

Overall debt levels in UK households fall for a second successive month, despite continued rise in demand for unsecured lending

- **Unsecured lending requirements continued to rise...**
- **...while availability fell further.**
- **Conditions of both secured and unsecured credit remained tight.**

October survey data indicated a second successive monthly fall in overall debt levels within UK households. Take-home pay returned to growth during October, although with free cash falling, this suggested that there have been efforts to de-lever domestic finances.

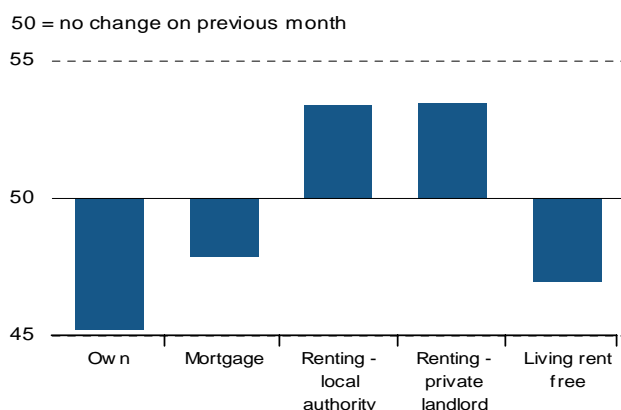
Reported requirements for new loans were mixed as demand for secured lending (mainly mortgages) fell, but demand for unsecured credit (such as credit cards) rose further. UK households considered that credit availability, for both secured and unsecured lending, had tightened further, with terms and conditions worsening.

Secured credit

Demand

UK households indicated reduced requirements for mortgages and other secured lending during October. However, survey respondents currently renting their accommodation reported an increase in their demand for mortgages. For those panellists renting privately, this continued an eight-month trend.

Chart 1: Demand for Secured Lending



Data also showed a broad fall in the level of demand for secured credit across income and age categories. This therefore indicated that the overall decline in requirements was driven by reduced house-purchasing activity by households already in possession of their home. Encouragingly, survey members in a chain-free position showed signs of increased activity.

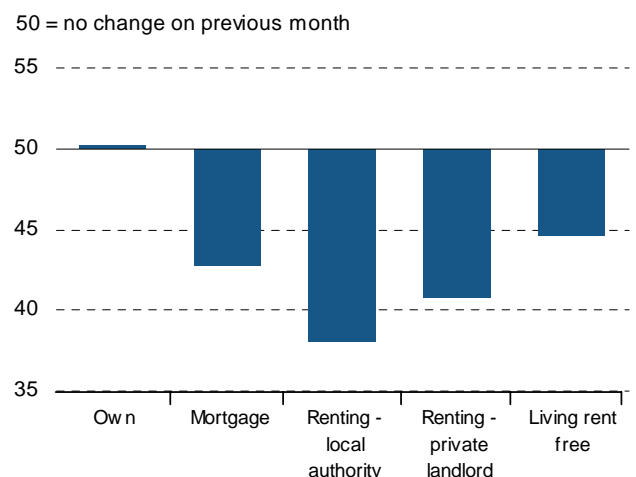
Availability and conditions of secured credit

Secured credit availability was perceived to have tightened in October. However, the pace of decline in availability was broadly unchanged from that posted in September. Conditions of secured credit continued to deteriorate markedly.

Panellists who currently own their own homes indicated that there was broadly no-change in their ability to obtain secured credit from last month. However, they continued to indicate a marked tightening in the terms of secured lending, which could be one reason for dampened demand during the month.

Households currently renting their accommodation indicated the steepest tightening in secured credit availability during the month; the two categories which also signalled increased requirements for mortgages.

