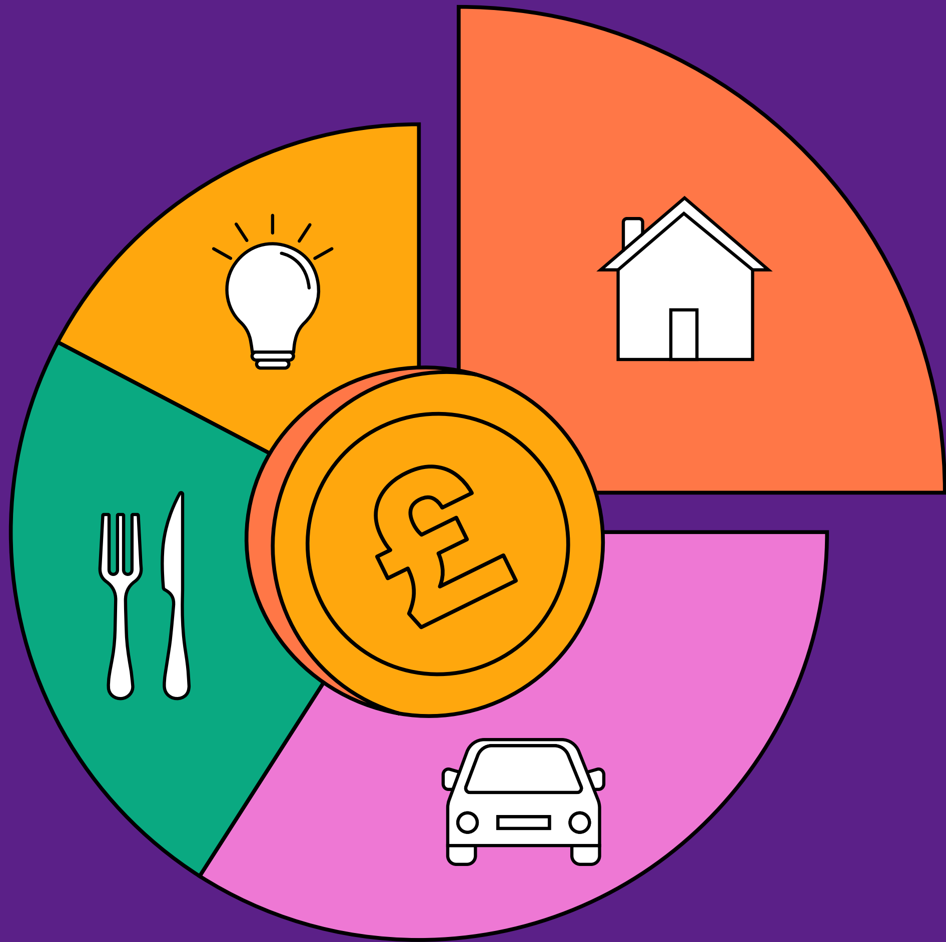
Scotland in the Red

A look at personal debt statistics in Scotland in 2024



StepChange Debt Charity Scotland

January – December 2024

Summary

Households in Scotland have been living under significant financial pressure for several years, enduring a global pandemic, cost of living crisis, and high inflation, interest rates and energy prices.

With inflation down from its peak, and incomes rising, there may be a desire to finally turn the page on the cost of living crisis. Our client data for 2024, however, tells a different story, with alarming rises in debt, record arrears on household bills, and the cost of living still the main cause of financial hardship.

Increasing numbers of clients came to StepChange Scotland for help with their problem debt in 2024. More than a quarter of our clients had less money coming in than they needed to meet their essential costs, and seven in ten had fallen behind on their bills. Average arrears jumped by a shocking 65% in 12 months, with clients falling further behind on mortgage, rent, council tax and energy bills. The average StepChange Scotland client owed over £5k in overdue household bills – with the average client owing almost £2.5k in energy arrears alone.

The majority of our clients continued to face additional vulnerabilities, over and above their financial difficulties, and mental health issues were the most common concern. We know that debt does not affect everyone equally, and our data shows that vulnerable clients were particularly exposed to financial hardship and were more likely to have a negative budget and be in arrears with their household bills.

Our report exposes a growing debt problem in Scotland. More affluent people were encountering hardship, and those who were already struggling were left further behind. Years of cumulative household financial pressure materialised as unsustainable levels of debt and arrears.

With households across Scotland braced for further rises to their energy and council tax bills in 2025, the need for free, expert debt advice has never been more urgent.

Methodology

In 2024, StepChange Scotland helped over 40,000 Scottish clients, online and over the phone, or through a combination of both channels.

The statistics in this document are based on 9,749 first-time clients who completed a full debt advice session between January and December 2024.

Figures were rounded to the nearest whole numbers and, as a result, some may not correspond with the sum of their individual figures or add up to 100%.

In 'Scotland in the Red 2023'[1] we implemented a methodological change to include only first-time advised clients, whereas reports in previous years had included the most recent debt advice session for re-advised clients. This report mostly draws comparisons between our client data for 2024 and 2023, which have been captured according to the same methodology. Where reference is made to data from previous years, this is for the indicative purpose of discussing longer-term trends and are not directly comparable.

A full debt advice session is defined as a client completing StepChange's advice process, by providing details about their budgeting, debts and arrears, and receiving a debt solution recommendation at the end.

[1] https://www.stepchange.org/policy-and-research/personal-debt-statistics-in-the-uk/scotland-in-the-red-2023.aspx

Key Findings

9,749 clients completed a first-time debt advice session in 2024 – a 5% increase on 2023.

68% of all clients are in arrears on their household bills.

65% increase in average arrears since 2023.

The average client owes £2,431 in energy arrears.

Average unsecured debt is £16,991.

One in five clients (20%) cited the cost of living as the reason for their debt.

The majority of clients (53%) have an additional vulnerability.

Three-fifths (59%) of our clients are employed, and more than two in five (42%) work full-time.

28% of clients are in a negative budget, and it's even worse (31%) for clients with an additional vulnerability.

Clients in receipt of Universal Credit have an average surplus of just £6 a month.

70% increase in vulnerable clients citing ill health and disability as reason for debt.

One in four (24%) clients are single parents.

New clients

As problem debt continues to grow, we are seeing increased demand for our services in Scotland. In 2024 we saw a 5% increase in new first-time clients completing a full debt advice session, compared to 2023.

