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Student debt

As graduates find themselves facing an 11 year 'debt sentence', get key advice

In the past decade students have amassed £27 billion in debt - equivalent to half of New Zealand's GDP.

A new study by uSwitch.com, the independent price comparison and switching service, reveals that over the past decade annual student debt has increased by a staggering 167% - from £1.2 billion to £3.2 billion.

Today, these debts total on average around £11,000 per student but can be anything up to £30,000. As a result, graduates now find themselves facing an average 'debt sentence' of 11 years.

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The stats

- Over the last decade graduate salaries have increased by 51%, but student debt has increased by 167% forcing almost one in ten to consider bankruptcy as a solution
- Over the same period, the average amount owed by students on graduation has doubled from £5,096 to £11,123 and will take on average 11 years to clear
- In 2007, 49,300 students (17%) will graduate with an average debt of £11,000, but a staggering 14,500 (5%) will owe over £20,000
- Almost 500,000 (35%) recent graduates will put off starting a family, marriage or buying their own home by an average of six years due to student debt



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More credit access

In the last 10 years the problem has been further fuelled by students having greater access to credit and by the ever increasing sums of money that they are allowed to borrow.

The Student Loans Company alone is granting 203% more money than it was in 1997. With 77% of final year students claiming that the terms of their loan could have been explained better, there is an obvious and pressing need for clearer information from the Student Loans Company and the banks alike.

Uni cost increasing

Mike Naylor, Personal Finance Expert at uSwitch.com, comments: "The cost of attending university has risen over time, partly due to increased tuition fees and, to a lesser extent, due to increased housing costs.

"As a result, more money than ever is being borrowed by students to fund their way through university, with some students starting work with debts of up to £30,000. It is inevitable that this will have a knock on effect on their lives and future life events will have to be put on ice until the money is available."

For more advice on how to save money and deal with debt, click on the links below

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