Chart 2: Availability of Secured Lending



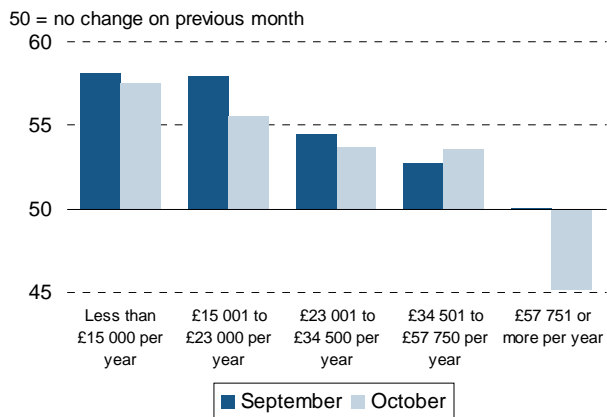
Unsecured Credit

Demand

October survey data indicated a further rise in requirements for unsecured lending, although the improvement in demand was the slowest recorded during the nine-months of data collection.

Demand for consumer credit remained heavily dependent upon income level. The lowest income group (under £15,000 p/a) continued to register the highest requirement for secured lending. In contrast, the highest earning panellists signalled a marked fall in unsecured credit requirements during the month.

Chart 3: Demand for Unsecured Credit by Income Group



Availability and conditions of unsecured credit

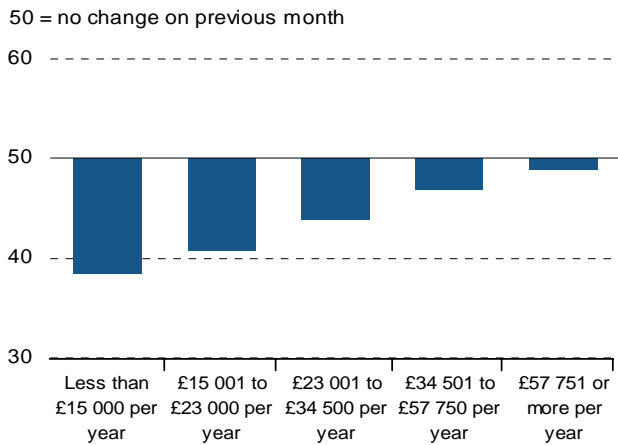
UK households continued to perceive that their ability to access unsecured credit had worsened during the month. This was applicable across all income groups, although with the higher earners reporting the smallest reduction in availability, and the lowest earners the largest.

Conditions attached to unsecured lending were reported to have deteriorated substantially during the month. Substantial tightening was indicated across all income groups.

