

29 April 2010

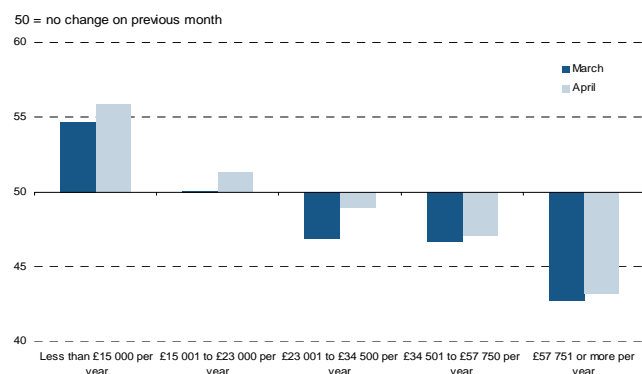
Household debt falls for third successive month in April

- **Falling debt confined to homeowners and higher income groups.**
- **Demand for mortgages drops, but need for unsecured credit increases.**
- **Availability of credit continues to deteriorate.**

Household debt fell in April for a third consecutive month, although the rate of decline eased from the previous month, according to the latest Markit/YouGov Household Finances Survey.

Households owning their own home or with an existing outstanding mortgage reported reductions in their overall debt. However, respondents currently renting (either privately or from a local authority) and those living rent free indicated that their debt levels had increased. The category reporting the largest increase in debt was those renting from a local authority, suggesting that less well-off households continued to increase overall debt levels. This was verified by looking at the data by income split.

Household debt

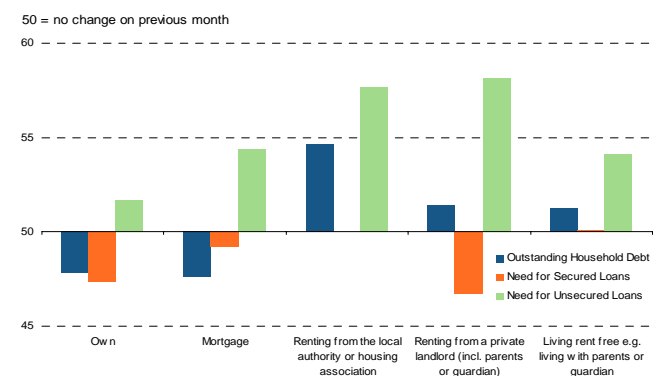


Demand for credit

Demand for new secured loans (such as mortgages) fell during April. Respondents owning their home and those with an existing mortgage indicated lower requirements for secured credit. However, the largest drop in demand was amongst households that rent privately, perhaps suggesting a drop-off in interest from first-time buyers. Respondents living rent free or renting from a local authority reported no real change in demand from the previous month.

In contrast, all categories (split by home status) reported a rise in demand for unsecured credit. The most cautious group was those owning their own home, followed by households living rent free and those with an existing mortgage. However, respondents renting privately indicated the largest increase in demand for unsecured loans, despite having the sharpest reduction in requirements for unsecured credit.

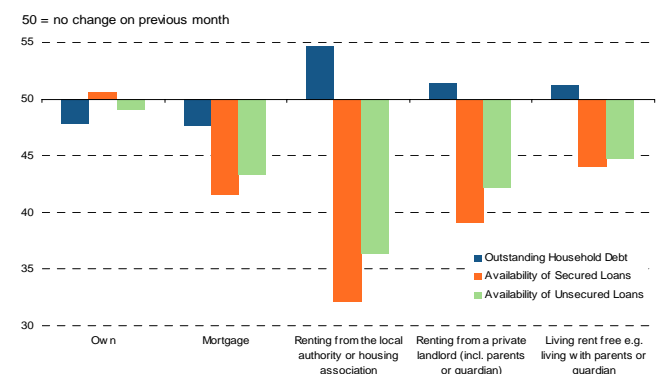
Demand for credit



Availability of credit

UK households perceived a further decline in the availability of credit, both secured and unsecured, during April. However, by splitting the data by home status again, it is apparent that new credit is more accessible for those households which are currently demanding the least. This suggests that there is a misalignment between where banks/building societies are most willing to lend, and where the credit is most required.