We continue to support a majority of clients with an additional vulnerability, over and above their financial concerns. We saw a three percentage point decline in vulnerable clients compared to the high of 2023, however, at 53%, the level remains high and in line with the five-year average. **You can find a detailed information about our vulnerable clients on page 17.**

The increase in clients in 2024 is predominantly driven by people who would not otherwise have considered themselves vulnerable but who are now experiencing financial hardship.

Total number of new clients		
Year	**Clients**	**% of Vulnerable clients**
2024	**9,749**	**53%**
2023	9,285	56%
2022	9,447	54%
2021	9,058	54%
2020	6,443	48%

Location

Client location by local authority				
	Local authority	Client %	Average unsecured balance	Average arrears balance
	Unassigned[2]	22.7%	£19,213	£2,865
1	Glasgow City	11.5%	£14,343	£3,164
2	North Lanarkshire	6.3%	£17,081	£4,137
3	Fife	5.6%	£16,368	£3,253
4	City of Edinburgh	5.3%	£14,341	£3,516
5	South Lanarkshire	5.3%	£15,873	£3,774
6	Aberdeen City	3.1%	£17,686	£4,002
7	Aberdeenshire	3.0%	£23,771	£4,331
8	West Lothian	3.0%	£16,764	£3,272
9	Highland	2.7%	£18,181	£3,938
10	Renfrewshire	2.7%	£15,488	£2,706
11	North Ayrshire	2.5%	£14,761	£3,830
12	Falkirk	2.2%	£21,382	£4,016
13	Dumfries and Galloway	2.1%	£19,358	£5,331
14	East Ayrshire	2.0%	£17,392	£3,351
15	Dundee City	1.9%	£17,053	£3,696
16	East Lothian	1.8%	£17,042	£12,491

Client location by local authority				
	Local authority	Client %	Average unsecured balance	Average arrears balance
17	West Dunbartonshire	1.7%	£14,037	£3,845
18	South Ayrshire	1.6%	£15,680	£4,486
19	Scottish Borders	1.6%	£13,992	£2,611
20	Perth and Kinross	1.5%	£15,832	£2,468
21	Angus	1.5%	£17,234	£3,083
22	Midlothian	1.3%	£17,879	£2,762
23	Inverclyde	1.3%	£14,360	£2,562
24	Moray	1.2%	£16,626	£3,602
25	Argyll and Bute	1.2%	£21,274	£4,913
26	East Dunbartonshire	0.9%	£20,050	£5,846
27	Stirling	0.9%	£17,576	£2,799
28	Clackmannanshire	0.8%	£17,711	£3,444
29	East Renfrewshire	0.6%	£17,990	£2,329
30	Na h-Eileanan Siar	0.1%	£20,252	£2,325
31	Shetland Islands	0.1%	£10,680	£3,110
32	Orkney Islands	0.1%	£17,213	£2,533

[2] Clients who do not disclose their postcode, but that they are resident in Scotland during their first advice session

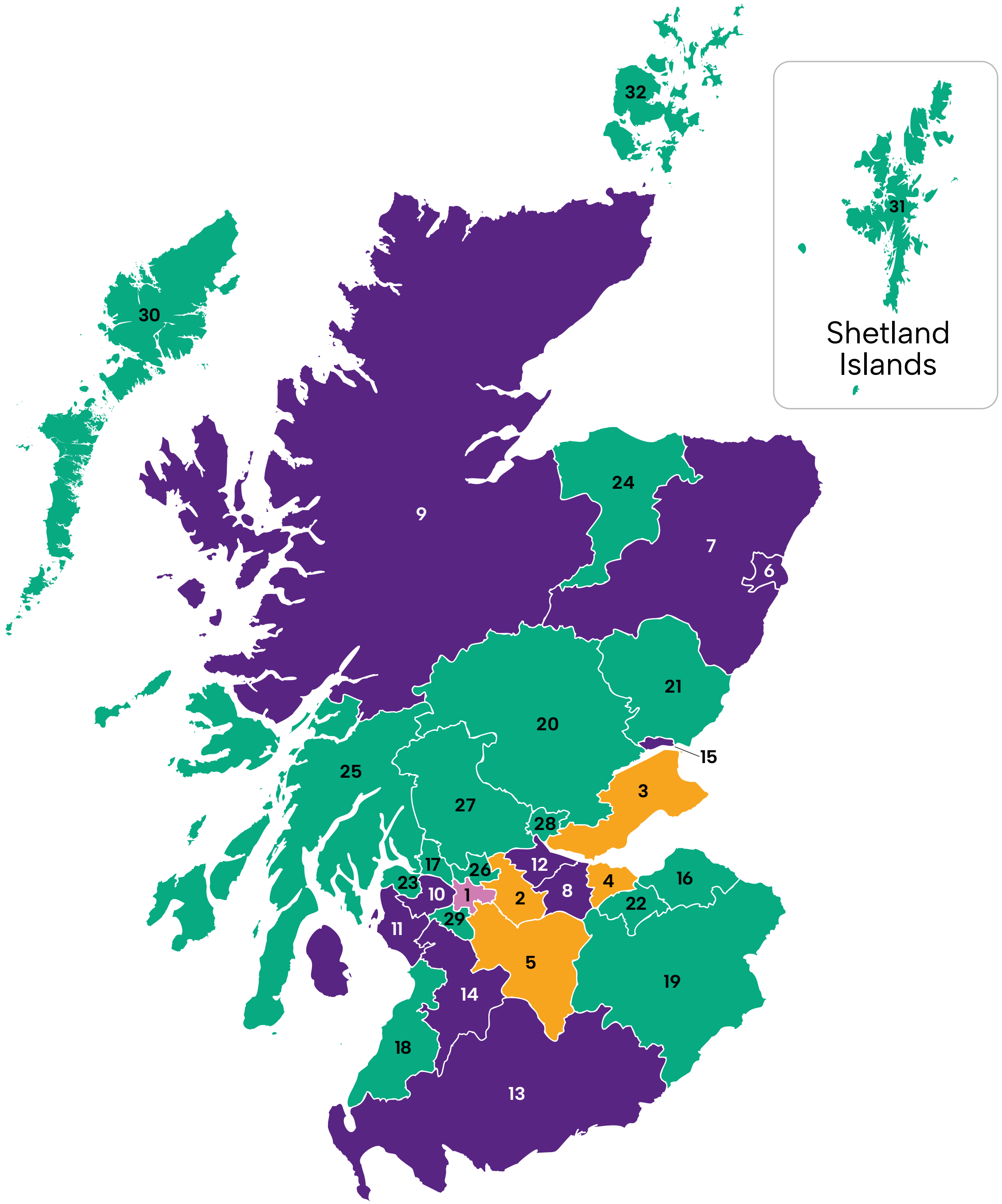
StepChange helps clients from every corner of Scotland to take control of their finances and become debt free. We have clients in every local authority and every Scottish and UK parliamentary constituency.

