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## Britain's debt binge: How the average family now owes £12,800 - a rise of 50 per cent in just ten years

- Average household owes almost £12,800 on credit cards, loans and car finance
- An investigation found that credit card lending has surged by 40 per cent
- And total debt is as high as £1.5trillion study by consumer campaigners found

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Britain's extraordinary debt binge since the financial crisis has been laid bare in a hard-hitting report.

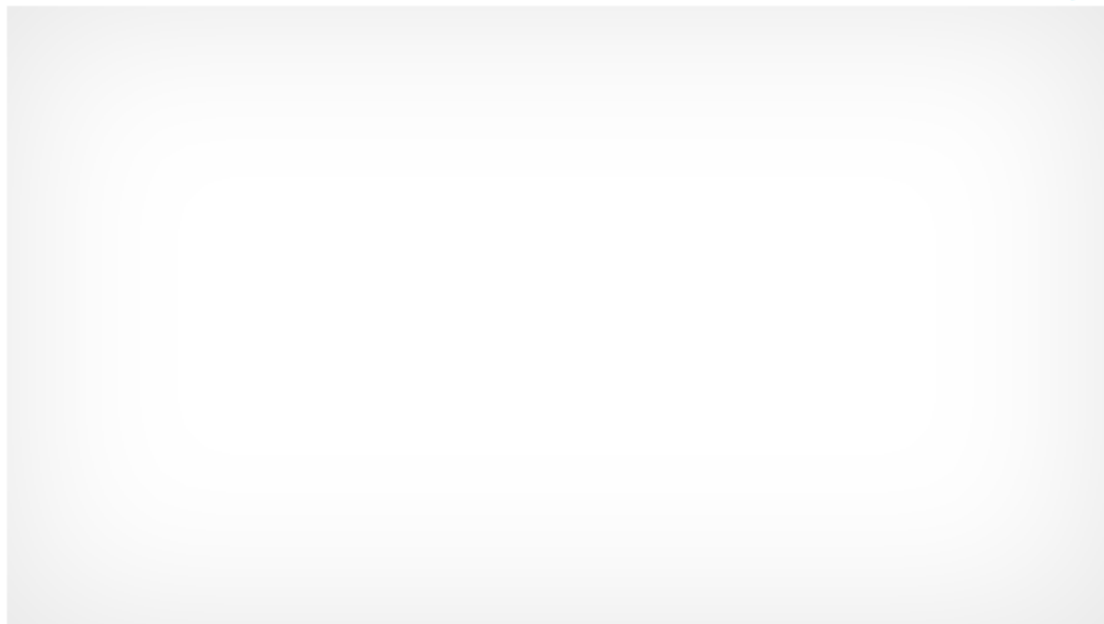
The average household owes almost £12,800 on credit cards, loans and car finance, according to official figures – up more than 50 per cent from 2009.

With **Christmas** spending under way, one of the UK's most prominent consumer

campaigners last night sounded the alarm over a new debt crisis. An investigation by Baroness Ros Altmann shows that over the past decade:

- Banks have hiked credit card rates to record highs, hitting 25.1 per cent on average;

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- Credit card lending has surged by 40 per cent to £72.3 billion;
- Adults are paying an average of nearly £1,000 a year in interest on their debts;
- Total debt owed by households – including mortgages – has risen to more than £1.5 trillion, or £64,007 per household. It came as HSBC revealed plans to more than double interest rates on overdrafts to just under 40 per cent.





**The average household owes a staggering £112,800 on credit cards, loans and car finance - up more than 50 per cent over the past decade. (Stock image)**

Borrowing fell in 2009, when households tightened their belts and banks became more wary about lending money.

But Baroness Altmann's report claimed that the UK 'may be recreating conditions that led to the financial crash ten years ago', with banks dishing out easy but expensive credit to customers.

Urging regulators to 'wake up to these dangers', the former pensions minister said: 'Regulators and policymakers should be seriously concerned about rising debt and falling financial resilience across the UK.'

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'Britain is suffering from a worrying increase in debt levels and the population is increasingly vulnerable to any economic shock.'

'The culture of savings has withered away, while the borrowing culture has grown alarmingly.'

'It is time for regulators and policymakers to wake up to the dangers of ever-rising debt.' The amount borrowed on credit cards has jumped by 40 per cent since 2009, according to the Bank of England. The outstanding balance has risen more than £20 billion from £51.6 billion to £72.3 billion as households borrow more rather than pay off their debt.



## Consumer campaigners have sounded the alarm on the spiralling debt situation in Britain

The report warned this was only likely to continue as banks tempt households to spend more on plastic, by offering unrequested increases in their credit limits while performing few checks on their ability to repay. Shops are also more aggressively promoting 'buy now pay later' store credit card schemes, while the amount borrowed on car finance deals has boomed.

According to the Office for National Statistics, the average household owed £12,766 on loans, car finance and credit cards.

This sum is up almost 53 per cent from £8,364 in 2009. When the mortgage is included, households owe just over £64,000 on average, up almost a fifth from just under £54,000 a decade ago. The debt binge has been a big money spinner for the banks which have ramped up interest rates to record highs, despite official interest rates. Bank of England figures show the average credit card rate has risen by a quarter from 16 per cent in 2016 to more than 20 per cent. But according to Moneyfacts, credit card rates have hit a record high of 25.1 per cent just in time for


Christmas. Over the past decade, the Bank of England base rate has risen from 0.5 per cent in 2009 to just 0.75 per cent today.

Rising interest rates and a surge in borrowing means the average adult now pays £963 a year in interest on their mortgage loans and credit cards, according to The Money Charity. Some will face much higher bills but many other Britons have no mortgage or card costs.

It said it acknowledged that debt was a 'necessary reality' for most people but it was 'always concerned by indications that too many people are taking on unmanageable or unsustainable debt'.

Peter Tutton, head of policy at StepChange Debt Charity, said: 'These sobering statistics reflect much of what we're seeing on the ground. A record 331,337 people contacted us for help between January and June this year, more than two thirds of whom have credit card debt.'

The Financial Conduct Authority said it had taken many steps to crack down on reckless lending and protect consumers, including introducing price caps for high-interest pay-day lenders. A spokesman said: 'We continue to monitor how the retail lending markets are serving their customers and will take action if we see further harm.'



**Baroness Ros Altman also found that adults are paying nearly £1,000 a year in interest**