

## Press Release

Brussels, June 25<sup>th</sup>, 2020

### **ECDN sample shows at least 18 million European households are overindebted Household debt is a big problem, Covid-19 is set to make it even bigger**

The ECDN (European Consumer Debt Network) is an association of 20 national organizations working in the field of household over-indebtedness and debt relief. A recent sample taken from 10 EU states representing almost 75% of the EU population, shows that there are a minimum of 18 million European households with serious debt problems. The average household debt is € 25.000. Sandy Madar, President of ECDN: “Europe has a serious problem with overindebted households. We know that between 5 – 10% of our populations cannot participate financially in the consumer market because of personal debts. We are receiving initial reports that indicate household debt will get much worse in the coming years because of the Covid-19 crisis. The number of overindebted households will increase, at what rate we do not know yet.”

Over-indebtedness traditionally affects social groups with weak social networks and/or economic capacities: single households with or without children, the unemployed, people with disabilities. The Covid-19 crisis has affected all households, with particular increased financial risks for the self-employed and for those working in the services industry, such as hospitality and aviation

Banks and other financial institutions hold more than 70% of all household debts in the EU. Public creditors represent about 15% of a household’s debts. Out-of-court debt relief schemes managed to resolve around 700.000 individual debts during 2019. Sandy Madar: “Our sample demonstrates that debt relief and debt counselling organizations play an important role in promoting overall financial health. There are however still too many EU countries with poor or no debt relief facilities available to the citizens.

There lies a responsibility for the European Commission. The Commission must create much stronger frameworks so that EU states can create adequate debt relief systems of their own. Temporary solutions such as payment holidays have been a great relief for citizens during the COVID-19 pandemic, but they offer no long-term perspectives to overindebted households, only an integrated resolution of debt can”.

#### Contact details & information

ECDN  
Sandy Madar  
Tel: +45 87419336  
Mail: [info@ecd n.eu](mailto:info@ecd n.eu)