We have a dedicated team of over 60 advisers based in our Glasgow office, providing advice over the phone and online, and delivering personalised action plans reflecting distinct Scottish debt solutions– such as the Debt Arrangement Scheme, Minimal Asset Process and Sequestration. Our specialist welfare advisers help ensure that clients receive all the financial support to which they're entitled, and our advocacy team helps to identify and support clients with additional vulnerabilities.

In 2024, Glasgow continued to be the source of highest demand for our services, followed by North Lanarkshire. In 2023, Fife rose marginally above North Lanarkshire in the ranking, but these authorities swapped back last year. Aberdeenshire had the highest average unsecured debt balance among our clients, at £23,771 each.

We are seeing debt and arrears levels increasing across Scotland and we know that every household in every kind of area can find themselves susceptible to problem debt.

All data contained in Scotland in the Red 2024 can be filtered by UK and Scottish parliamentary constituency and by Local Authority.



% StepChange clients in each local authority area
(region number references in table on page 6)

0–1% 2–3% 4–5% 6+%

Reasons for debt

Percentage of clients by reason for debt								
Year	**Cost of living**	**Lack of control over finances**	**Unemployment or redundancy**	**Injury or health Issue**	**Reduced income/ reduced benefits**	**Needs credit to cover living expenses**	**Seperated/ divorce**	**Other**
2024	**20%**	**18%**	**13%**	**10%**	**10%**	**7%**	**5%**	**17%**
2023	25%	17%	11%	10%	9%	7%	5%	16%
2022	23%	20%	12%	9%	10%	7%	5%	14%
2021	11%	21%	14%	10%	13%	7%	6%	18%
2020	–	18%	17%	11%	16%	7%	7%	24%

At 20%, the cost of living crisis was the most common reason cited by our clients for their debt problems. This was down from a high of 25% in 2023 and 23% in 2022, however, with one in five clients affected, it remained a significant concern.

The next most common reason, cited by one in six clients (18%), related to a 'lack of control over finances' and was up one percentage point from 2023. Our client insights report 'In work. But still in debt' found that this encompassed a whole host of reasons, such as budgeting challenges, existing debts, low and unpredictable incomes, health related issues, family relations, and wider governmental and economic factors[3].

Significant life events such as, employment change, redundancy, separation or divorce, and one-off unexpected events, among others[4], were cited by 40% of clients as the principal cause for their debt in 2024.

17% of vulnerable clients cited injury or health issue as the main reason for their debt, rising from 10% in 2023 – a 70% increase.

For clients with a negative budget, the most common reason for their debt was unemployment or redundancy – at 21%.

Households with children were more likely to be struggling with the cost of living, with one in four (24%) saying this was the main cause of their debt.

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[3] https://www.stepchange.org/policy-and-research/in-work-but-still-in-debt.aspx
[4] Significant life events include unemployment or redundancy, injury or health issue, separation or divorce, unexpected one-off expense, pregnancy or childbirth, bereavement, gambling, drugs or alcohol

Income, expenditure and budgets

There was some positive news for struggling households in 2024, with the average net monthly income of our clients rising by 9%, or £149. The average client budget surplus also increased by £30 – a significant 24% increase.

This reverses the reductions seen since 2022 and means a return to the budget levels seen in 2020 and 2021. Our clients' average monthly expenditure also increased but at a lower rate of 6% - rising by £89 to £1,647.

These trends may reflect the changing demographics of our clients. In 2024 the charity advised more clients who were in full-time employment, and more men sought debt advice. These groups typically have higher incomes as highlighted in our 'In work. But still in debt'[5] and 'Bearing the burden: Unravelling women's debt dilemma'[6] insight reports.

The share of clients in a negative budget also fell by three percentage points to 28% from last years' peak of 31%. While any decrease is welcome, the overall level remained high with more than one in four clients having essential monthly expenditure in excess of their income.

For clients in a negative budget scenario, the average monthly shortfall rose by 8% to £451 – meaning deficits had grown by a third in two years. The shortfall is driven almost entirely by lower than average income, rather than higher expenditure. Negative budget clients had on average £731 less coming in each month than clients with a surplus budget.

Clients in receipt of Universal Credit had an average surplus of just £6 a month – and 38% had a negative budget.

40% of clients in a negative budget were in employment.

Vulnerable clients were more likely to be in a negative budget (31%), have a lower average income at £1,703 and a lower monthly budget at £92.

Average client income and expenditure balance

Year	Average monthly income	Average budget	Average expenditure	Negative budget	Average deficit budget
2024	**£1,828**	**£156.00**	**£1,647**	**28%**	**-£451**
2023	£1,679	£126.00	£1,558	31%	-£417
2022	£1,543	£139.00	£1,411	27%	-£338
2021	£1,397	£153.00	£1,280	27%	-
2020	£1,355	£152.00	£1,232	28%	-

[5] https://www.stepchange.org/policy-and-research/in-work-but-still-in-debt.aspx
[6] https://www.stepchange.org/policy-and-research/women-and-debt.aspx

Unsecured debts and arrears

Despite some positive news around client income, 2024 saw big increases in our clients' levels of debt and arrears. The average total unsecured debt grew by £654 (4%) to £16,991, on the same average number of debts as in 2023. This continues the trend of debt levels increasing in each of the last five years, including a significant jump in 2022, and totals are now up 45% since 2020.

68% of all clients were behind on their bills in 2024– and we saw a striking 65% increase in average arrears which increased by £2,046 to £5,193 per client. These figures are unsustainable – the level of arrears has more than doubled in just five years.

The situation was even more stark for vulnerable clients, more of whom (74%) were in arrears, and further behind (£5,425) on their bills.