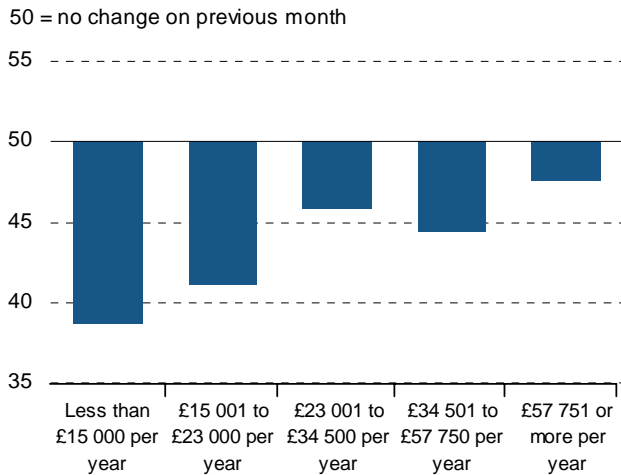
Availability of credit



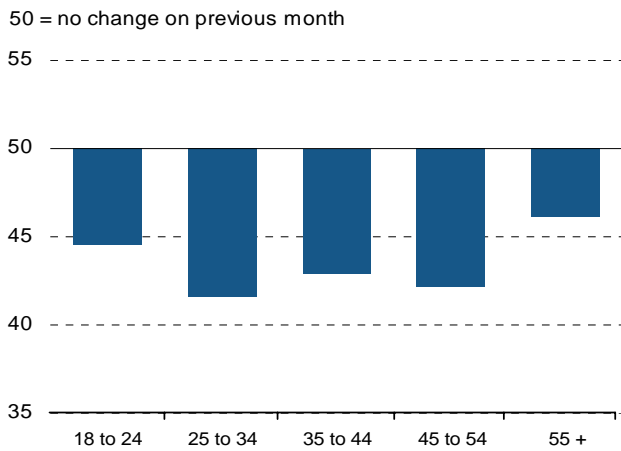
Availability of unsecured credit

April data: Compared to one month ago, how easy is it for you to get access to credit cards / overdrafts / other unsecured loans?

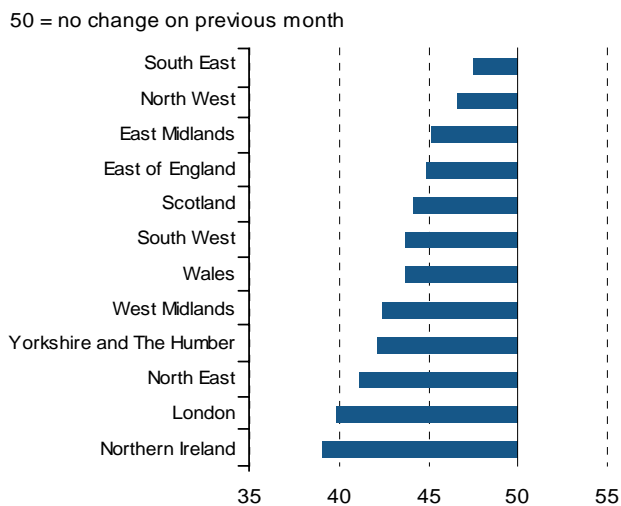
By income



By age



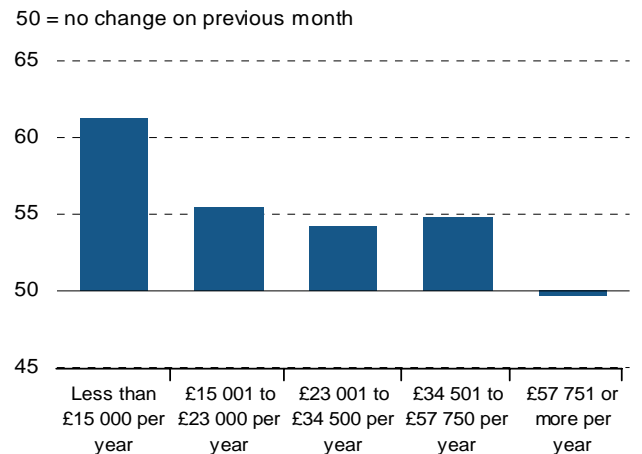
By region



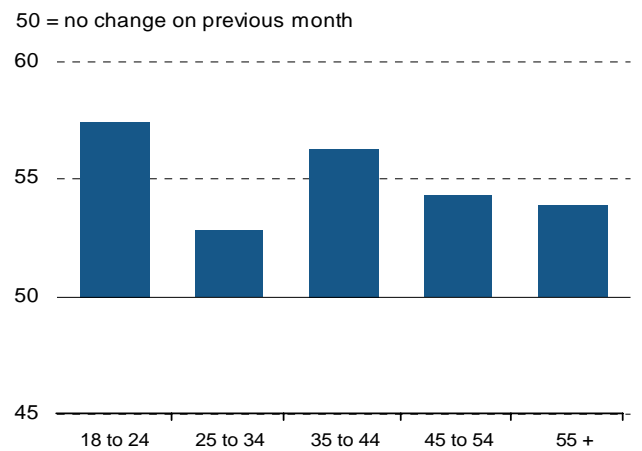
Need for unsecured loans

April data: Compared to one month ago, how has your need for additional borrowing changed in respect of credit cards / overdrafts / other unsecured loans?

