



## NEWSLETTER

### Problem Debt costs UK economy £8.3bn



A national debt charity has warned that increasing levels of problem personal debt are putting an £8.3bn burden on state services annually.

The bulk of the figure consists of the costs of dealing with housing problems, mental health and job losses due to stress, often triggered by debt worries.

It is estimated that the government could save £3bn a year if it offered people more effective help. The Treasury commented that it had "taken a series of steps" to assist those in debt.

Problem debts are defined as those that people have taken out but cannot afford to repay the debt within the agreed terms.

The biggest portion of the burden was due to the cost of rehousing and increased housing benefit assistance after mortgage and rent payments become too much to handle, resulting in the loss of the home.

The next highest category related to employment. An estimated 2.3bn is paid by employers and authorities when someone takes time off work due to the stress of dealing with their debts as well as the benefits paid if these jobs are subsequently lost.

Other costs factored in included the cost of NHS Mental Health treatment, payments resulting from divorce and other relationship breakdowns and the cost of children being taken into care.

An estimated 2.9 million people in the UK have some form of problem debt.

There has also been a call for a government action plan on debt to assist people through times of money trouble, encourage more saving and support more free advice.

Joanna Elson, chief executive of the Money Advice Trust, which runs the National Debtline and was set up by government, said: "The human cost of this problem on people's health, relationships and quality of life simply cannot be calculated.

"Free advice provided at the earliest stage possible is the best way to limit the damage that unmanageable debt is causing, both to our lives and our economy."

Focus Insolvency Group echo these sentiments. Problem debt often causes life to be placed on hold so seeking advice at the earliest opportunity is essential when it comes to debt worries. The longer a problem debt is shouldered, the fewer options for resolution there often are.

### The Latest UK Personal Debt Statistics

- The average total debt per household including mortgages was £55,088 in August
- Total credit card debt in August 2014 was £57.6bn
- £162.6bn was the outstanding consumer credit debt at the end of August 2014
- Every 4 minutes 51 seconds someone is declared insolvent or bankrupt
- Citizens Advice Bureaux in England and Wales dealt with 6,405 new debt problems every working day during the year ending June 2014
- 479 a day drop in the number of long-term unemployed in the last year
- 1,000 people become redundant every day between May and July
- On average, a UK household spends £3.00 a day on water, electricity and gas
- £29,013 is the average first-time buyer deposit

Stats from The Money Charity

## Inflation falls to lowest level in 5 years

The UK inflation rate, as measured by the Consumer Price Index, fell to 1.2% in September from 1.5% the month, the lowest it's been in the past 5 years.

The news indicated that the Bank of England would now be in no real hurry to raise interest rates in the near future as had been expected only a few months ago.

There had been speculation that a rate rise may have occurred as soon as November. Many economists also suggested a rate rise could possibly be expected in February next year. Downward pressure now looks set to keep interest rates at their historic low of 0.5% until after the next general election at the very earliest.

Here are just a few reasons we should be your first choice for debt and cash flow problems

- Service – not only a great service, but an unrivalled one. Qualified and experienced staff with a 'can do' approach to getting the job done. A single point of contact for both introducer and client
- Cost Effective – higher targeted performance, free meetings and fewer costs
- Reciprocal Work – we believe in supporting those who support us and we do not compete
- Full range of financial, insolvency and restructuring solutions available
- Big enough to cope with the large jobs but small enough to care for everyone
- Experienced and qualified board of directors who care passionately about what we do and how we do it
- Focus Business Club – regular corporate events, newsletters, updates and blogs

Lower food and fuel and energy prices have helped to cut the rate of inflation dramatically as the supermarket wars continue to rage. The increased pressure on supermarkets to match prices and compete with their low cost rivals is likely assist in keeping inflation down in the coming months.

A survey by the British Retail Consortium (BCR) also reported yesterday that retail sales were at their lowest level for 6 years stating that the warmer weather had put a hold on people's purchase of seasonal goods.

Despite the fall in inflation average incomes are struggling to keep up. Last month's official ONS figures stated that average earning including bonuses in the May to July period rose by just 0.7% from earlier in the year.

## Focus complete Helvellyn Trek for Derian House

Staff from Focus Insolvency Group have raised over £800 in aid of local charity [Derian House Children's Hospice](#) by successfully scaling Helvellyn, and the total is still climbing.

Nine members of staff took part in a trek up Helvellyn on Saturday 20 September, the highest point in the eastern fells of the Lake District at 3,117 feet above sea level and the third highest peak in the whole of England.

Focus Insolvency Group are delighted to repeat the success of past charity events for the hospice including competing in the Bupa Great Manchester run and the X-runner mud run and obstacle course in previous years.

Anthony Fisher, Managing Director of Focus Insolvency Group commented on the success, "It was hard going on the trek, certainly harder than I thought it was going to be but all the team made it and got some good photos as proof. It was an enjoyable day and the team stayed over in nearby Keswick for some well-deserved drinks that night!"

If you would like to support the team in our bid to raise money for Derian House Children's Hospice you can donate by visiting our [Just Giving page](#) or you can get in touch direct on 01257 251319 for other ways to donate.



## Contact Focus Insolvency Group

If any of your clients have been affected by the stories in our newsletter or need advice on any other matters, please feel free to contact us on 01257 257030 or email [a.fisher@focusinsolvencygroup.co.uk](mailto:a.fisher@focusinsolvencygroup.co.uk)

**"We pride ourselves on being the experts of choice for anyone struggling in business or with debt."**

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