

No one borrows like the British

News Story

Britons are responsible for more than a third of all unsecured debt in Western Europe, it emerged last week.

New lending on credit cards, personal loans and overdrafts in the UK nudged £215bn in 2005, according to research from analyst Data monitor, compared to a £600bn total for continental Europe.

The average Western European owes £1,558 - excluding home loans - while borrowing by the British UK consumer is twice that at £3,175.

"This is a striking difference and is a result of the UK's insatiable appetite for credit," says the author of the Data monitor report, Paul Marsh. "In contrast, many major European countries have a culture of saving and frugality; France and Germany are particularly debt averse."

In Germany, for example, switching between credit cards is not widespread, the report notes. But in the UK, a switching culture has become ingrained since lenders began offering incentives in the shape of 0 per cent balance transfers six years ago.

Data monitor's survey took in 17 countries besides the UK, including France, Germany, Greece, Portugal, Spain and Turkey.

Our "buy now, pay later" culture showed up strikingly in last year's revelation that credit cards outnumbered the British population. Growth in the UK over the past 10 years has been fuelled by historically low interest rates and increasingly fierce competition between lenders for market share in both plastic and personal loans.

However, consumers are now looking stretched, with bad debt write-offs and rising personal insolvencies persuading banks to tighten lending criteria.

With mortgage debt included, the UK owes more than £1,300bn.