85% of universal credit claimants were in arrears to an average of £4,936 each.

Single parents were more likely to be in arrears – with four in five (79%) behind on their bills.

A majority (52%) of full-time employed clients, with surplus budgets, were behind on their bills – owing an average of £4,646 in arrears.

Debt Definitions

Debt and arrears are similar terms but don't mean exactly the same thing. When we talk about debt we mean the money that a client owes – this can include things like credit cards, personal loans and so on. An unsecured debt is money owed which isn't attached to something like a house – so doesn't include mortgages. When a client has arrears this is also money they owe, but it specifically means missed payments and overdue bills.

Average client debts and arrears balances

Year	Average unsecured debts & arrears	Average unsecured debts	Average arrears	Number of debts
2024	**£18,316**	**£16,991**	**£5,193**	**6**
2023	£17,633	£16,337	£3,147	6
2022	£17,834	£16,174	£2,920	6
2021	£14,469	£12,730	£2,961	5
2020	£14,566	£11,712	£2,302	6

Employment

An increased majority of StepChange Scotland's clients were employed, and they were by far most likely to be working full-time.

2024 saw increases in the share of clients in both full and part-time employment, and overall three in five (59%) of our clients were in employment[7]. These increases were mirrored for vulnerable clients, but this group continued to experience an employment gap with only 46% in employment, of which just 31% worked full-time.

StepChange's 'In work. But still in debt' report showed that, for too many, work is not an effective defence against the high cost of living, and that problem debt and financial hardship continue to affect many in full-time employment[8].

18% of clients were unable to work due to ill health or disability. This increases to 31% of vulnerable clients and 33% of those who claim Universal Credit.

The number of retired clients has decreased by 40% since 2020, reflecting an ongoing trend towards younger clients. **See page 13 for discussion of client age.**

Percentage of clients by employment status

Year	2024	2023	2022	2021	2020
Full-time	**42%**	41%	40%	39%	38%
Part-time	**15%**	14%	14%	14%	13%
Full-time carer	**3%**	3%	3%	2%	2%
Zero hours	**2%**	2%	2%	2%	2%
Retired	**3%**	4%	4%	4%	5%
Student	**2%**	3%	3%	3%	3%
Unemployed/ jobseeker[9]	**15%**	15%	16%	35%	36%
Unfit for work	**18%**	18%	19%	–	–

62% of clients in receipt of disability benefits[10] were unable to work due to ill health or disability.

Single parents were far less likely to be in full-time employment (27%) but much more likely to work part-time (24%).

Men were far more likely to work full-time (54% compared to 35% of women) and women were disproportionately employed in part-time positions (20% compared to 6% of men).

[7] Including full-time, part-time and zero-hour contracts
[8] https://www.stepchange.org/policy-and-research/in-work-but-still-in-debt.aspx
[9] 2020 and 2021 figures for clients who are unemployed/jobseekers include those who are unfit for work as separate data not available
[10] DLA, PIP, Attendance Allowance, Adult Disability Payment

Social security

Percentage of clients by benefit type					
Year	2024	2023	2022	2021	2020
Any benefit (inc. Child Benefit)	**55%**	54%	54%	–	–
Child Benefit	**26%**	27%	28%	26%	25%
Child Tax Credit	**3%**	4%	6%	6%	7%
Disability Benefits[11]	**17%**	17%	17%	15%	13%
Employment Support Allowance (ESA)	**7%**	8%	9%	8%	8%
Housing Benefit	**7%**	8%	8%	8%	6%
Income Support (IS)	**<1%**	1%	1%	1%	2%
Jobseeker's Allowance (JSA)	**<1%**	<1%	<1%	1%	1%
Universal Credit (UC)	**35%**	32%	26%	28%	27%
Working Tax Credit	**<1%**	1%	2%	2%	2%

There was a three percentage point increase in clients claiming Universal Credit – up to 35%. This coincides with declines in clients claiming JSA, ESA, IS[12], Housing Benefit, and Tax Credits, reflecting the DWP's ongoing managed migration of claimants from these legacy benefits to Universal Credit.

When Child Benefit, which is not means-tested, is excluded 28% of clients claimed at least one other benefit. On average, this group was left with a deficit of £-9 a month to live on after paying their essential bills.

The share of clients receiving disability benefits remained high at 17%, up by around a third compared to 2020 levels. Among vulnerable clients, this trend was even more pronounced, increasing from 20% to 28% in those five years.

73% of clients claiming UC were women, 58% had children, and 45% were single parents.

More than half (54%) of clients claiming disability benefits also claimed Universal Credit.

83% of clients claiming disability benefits were in arrears – to an average of £5,317.

[11] Includes DLA, PIP, Attendance Allowance, Adult Disability Payment
[12] Jobseekers Allowance, Employment Support Allowance and Income Support

Age

Percentage of clients by age group					
Year	**Under 25**	**25-39**	**40-59**	**60 plus**	**Average age**
2024	**10%**	**45%**	**37%**	**8%**	**40**
2023	11%	44%	36%	9%	40
2022	10%	45%	36%	9%	40
2021	11%	44%	36%	9%	40
2020	13%	43%	36%	9%	40

The average age of our clients remained at 40 in 2024 and the distribution across age groups has remained relatively stable since 2020 - with a slight concentration in the mid-range between 25-59.

Over the longer-term we have seen a sustained shift towards younger clients. In 2014, fewer than two fifths of clients were under 40 (39%); by 2024 this had risen to more than half (55%). In 2014 our most common clients were aged 40-59 (48%); a decade later clients were by a distance most likely to be aged 25-39 (45%). The share of clients aged over 60 has fallen from 13% to 8% over this same period. StepChange's 'Debt's early grip'[13] report details the challenges which are driving debt problems among younger people.

Under 25:

- Least likely to identify as vulnerable (46%) or to claim any social security (41%).
- Below average income (£1,329) and outgoings (£1,116), leaving a higher surplus of £182 per month.
- Far lower debts (£6,990) and arrears (£2,852).

25-39:

- Average income of £1,921 with the highest surplus of any age group - £199.
- Highest employment rate with 66% in employment and 47% working full-time.
- Average debt of £16,050 – an increase of almost £10k from the under 25s.

