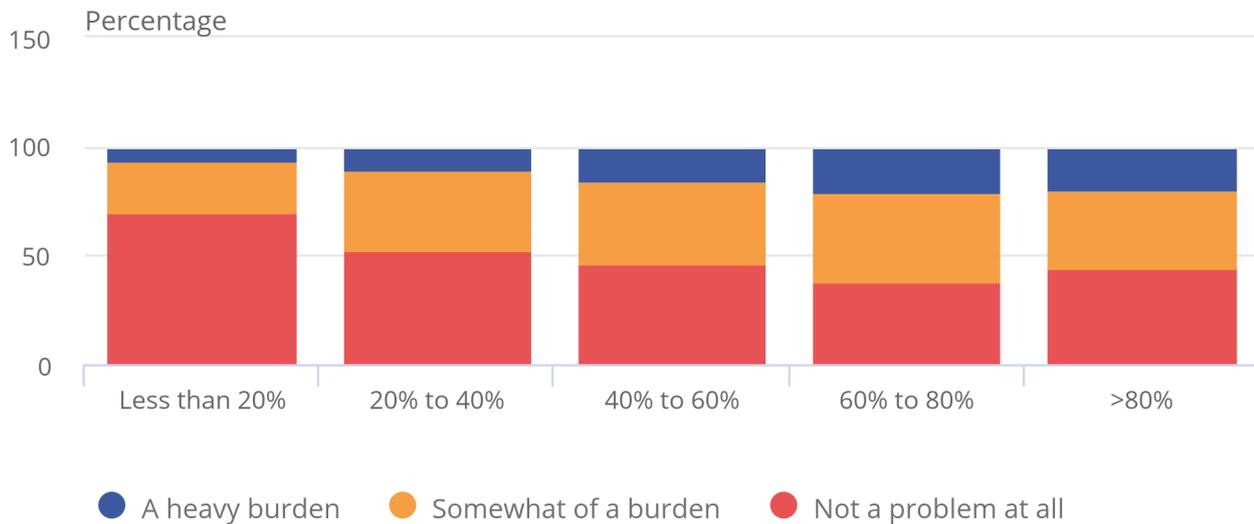
Households that reported having property liabilities were asked to think about how their mortgage(s) are a burden on their main household. Overall households that reported their property debt as a heavy burden improved from 11.3% in 2008 to 2010 to 10.6% in 2010 to 2012. Reports of having somewhat of a burden worsened slightly from 27.2% (2008 to 2010) to 28.9% (2010 to 2012).

## Figure 10: Burden of property debt, by the percentage of mortgage owed on the main residence

Great Britain, 2010 to 2012

### Figure 10: Burden of property debt, by the percentage of mortgage owed on the main residence

Great Britain, 2010 to 2012



Source: Wealth and Assets Survey - Office for National Statistics

#### Notes:

1. Excludes households with no property liabilities.
2. Excludes non-response at this particular question.

In 2010 to 2012, Figure 10 illustrates that 20.7% of households that owing 60% to 80% of their property value reported a heavy property debt burden and a significant 40.9% described somewhat of a burden.

There were similar figures for households that exceeded 80% or more of their property value, 19.7% stating that their mortgage is a heavy burden and 36.6% found it somewhat a burden, compared to 43.7% not having a problem at all with their property liabilities.

In comparison, households owing less than 20% of their property value reported less of a property burden, at 6.2% indicating a heavy burden and 24.3% with somewhat of a burden.

