

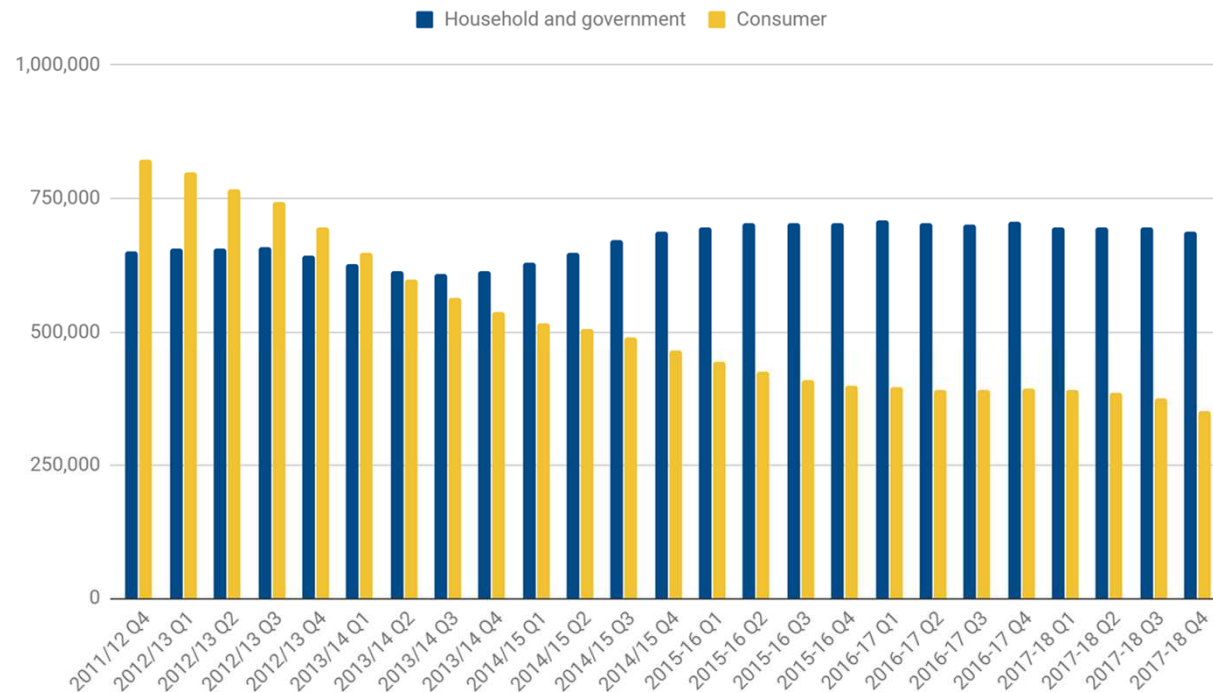
Hidden debt in household surveys



Joe Lane & Lutfor Rahman

Introduction - household bill debts have overtaken consumer credit issues

Total number of problems Citizens Advice helped people with by debt type over time (12 month rolling average, 2011-2018)



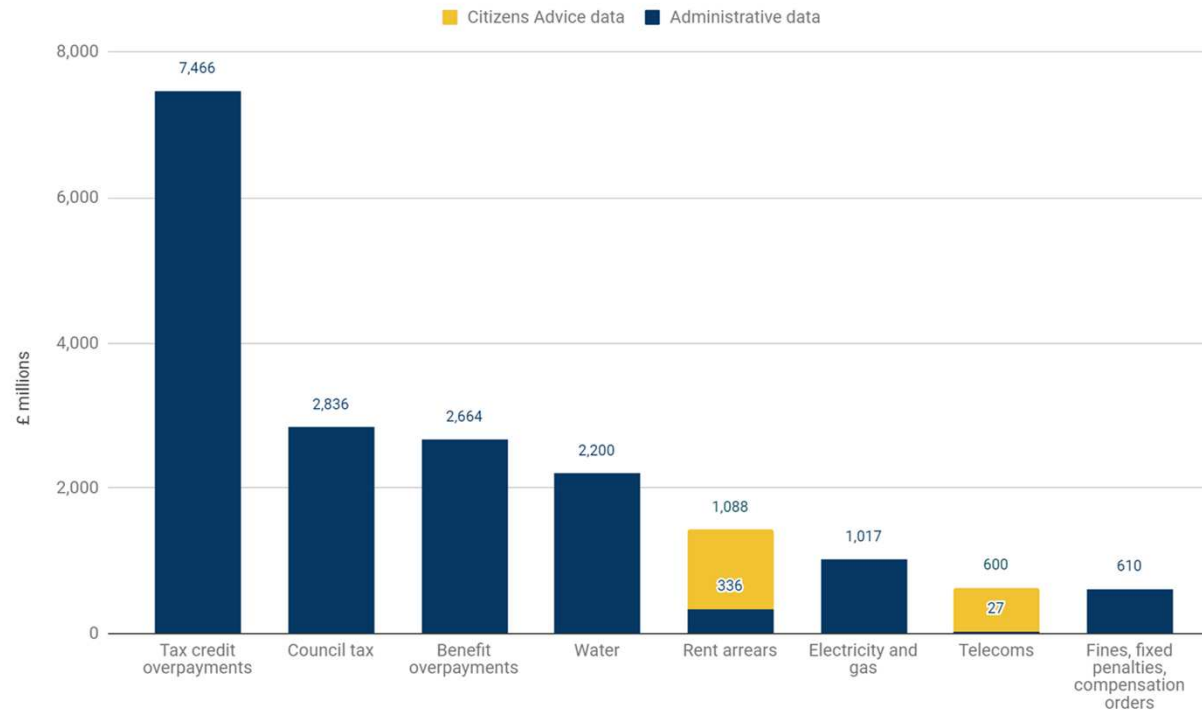
Introduction - measuring arrears is important