40-59:

- Highest average income at £1,933 per month, but higher expenditure of £1,791, leaves a well-below average surplus of just £115.
- Most likely to have a mortgage (24%) – with average mortgage arrears of £7,367.
- Largest average unsecured debts at £21,114, and arrears at £6,456.

60 and over:

- Most likely to have a negative budget (32%) or to be vulnerable (64%).
- Most likely to claim any benefits excluding Child Benefit (56%), but least likely to claim Universal Credit (24%), and one in three (33%) receive disability benefits.
- Average income of £1,464 is well below the level for all clients, and those aged over 60 had by far the lowest surplus at just £70 per month.

[13] https://www.stepchange.org/policy-and-research/challenges-facing-young-adults.aspx

Gender

StepChange has always supported more women than men. In 2023 we published our 'Bearing the burden' report which detailed the specific debt issues facing our female clients[14].

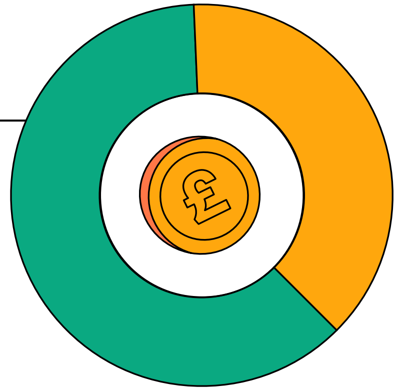
While the figures narrowed slightly last year, the long-term trend over the last decade has been a widening gender gap. In 2014, 56% of clients identified as female and 44% male, by last year this had widened to 62% and 38% respectively.

Women were more likely to identify as having an additional vulnerability (58% compared to 51% of men), which resulted in an even wider gender gap among vulnerable clients – where 65% were female and 35% were male.

The gender gap was least pronounced in clients aged over 60, where 53% were female and 47% male. The gap was widest among under 25s, with 64% of clients identifying as female, 35% as male, and 1% as another gender identity.

Percentage of clients by gender

Year	Female	Male	Other
2024	**62%**	**38%**	<1%
2023	63%	37%	<1%
2022	61%	39%	<1%
2021	60%	39%	<1%
2020	58%	41%	<1%



More women (21%) said the cost of living was the main reason for their debt – compared to men (15%).

While most of our clients were women, they tended to have far lower levels of debt (£15,318) compared to men (£19,885).

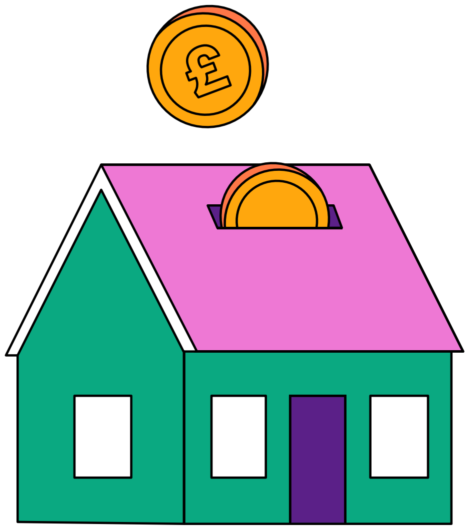
Female clients were three times as likely to be single parents (33%) compared to men (11%).

65% of women claimed at least one benefit, compared to just 39% of men. When Child Benefit is excluded, the trend is reversed with men more likely to claim social security (31%) compared to women (25%).

[14] https://www.stepchange.org/policy-and-research/women-and-debt.aspx

Housing tenure

Percentage of clients by housing type						
Year	**Mortgage**	**Own outright**	**Social Rent – Council / Housing Association**	**Rent – private**	**Board/ living with family**	**Other**
2024	**18%**	**3%**	**39%**	**22%**	**14%**	**4%**
2023	18%	4%	39%	23%	13%	3%
2022	17%	3%	36%	26%	14%	4%
2021	17%	3%	36%	26%	14%	4%
2020	19%	3%	35%	24%	16%	3%



The share of StepChange Scotland clients in different types of housing tenure has remained relatively stable in recent years. The majority of our clients continue to rent, although, in 2024 we saw a one percentage point decline in the share of clients renting privately, following a three percentage point drop in 2023. We saw a similar reduction among our vulnerable clients.

Vulnerable clients were less likely to own a property[15] (18% compared to 22% of all clients) and more likely rented (69% compared to 63% of all clients). 46% of vulnerable clients rent from a local authority or a social landlord.

38% of clients under 25 lived with their family or were paying for board.

30% of clients over 60 owned their owned property, compared to 4% of under 25s.

More than three quarters of single parents (76%) were in rented accommodation – with more than half (53%) renting from a local authority or social landlord.

[15] Including mortgaged, owns outright and shared ownership (mortgage and rent)

Family composition

At more than two-in-five, our clients were still most likely to be single adults without children– although this group has shrunk by four percentage points since 2020.

Concerningly, we are seeing more and more single parents seeking help with debt problems. In 2024 a quarter of our clients (24%) were single parents – up two percentage points since 2023 and a concerning 33% increase over the last five years. Conversely, the proportion of couples with children fell by two percentage points in the last year.

Those with additional vulnerabilities were more likely than all clients to be single without children (47%) and less likely to be part of a couple with children (15%)

Percentage of clients by family composition

Year	Couple with children	Single with children	Couple without children	Single without children
2024	**19%**	**24%**	**14%**	**43%**
2023	21%	22%	14%	43%
2022	20%	22%	14%	44%
2021	20%	19%	16%	45%
2020	20%	18%	16%	47%

Single parents were our youngest clients – with an average age of just 36 – and were overwhelmingly (83%) female.

Most single parents were employed (54%) but had a monthly surplus of just £91 after bills.

One in three (30%) single adults were in a negative budget compared with one in four (23%) clients in a couple.

Clients in a couple were also far more likely to own their home– 39% compared to 13% of single clients.

Households with children were in significantly higher debt – with average unsecured debts of £18,953 compared to £15,467 for childless households.

Vulnerabilities

More than half (53%) of new clients in 2024 disclosed that that they had an additional vulnerability, over and above their financial concerns. This represents a three percentage point decrease from the high of 56% in 2023, but is in line with the five-year average and is in the context of greater overall numbers of clients[16].