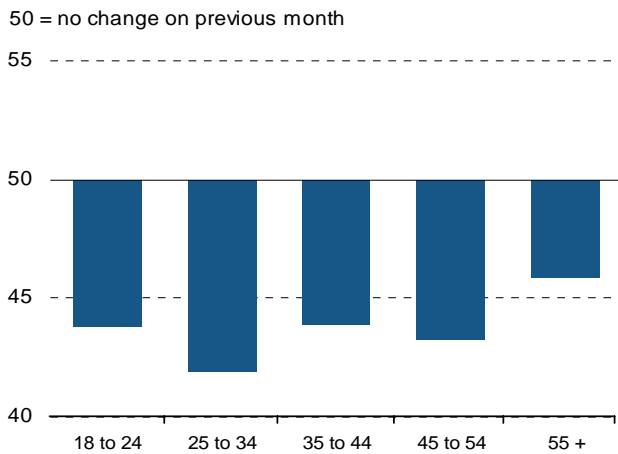
Availability of unsecured credit

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

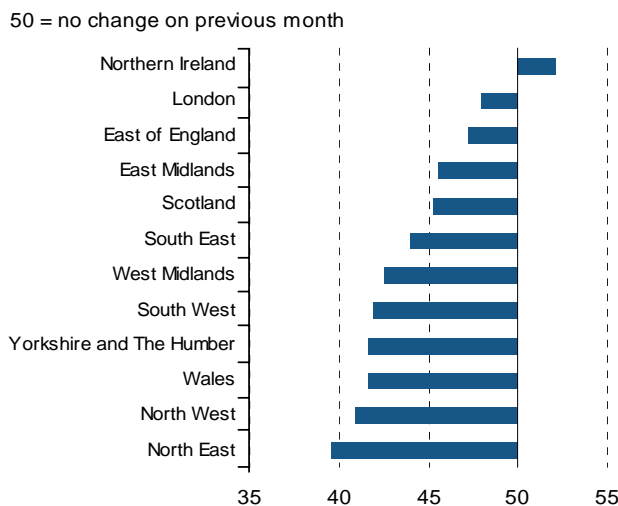
By income



By age



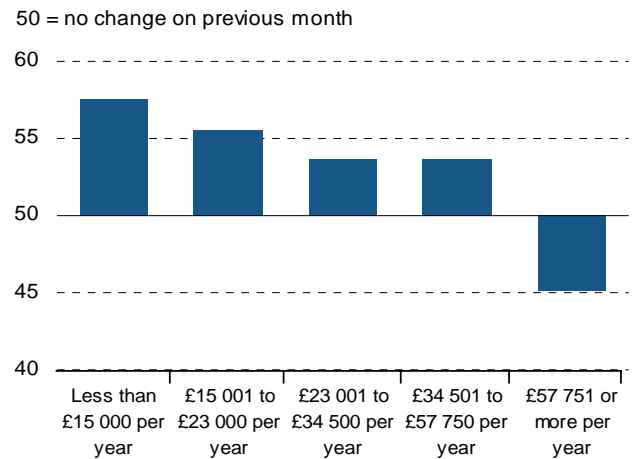
By region



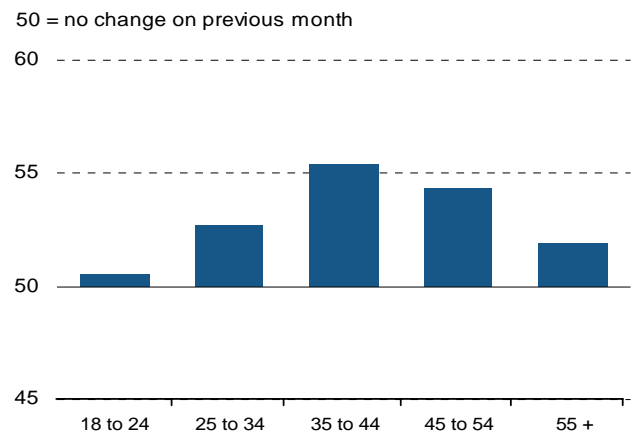
Need for unsecured loans

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

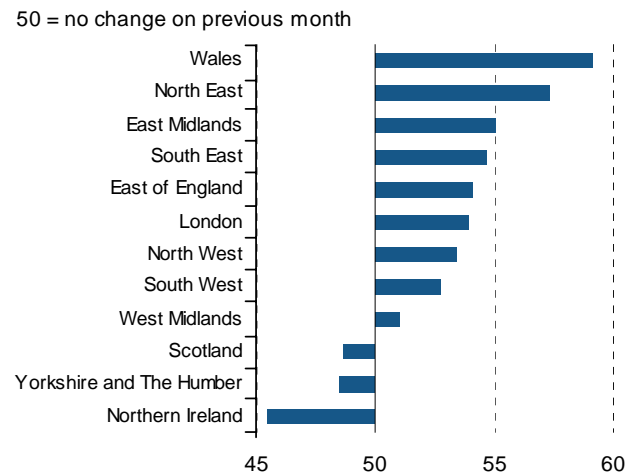
By income



By age



By region

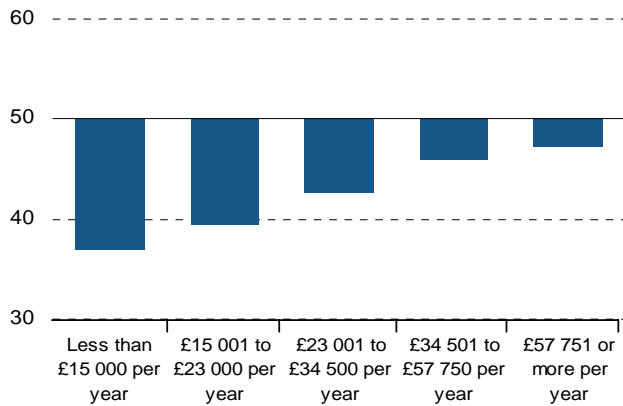


Availability of secured credit

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