Number and proportion of debt problems related to the collection of debts by debt type (2017/18)



Introduction - the amount of household bill debt is poorly measured

Total household debt by debt type (2016-17)



Methodology

Data Sources:

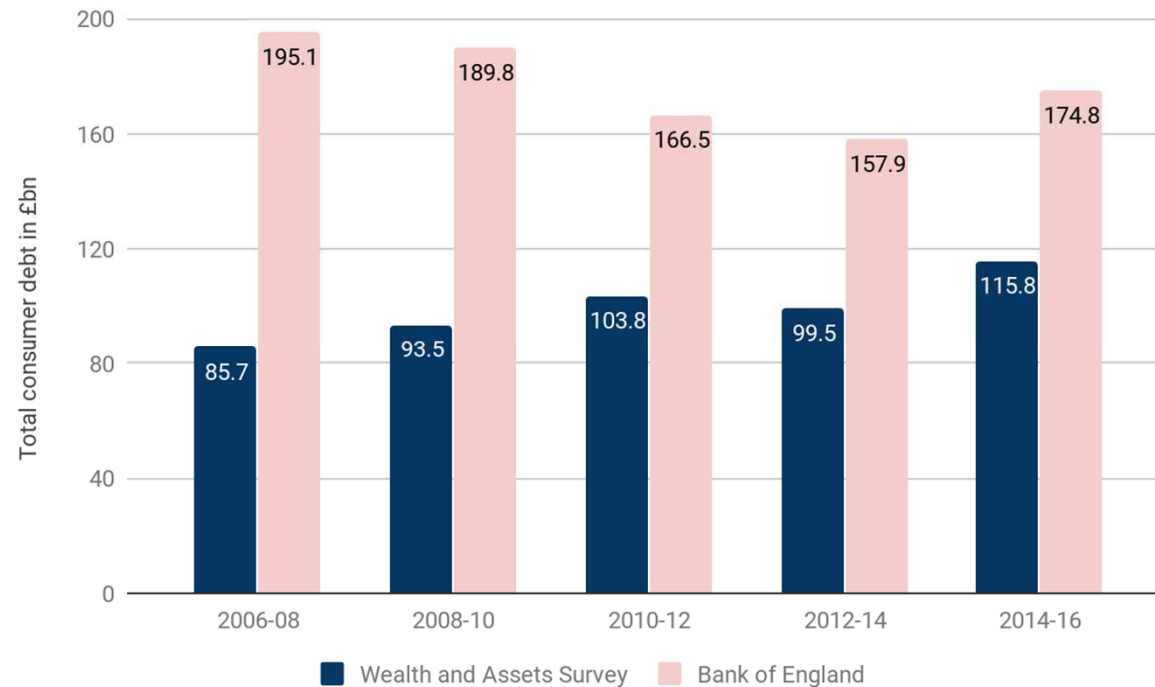
- Wealth and Assets Survey
- Family Resources Survey
- Bank of England
- Citizens Advice data
- Administrative data

Comparison:

- Unsecured debt recorded WAS and BoE
- Household debt arrears recorded in WAS and Administrative Data
- Council Tax arrears and Administrative Data
- Estimated population in arrears

