

The upward redistribution of wealth

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Investment advisers Hargreaves Lansdown issued a press release this morning saying:

Debts cost an average of £406 a month - as arrears mount

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The average household spends £406 on monthly debt repayments, excluding the mortgage. Those with mortgages spend an average of £814 on top of this.

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Almost one in ten households (9%) are in arrears. Among the lowest fifth of earners this rises to 27%.

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One in five people are concerned about their debt position.

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Credit card debt is up 12.7% in a year to £68.9 billion and other consumer debt (including loans, overdrafts and car finance) is up 6.7% to £150.4 billion (Bank of England).

The arrears data worries me, as does the increase in credit. But so too does the bigger picture.

There are about 27 million households in the UK. Around £132 billion is being paid by those households a year to service debt interest, exclusion mortgage costs. That is a staggering upward annual redistribution of wealth. And you wonder why I want interest rates to be as low as possible? That's the reason why. Those without wealth are being exploited by those with it, and that is a recipe for an unstable society, which is exactly where we are heading.