## Figure 11: Median property debt by region

Great Britain, 2006 to 2008, 2008 to 2010, 2010 to 2012

### Figure 11: Median property debt by region

Great Britain, 2006 to 2008, 2008 to 2010, 2010 to 2012



Source: Wealth and Assets Survey - Office for National Statistics

#### Notes:

1. Median excludes households without property liabilities.

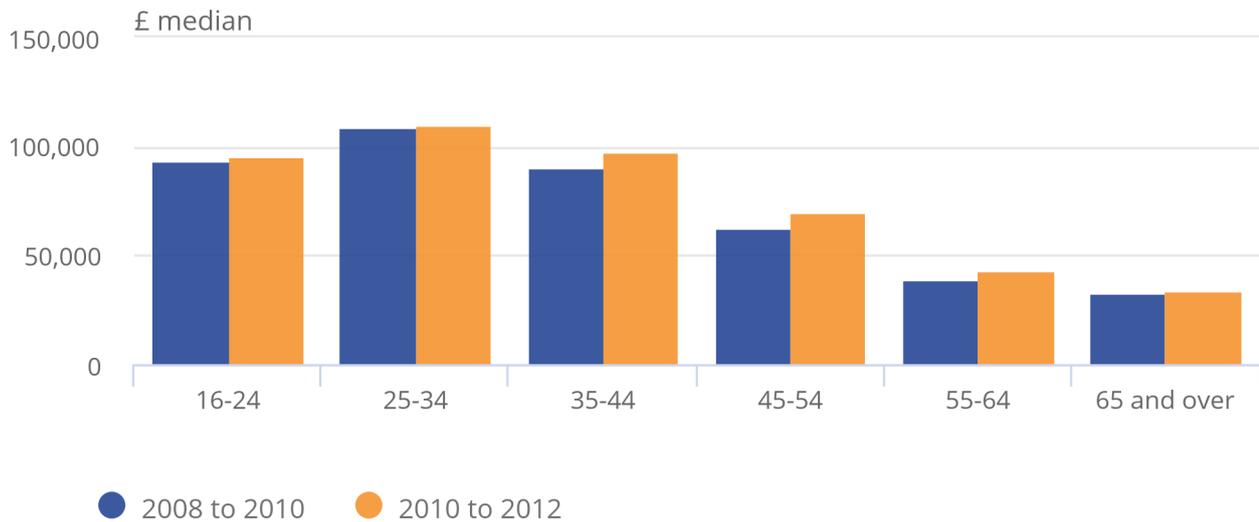
London had the highest median property debt across the 6 years. In 2010 to 2012, it recorded a median of £131,000 in debt. This was followed by the South East with £105,000. In comparison, the lowest median property debt came from Wales (£56,000), North West (£62,000) and the North East (£63,000). Scotland's median debt has increased by £20,000 between the years or 2006 to 2008 (£50,000) and 2010 to 2012 (£70,000).

## Figure 12: Median value of property liabilities by age band

Great Britain, 2008 to 2010 and 2010 to 2012

### Figure 12: Median value of property liabilities by age band

Great Britain, 2008 to 2010 and 2010 to 2012



Source: Wealth and Assets Survey - Office for National Statistics

#### Notes:

1. Median excludes households without property liabilities.

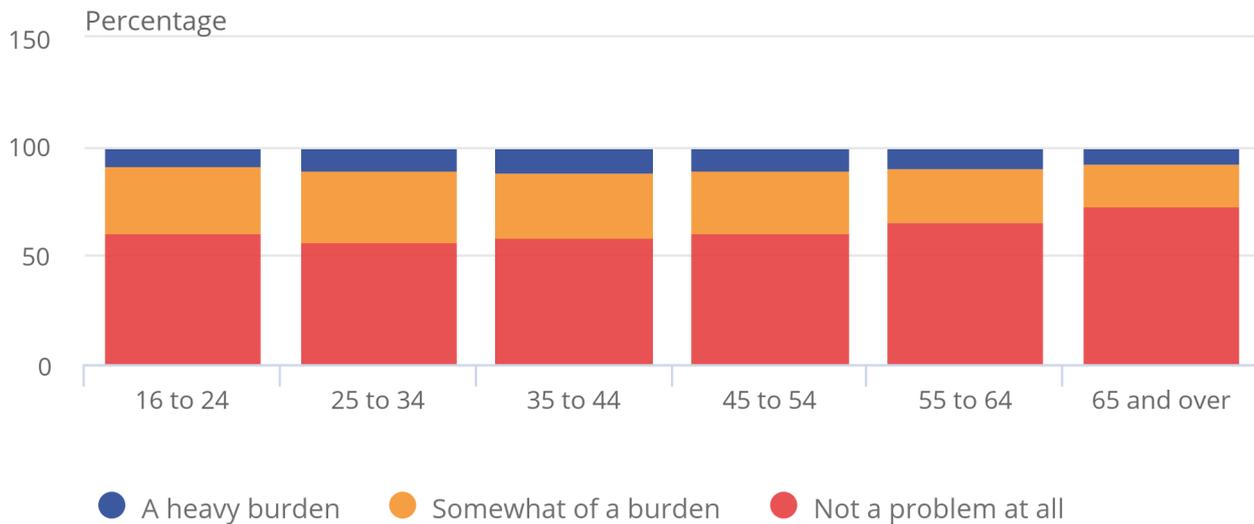
The highest proportion of property debt came from individuals aged 25 to 34 accumulating a median of £110,000 in 2010 to 2012. The lowest median value of property debt derived from the group 65 and over (£34,000), which is expected as the payments of mortgages decrease over time. In 2008 to 2010, individuals aged 45 to 54 had £63,000 in median debt and £70,000 in 2010 to 2012, showing the biggest increase of median property debt during this period.