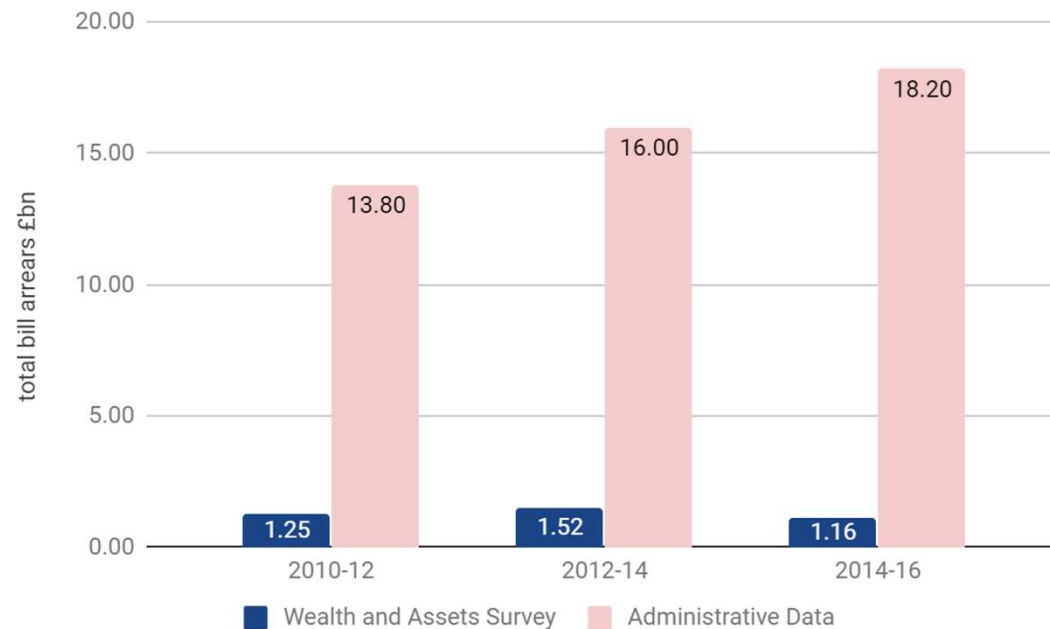
WAS undercounts consumer debt

comparison of WAS and BoE consumer debt over the years



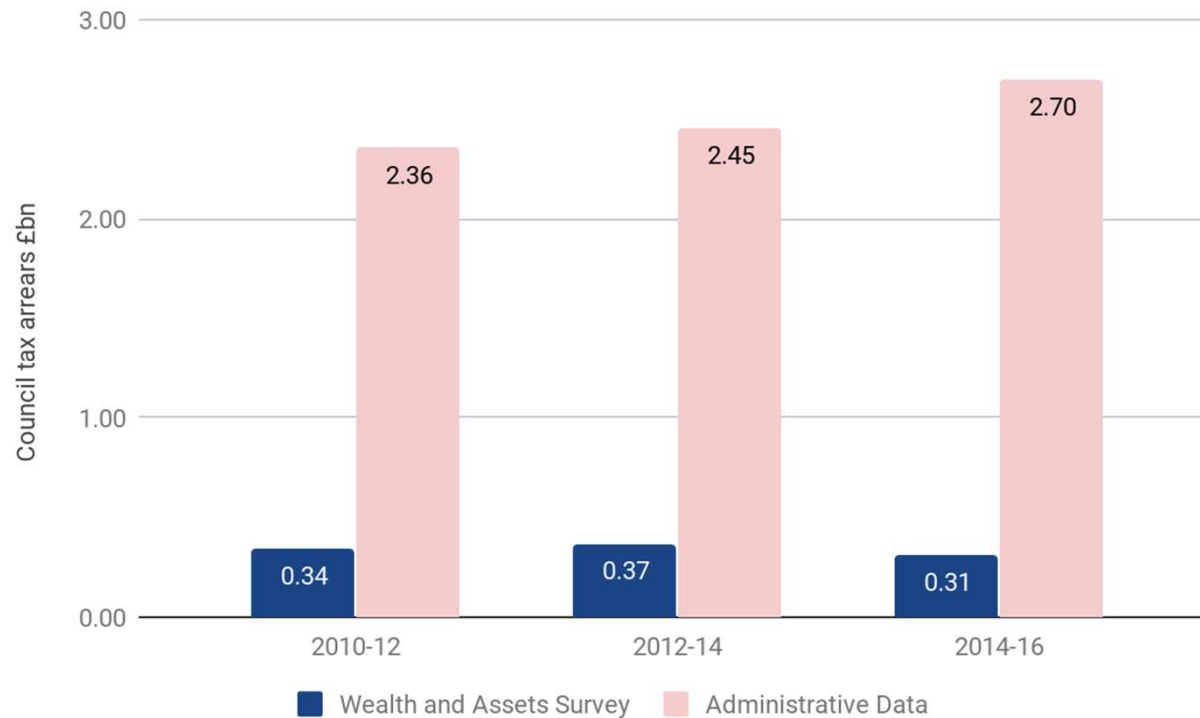
WAS under-estimated household bill arrears