Mental health issues were the most common vulnerability – cited by seven in ten (69%) vulnerable clients. The share of vulnerable clients with addiction issues has increased in each of the last two years – rising by more than a fifth from 9% in 2022 to 11% in 2024.

Two thirds (64%) of Universal Credit claimants, and three fifths (60%) of those in a negative budget, identified as vulnerable.

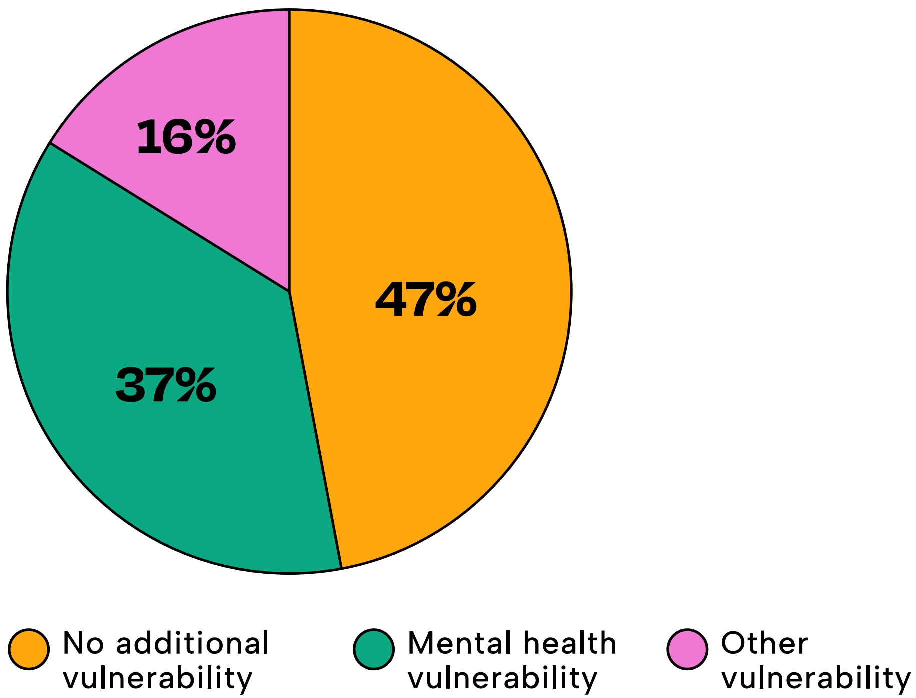
One in six vulnerable clients (17%) cited injury or health issue as the cause of their debt, compared to one in ten (10%) of all clients.

Three quarters (74%) of vulnerable clients were in arrears on their household bills – to an average of £5,425.

Where available we have included data for vulnerable clients which is presented in an appendix as a separate download, with tables that show values adjacent to all client statistics to illustrate differences between these groups.

Identification and disclosure of a vulnerability is at the discretion of each client. The categories are StepChange's own and can include, physical and mental health conditions, learning disabilities, sensory impairment, addiction, and other situations such as economic or domestic abuse, among others, which can make dealing with problem debt more difficult. Clients can have multiple vulnerabilities, and some vulnerabilities can be temporary.

% Vulnerable and non-vulnerable StepChange Scotland clients



[16] See table on page 5 for discussion of new clients

Unsecured debt

Credit cards remain by far the most popular form of credit with 65% of new clients having at least one credit card debt – consistent with 2023 but down five percentage points since 2020.

2024 saw the ongoing decline in popularity of several credit options with fewer clients using overdrafts, catalogue debt, payday loans and store cards – continuing a sharp decline over the last five years. While personal loan usage increased by one point last year, it was still down eight percentage points since 2020.

These trends were generally mirrored with vulnerable clients, although they saw a larger three percentage point increase in the use of personal loans to 43%. Vulnerable clients were also less likely to have hire purchase debt, (19%) but more likely to be in debt to friends and family (17%).

Clients under 25 were most likely to use overdrafts (45%) and payday loans (10%) – those over 40 were more likely to have catalogue debt (31%).

One in five clients in receipt of disability benefits (19%) owed money to family or friends.

Men were more likely to have personal loans (51% compared to 43%) whereas women were more likely to have catalogue debt (36% compared to 18%).

Percentage of clients with debt type

Year	2024	2023	2022	2021	2020
Personal loan	**45%**	44%	49%	51%	53%
Credit card	**65%**	65%	69%	69%	70%
Overdraft	**34%**	35%	36%	38%	43%
Catalogue	**28%**	30%	34%	37%	36%
Payday loan	**7%**	8%	10%	10%	12%
Store card	**11%**	12%	13%	13%	14%
Hire purchase	**23%**	22%	24%	–	–
Friend & family	**15%**	16%	14%	–	–

There was more pronounced change in the totals owed by clients, with clients accruing increased debt across most credit types last year. These increases may reflect StepChange's research showing that many people were still relying on credit to pay their essential bills[17].

The average credit card debt increased by 4%, or £279, reversing much of the reductions seen in recent years. While credit cards were the most common debt type, clients' largest debts were still personal loans – with the average balance exceeding £10k last year. There has been a 7% increase in personal loan debt in each of the last three years, suggesting a growing problem.

These trends were even more pronounced for vulnerable clients who saw a 12% rise in average personal loan debt last year, equal to an extra £974 for each client, and a 26% increase since 2020. Likewise vulnerable clients owed an additional £852 on credit cards, an increase of 13% per client.

There was a small but welcome decline in hire purchase debt after several years of steep increases, but the figures were still 47% higher than in 2020.

Clients reversed a spike in payday loan debt from last year – returning to the pattern of declining use seen since 2020.

Vulnerable clients owed an additional £377 to friends and family, a 13% increase.

In 2024, StepChange Scotland clients owed an average of £643 to the DWP in either Social Fund debt or Universal Credit advances. These are effectively loans offered to those in receipt of certain qualifying, means-tested benefits to help with essential or one-off expenses, or to bridge the gap between payments. This debt is automatically collected through deductions from future benefit payments. Our 2024 figures show that clients claiming Universal Credit had had a surplus of just £6 each month so any deduction would have inevitably pushed them into a negative budget.

