

HOUSEHOLD DEBT AND SPENDING: RESULTS FROM THE 2007 NMG RESEARCH SURVEY

SUMMARY

A survey of around 2000 people was carried out on behalf of the Bank of England in order to review household debt and spending in the United Kingdom. Although the survey post-dated some of the recent financial market turbulence, it was conducted too soon afterwards to register any changes in household credit conditions that might have occurred as a result.

However it flags up some interesting statistics:

- Of the sample, 40% of households were mortgagors (i.e. houses were mortgaged), 33% owned homes outright and 27% rented accommodation.
- Mortgagors owed around 97% of the total amount of debt identified in the survey – 100% of secured debt and 65% of unsecured debt.
- Since the 1990s, the proportion of households who own their homes outright has risen and the average value of mortgages has increased.
- The ratio of total debt to income of mortgagors has become more widely dispersed, with around a quarter of mortgagors owing more than three times their pre-tax annual household income. This is a much higher proportion than in 1995 when it was around 10% of people surveyed.

The survey also explores what loan repayment difficulties people suffer from, who in particular suffers and for what reasons.

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