.....comparison of WAS and administrative data on overall household bill arrears



Under-estimating Council tax arrears

..... WAS and administrative data on council tax arrears



Why does WAS underestimate arrears

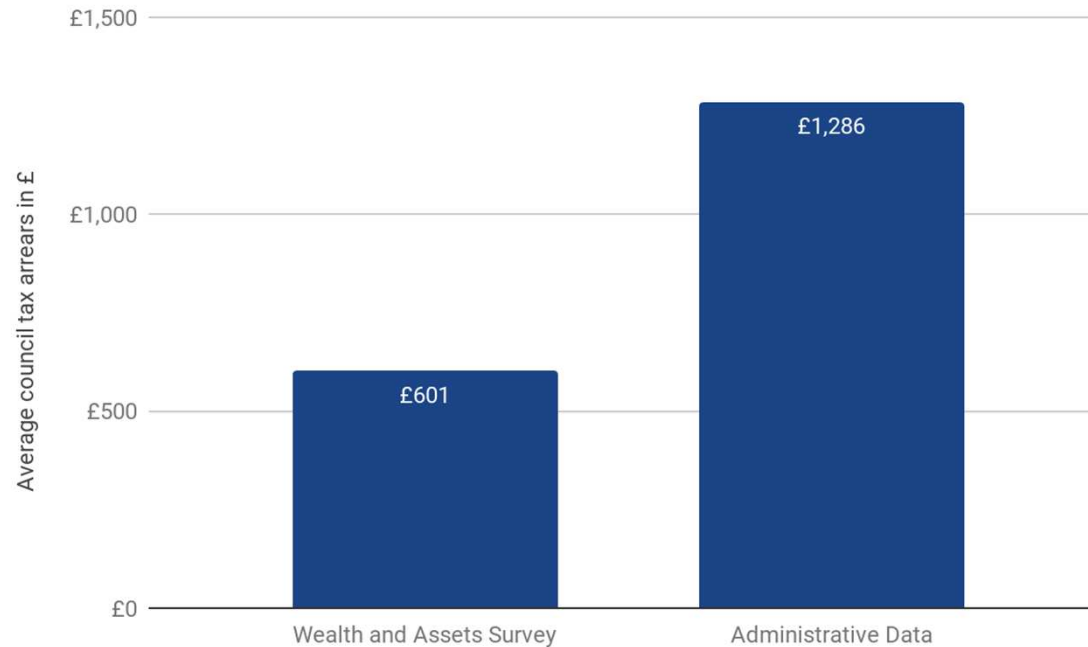
There are two reasons:

1. People underestimate the level of arrears they're in

1. People don't say they're in arrears

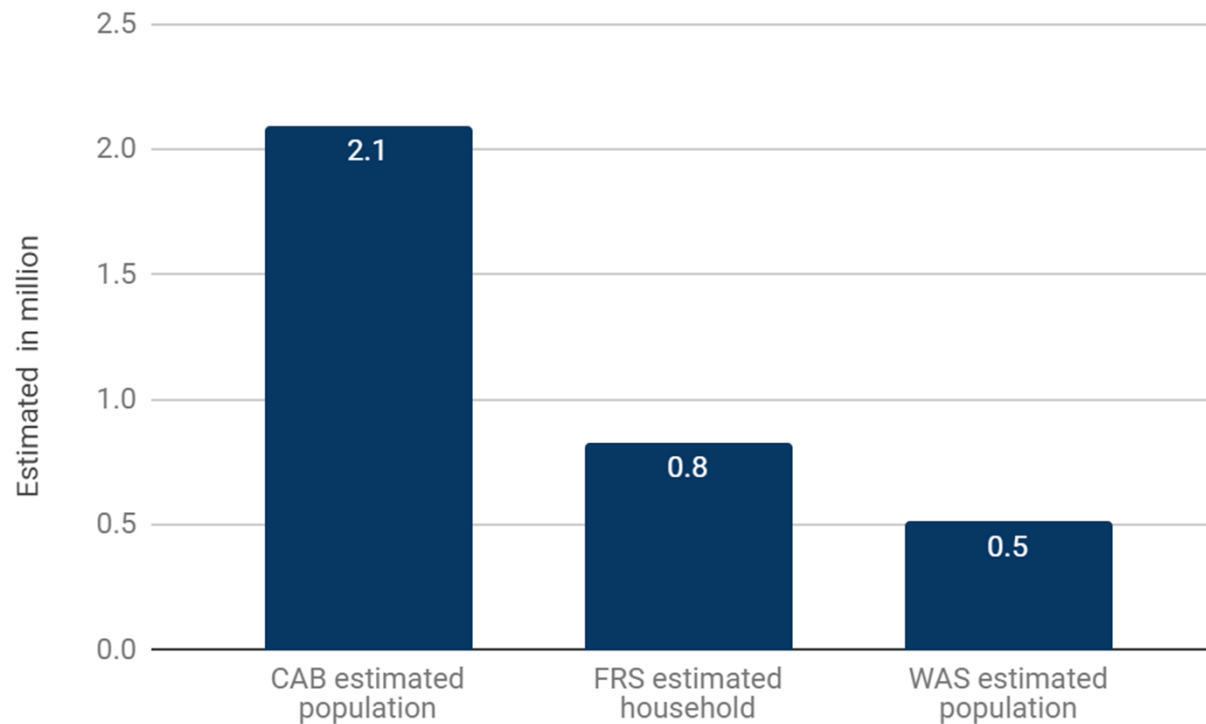
1. People underestimate the level of arrears they're in

...WAS estimate of council tax arrears and administrative data



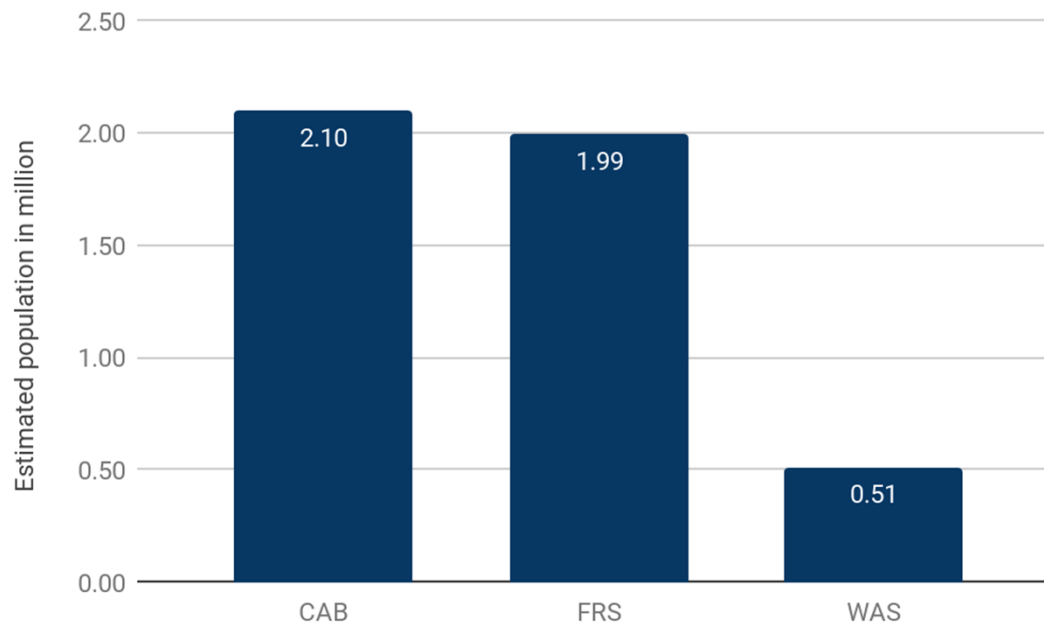
2. People don't say they're in arrears

...different survey estimates of council tax arrears and administrative data



... FRS has a better estimate of people

Comparison of surveys and Citizens Advice estimates of people in arrears



Conclusion

- Household bill debt is a common cause of financial difficulty
- Household surveys don't measure the level of arrears well
- FRS does a good job if we assume everyone in a *family** is in arrears
- Quantifying the amount in the FRS would be a good step - but
would still underestimate the total level

Thank you

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