Average debt balances by debt type

Year	2024	2023	2022	2021	2020
Personal loan	**£10,213**	£9,580	£8,921	£8,349	£8,574
Credit card	**£7,743**	£7,464	£7,430	£7,693	£7,962
Overdraft	**£1,455**	£1,435	£1,368	£1,417	£1,541
Catalogue	**£1,890**	£1,919	£2,023	£2,045	£1,987
Payday loan	**£1,282**	£1,494	£1,292	£1,401	£1,538
Store card	**£1,249**	£1,186	£1,286	£1,274	£1,277
Hire purchase	**£9,210**	£9,408	£8,571	£7,693	£6,253
Friend & family	**£3,453**	£3,332	–	–	–

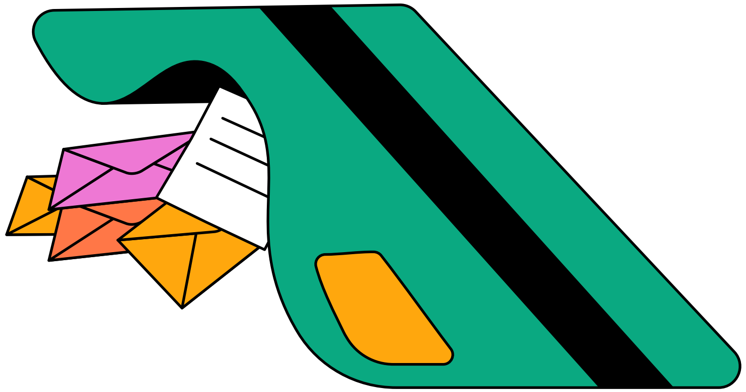
[17] https://www.stepchange.org/media-centre/press-releases/poll-renters-struggle.aspx

Arrears

With 68% of clients in arrears, it's clear that the overwhelming majority of those coming to StepChange were struggling to keep up with their household bills in 2024.

Of particular concern was the two percentage point increase in clients who had fallen behind on their mortgage and council tax. These increases were mirrored with vulnerable clients who were also generally more likely to be in arrears on their mortgage (18%) and council tax (37%).

The picture becomes particularly stark when looking at the actual amounts owed by clients on overdue bills. Our clients' average arrears increased by a staggering 65% – from £3,147 in 2023 to £5,193 in 2024 – and we can see that arrears were up across all major household bills.



Percentage of clients with arrears type

Year	2024	2023	2022	2021	2020
Mortgage	**14%**	12%	13%	17%	20%
Rent	**21%**	22%	21%	25%	22%
Council tax	**32%**	30%	32%	39%	43%
Electricity	**30%**	29%	29%	27%	25%
Gas	**26%**	28%	28%	22%	21%
Dual fuel	**46%**	50%	46%	36%	33%

Average arrears balances by arrears type

Year	2024	2023	2022	2021	2020
Mortgage	**£6,635**	£6,305	£5,322	£3,497	£3,667
Rent	**£1,553**	£1,458	£1,452	£1,404	£1,230
Council tax	**£2,538**	£2,045	£2,086	£2,344	£1,975
Electricity	**£2,631**	£1,886	£1,438	£1,326	£1,239
Gas	**£1,642**	£1,266	£847	£846	£823
Dual fuel	**£2,527**	£1,960	£1,637	£1,305	£1,100

Energy

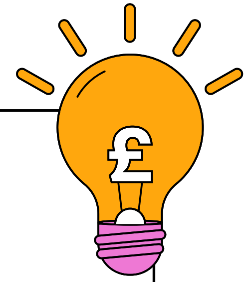
It is not surprising that energy companies were the most common creditors to refer their customers to StepChange for debt advice. Our clients have accrued soaring energy arrears regardless of how they pay for their usage.

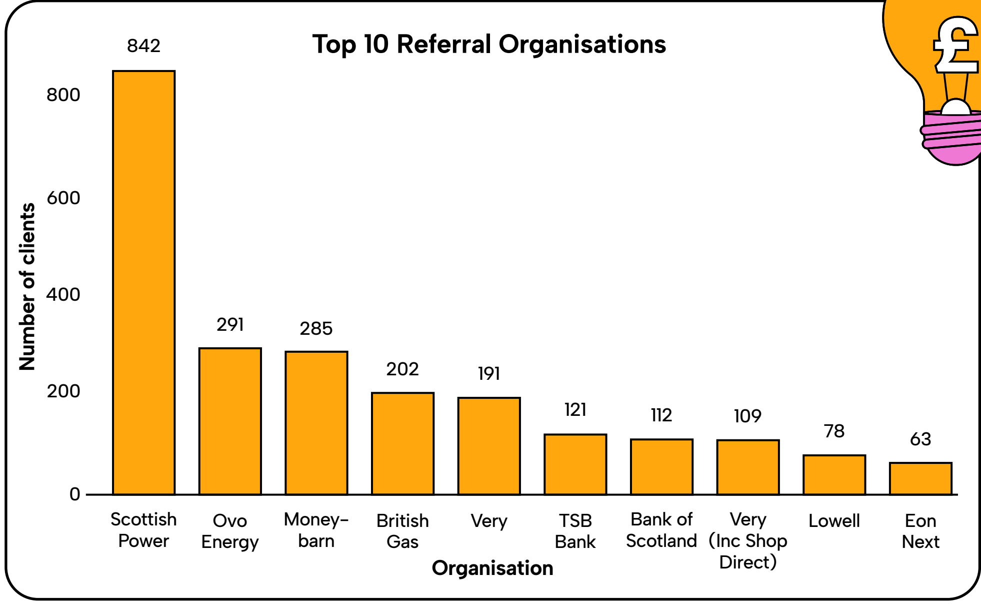
Electricity arrears increased by 40% in twelve months, gas by 30%, and arrears on dual fuel accounts were well over double their 2020 levels.

StepChange's combined energy figures[18] show that 40% of all clients, and 46% of vulnerable clients were in energy arrears in 2024, with the average overdue bill sitting at £2,433 – well over a years' worth of bills for an average household.

This is unsustainable. StepChange has called for an energy debt write-off scheme[19], to help free consumers from arrears that they have no realistic possibility of repaying, and for the introduction of social tariffs to tackle the cost of energy and stop households falling behind on bills in the first place.

Combined client energy arrears			
Year	**Total energy arrears**	**Average energy arrears**	**% with energy arrears**
2024	**£8,562,862**	**£2,431**	**40%**
2023	£7,948,074	£2,037	42%





53% of single parents were in energy arrears by an average of £2,722.