### Figure 13: Property debt burden by age

Great Britain, 2010 to 2012

### Figure 13: Property debt burden by age

Great Britain, 2010 to 2012



Source: Wealth and Assets Survey - Office for National Statistics

Notes:

1. Excludes individuals living in households with no liabilities on their main residence.

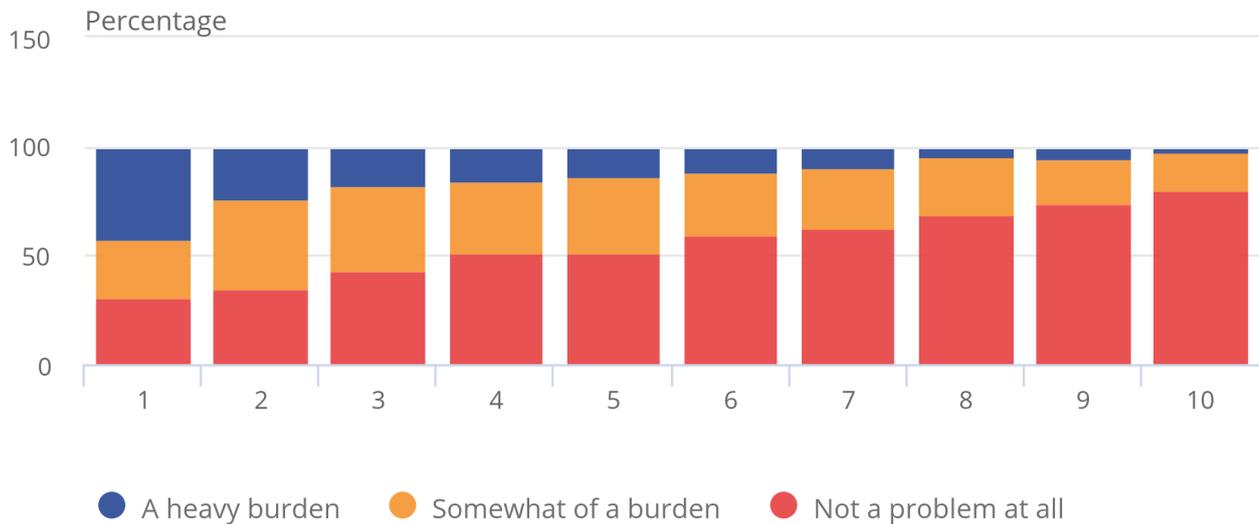
Although individuals aged 65 and over have fewer property liabilities, 7.5% of them considered this a heavy burden and 19.7% somewhat of a burden. A higher proportion of 11.6% individuals aged 35 to 44 and 10.6% of individuals aged 45 to 54 consider their property debt a heavy burden. Furthermore, the older age groups are more likely to not have a problem at all with their property debt, with figures showing 72.9% (65+) and 66.2% (55 to 64).

## Figure 14: Property debt by wealth

Great Britain, 2010 to 2012

## Figure 14: Property debt by wealth

Great Britain, 2010 to 2012



Source: Wealth and Assets Survey - Office for National Statistics

### Notes:

1. Excludes non-response at this particular question.
2. Excludes individuals living in households with no liabilities on their main residence.