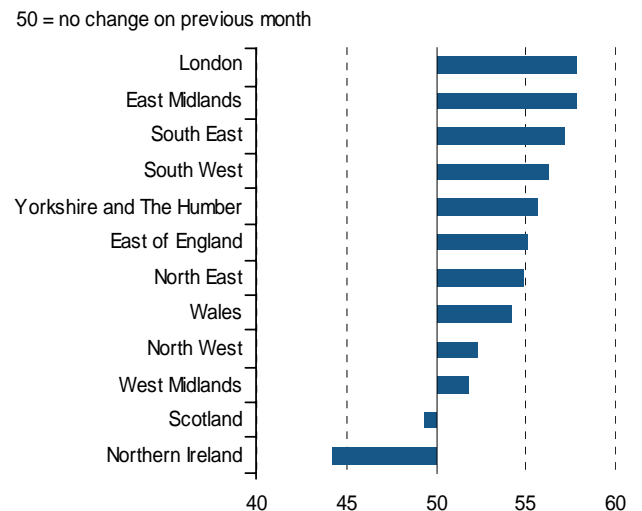
By income



By age



By region

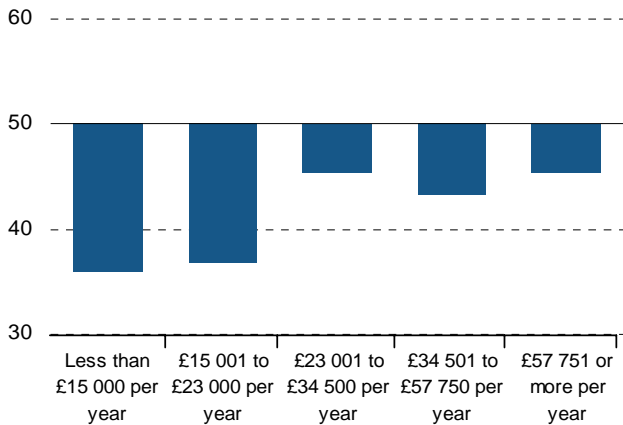


Availability of secured credit

April data: Compared to one month ago, how easy is it for you to get access to mortgages/other secured loans?

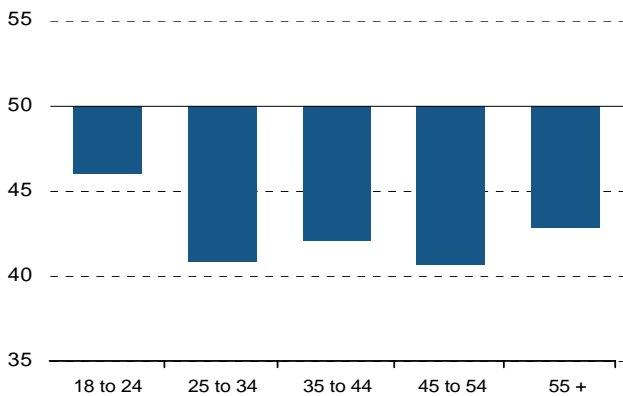
By income

50 = no change on previous month



By age

50 = no change on previous month



By region

50 = no change on previous month

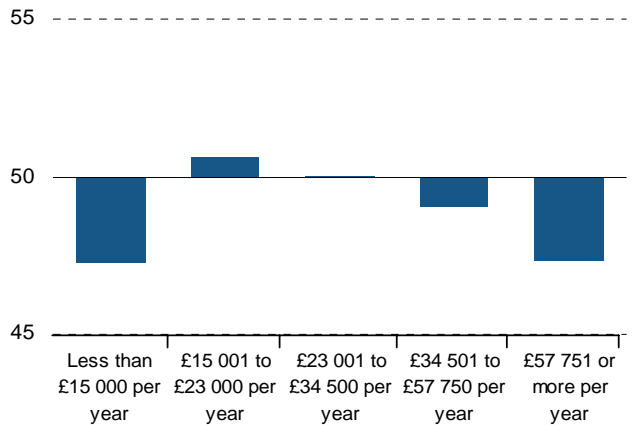


Need for secured loans

April data: Compared to one month ago, how has your need for additional borrowing changed in respect of mortgages/other secured loans?

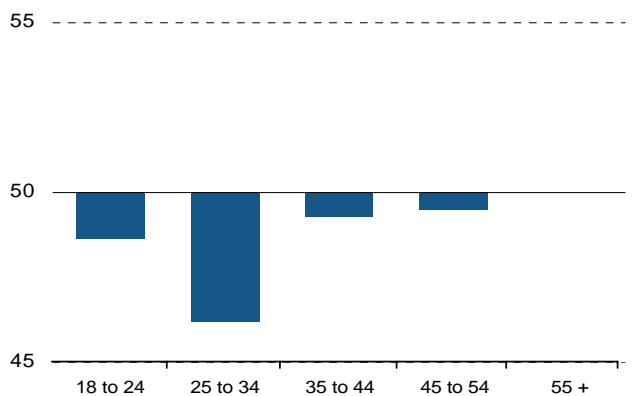
By income

50 = no change on previous month



By age

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By region

50 = no change on previous month