More than half (57%) of clients claiming disability benefits were behind on fuel bills.

Three fifths (60%) of single-adults, over-25, and in receipt of Universal Credit were in energy arrears – owing an average of £2,414. The standard UC allowance for this group in 2024 was just £393.45 per-month, and they had an average monthly deficit of -£4.

[18] Includes dual fuel, electricity and gas accounts
[19] https://www.stepchange.org/policy-and-research/consultation-responses/energy-debt-relief-scheme.aspx

Council tax

Council tax has been a problem debt for StepChange Scotland clients for several years, and 2024 saw a massive 24% increase in average arrears to £2,538 – significantly exceeding the average cost of a year's bill. This increase exceeds the 19% jump in 2020, while Scotland was in the grip of the Covid-19 pandemic, and reverses the declines from the intervening years.

Rising council tax arrears are of particular concern due to the notoriously robust collection practices of Local Authorities, as detailed in our 2024 report 'Looking Through the Keyhole', including the rapid deployment of diligence measures and financial penalties[20]. StepChange Scotland has called for reform of council tax debt collection practices to ensure that people are treated fairly and have access to debt advice.

Percentage of clients with arrears type					
Year	**2024**	**2023**	**2022**	**2021**	**2020**
Council tax	**32%**	30%	32%	39%	43%
Average arrears balances by arrears type					
Council tax	**£2,538**	£2,045	£2,086	£2,344	£1,975

Council tax in Scotland includes water and waste charges. Residents on low incomes or qualifying means-tested benefits can access Council Tax Reduction to cover up to 100% of their council tax bill, and the Water Charges Reduction Scheme can reduce water and sewerage charges by up to 35%.

Council tax debt predominantly affected younger clients, with 43% of clients under 25 in arrears, compared to 25% of over 60s.

Single adults were far more likely (37%) to be in council tax debt than those in a couple (22%), despite being potentially eligible for a 25% single person discount.

More than one in five (22%) clients in full time employment were in council tax arrears – to an average of £2,247.

44% of clients in receipt of Universal Credit had council tax arrears – owing an average of £2,870 – despite being potentially eligible for Council Tax Reduction and the Water Charges Reduction Scheme to reduce their bills.

[20] https://www.stepchange.org/policy-and-research/council-tax-debt-collection.aspx

Housing costs

2024 saw a two percentage point increase in the share of clients with mortgage arrears, but a one point drop in those behind on their rent. These changes were mirrored for vulnerable clients, who were also generally more likely to be in housing arrears – with 18% behind on their mortgage and 25% overdue on rent.

Mortgage arrears continued to grow in 2024, although the 5% increase seen last year was much lower than the 18% and 52% jumps seen in 2023 and 2022. By contrast rent arrears increased at a faster rate in 2024, rising 7% after having only grown by 4% in the previous two years combined. Vulnerable clients saw an 11% increase in rent arrears last year, after having seen their average arrears grow by just £5 between 2021 and 2023.

Over the longer term, we have seen a 26% increase in our clients' average rent arrears in the last five years, but this has been dwarfed by an alarming 81% increase in mortgage arrears over the same period.

We know that mortgage holders have faced soaring costs due to high interest rates, and forbearance measures introduced by mortgage providers may have allowed greater arrears to accrue before triggering repossession action. Meanwhile, the Scottish Government has implemented rent control measures in various forms in recent years which may help account for the lower increase in rent arrears. With confirmation that rent controls in Scotland are ending, the recent acceleration in growth of rent arrears is a concerning indicator.

Percentage of clients with arrears type					
Year	2024	2023	2022	2021	2020
Mortgage	**14%**	12%	13%	17%	20%
Rent	**21%**	22%	21%	25%	22%
Average arrears balances by arrears type					
Mortgage	**£6,635**	£6,305	£5,322	£3,497	£3,667
Rent	**£1,553**	£1,458	£1,452	£1,404	£1,230

One in four (25%) clients over 60 were in mortgage arrears.

Single parents owed an average of £9,061 in mortgage arrears.

Men generally had higher rent arrears (£1,782) than women (£1,390).

33% of clients who were unable to work due to ill health or disability were in mortgage arrears (£7,762) and 28% in rent arrears (£1,478).

Conclusion

As Scotland's largest debt charity, StepChange Scotland's client data gives an invaluable insight into the finances of households across the country, and the changing debt landscape in our communities.

While it's welcome to see incomes and budgets increase in 2024, our client data shows that years of financial hardship have left households burdened with unsustainable levels of debt that they will struggle to repay.

As household costs have soared, and remained high, the inevitable consequence is worsening debt and arrears – and it should come as no surprise that vulnerable households are particularly affected.

Scotland can't move on from the cost of living crisis without addressing the debt burden which has accumulated during this period. Failure to do so could see household finances undermined for years to come by the drain of unmanageable repayments - and risk turning the cost of living crisis into a permanent debt cycle.

We need meaningful action from our local, Scottish and UK governments, alongside regulators, creditors and other stakeholders, including:

- Maintain a focus on improving household finances, including through protecting and enhancing social security protections against poverty. The UK Government's child poverty taskforce must bring forward impactful recommendations, including ending the two-child limit and benefit cap.
- The Scottish Government must take the opportunity of the Housing (Scotland) Bill to tackle rising rent arrears and ensure that adequate protections are in place for private and social tenants.
- Reform the handling of public debts, in particular council tax, to ensure fair collection practices including affordability assessments and access to free debt advice.
- Work with Ofgem and partners to introduce a comprehensive and effective energy debt write-off scheme that helps those who have no realistic possibility of repaying their debt, while also reforming utility debt collection practices to ensure affordability and access to debt advice.
- Engage with the forthcoming recommendations from the ongoing Stage 3 review into Scottish statutory debt solutions, and work collaboratively to implement changes in local, devolved and reserved areas.
- Deliver sustainable long-term funding for the vital free debt advice sector to ensure that everyone in Scotland can access the information and support they need to get free from their problem debts and change their lives for the better.

Editor: Malcolm McConnell

We want to create a society free from problem debt. For more expert debt research and insights, visit the StepChange Debt Charity website.

For help and advice with problem debts call (Freephone) 0800 138 1111 Monday to Friday 8am to 8pm and Saturday 9am to 2pm, or use our online debt advice service.

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