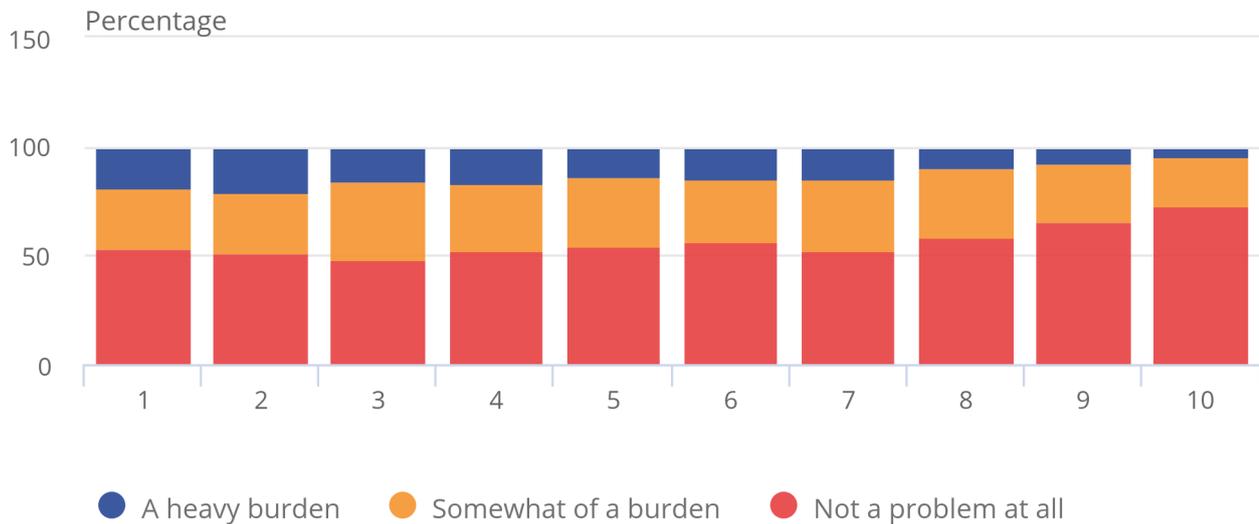
Figure 14 demonstrates that households in the tenth decile (highest) are less likely to have a heavy property debt burden (2.4%). In comparison, 42.1% of households in the first wealth decile (lowest) found their debt a heavy burden. 27.4% of households in the first decile indicated somewhat of a burden. This gradually decreased moving into the higher wealth deciles, with reports of 35.3% in the fifth wealth decile, 26.3% in the eighth and 17.2% in the highest decile, having somewhat a of burden with their property debt.

**Figure 15: Household property debt burden, by net income decile**

Great Britain, 2010 to 2012

## Figure 15: Household property debt burden, by net income decile

Great Britain, 2010 to 2012



Source: Wealth and Assets Survey - Office for National Statistics

**Notes:**

1. Income includes; regular income from employment; including bonuses, self-employment (including loss), benefits, private pension, state pension, investment income, and other regular income such as rental income.
2. Excludes non-response at this particular question.
3. Excludes individuals living in households with no liabilities on their main residence.

In 2010 to 2012, few households in the tenth (highest) income decile reported having a heavy debt burden (4.1%). Compared to 19.2% of households in the lowest income decile. This burden increased towards the second decile, with 21.4% of households reporting a heavy burden. The highest report of having somewhat of a burden came from the third income decile, with 36.1% having somewhat of a burden. Within this decile, 48% of households did not have a problem at all with their property liabilities; the lowest reported figure compared to other wealth deciles.

## 6. Background notes

1. Information on wealth and liabilities is as reported in current prices; it has not been adjusted for inflation, nor have results been equivalised to reflect differences in household size and composition.
2. The Wealth and Assets Survey (WAS) is a longitudinal survey conducted by the ONS which aims to address gaps identified in data about the economic well-being of households. It gathers information on,

among others, level of assets, savings and debt; saving for retirement; how wealth is distributed among households or individuals; and factors that affect financial planning. The survey is currently in its fifth wave of interviewing and to date has released a number of major reports and short stories

3. Some analysis presented herein considers debt by total household wealth. To aide interpretation, the current story has sorted households into ascending order based upon their total household wealth or income and then divided them into groups of equal size (quintiles).
4. Within the current story only median values are presented. The median is the value of the middle item when data are arranged in ascending order. If the number of items is even the median is the average of the middle pair of values. Where the distribution of property debt is unequal, the median gives a better measure for the whole population. The mean, which provides the arithmetic average, is likely to be influenced by high values so it does not reflect the experience of most individuals. The mean values are available within the background tables.
5. For some topics it is necessary to select one person in the household to indicate the characteristics of the household more generally. WAS uses the household head or household reference person (HRP) for this purpose. The HRP is defined as follows:
  - in households with a sole householder, that person is the HRP
  - in households with joint householders the person with the higher income is taken as the HRP
  - if both householders have exactly the same income, the older is taken as the HRP
6. No statistical significance testing was performed within the current report.
7. Details of the policy governing the release of new data are available by visiting [www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html](http://www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html) or from the Media Relations Office email: [media.relations@ons.gsi.gov.uk](mailto:media.relations@ons.gsi.gov.uk)

These National Statistics are produced to high professional standards and released according to the arrangements approved by the UK Statistics Authority.