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## Degrees of debt consign graduates to 11 year 'debt sentence'

14 August 2007

Over the past decade annual student debt has increased by a staggering 167% - from £1.2 billion to £3.2 billion, according to a new study by uSwitch.com. 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.

Many graduates have to defer major life events such as marriage, buying a house or having children by an average of six years as a direct result of debt. 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% ([www.slc.co.uk](http://www.slc.co.uk)) 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.

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. Since 1997, three million graduates have delayed getting married, having kids or buying a house by at least six years due to the crippling effects of student debt.

"Although student loans continue to represent a better deal for students than most other forms of credit available through the high street, student loans are not interest free. In London, people taking out the maximum student loan every year will start their career with a total debt of £17,960 (excluding overdrafts and other debts) and repay interest totalling £5,534 - a total of £23,494. We urge students to think carefully about any money they borrow while at university. It may seem insignificant at the time, but interest can add up and it will have to be repaid eventually - taking most graduates beyond their 30th birthday to do so."

### Increasing student debt

Not only has the amount of debt facing each graduate increased year on year, but the number of students taking on debt has also surged:

Today's graduates have an average debt of £11,123. By comparison, in 1997 only 5% graduated with an average debt of £11,000.

More than 1.6 million graduates (55%) said they had borrowed more than they expected to while at university.

The number of student loans being taken out annually has more than doubled in the past twelve years from 430,400 to 880,700 per academic year.

Over 7.5 million loans have been taken up since 1997.

### Delayed life

363,367 (27%) recent graduates have put off starting a family by an average of six years

A quarter (26%) of recent graduates are putting off getting married by an average of six years due to student debt hanging over them

Over half (53%) of all recent graduates are putting off buying a house by an average of six years due to student debt

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