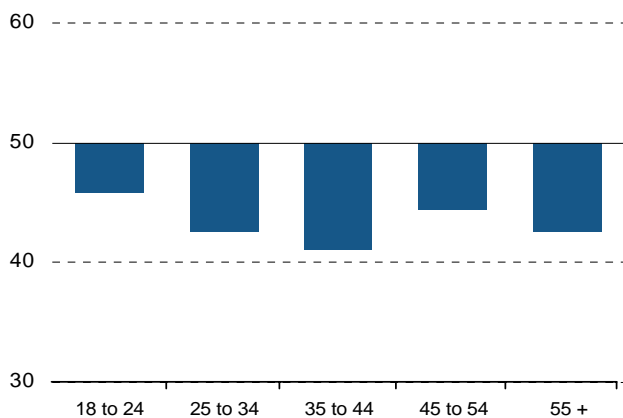
By income

50 = no change on previous month



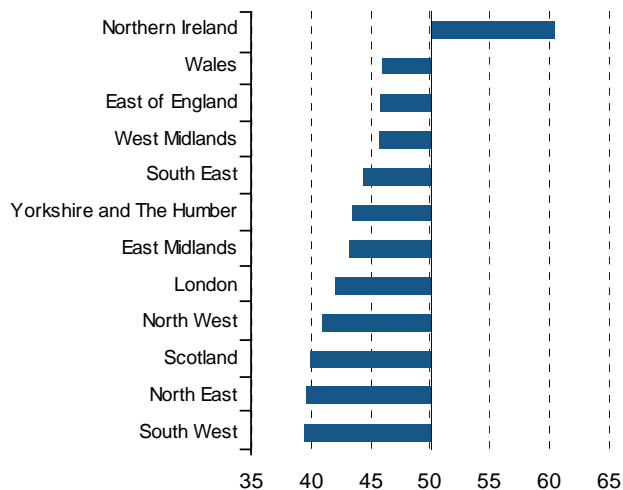
By age

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By region

50 = no change on previous month

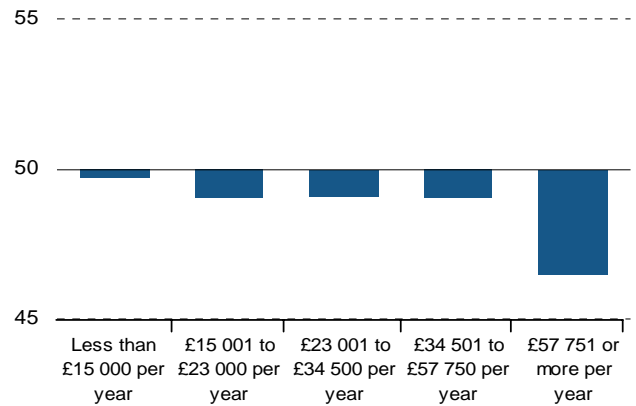


Need for secured loans

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

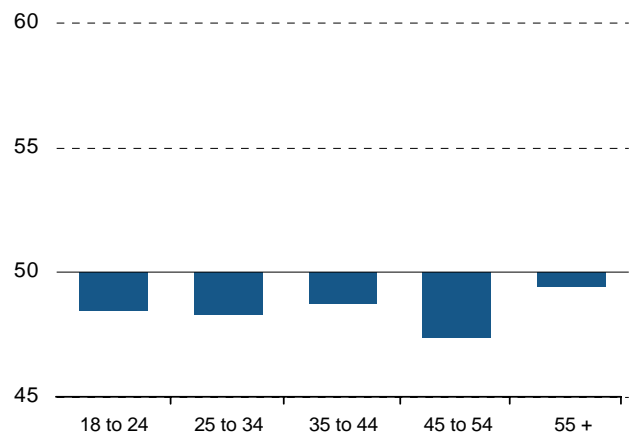
By income

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By age

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By region

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