

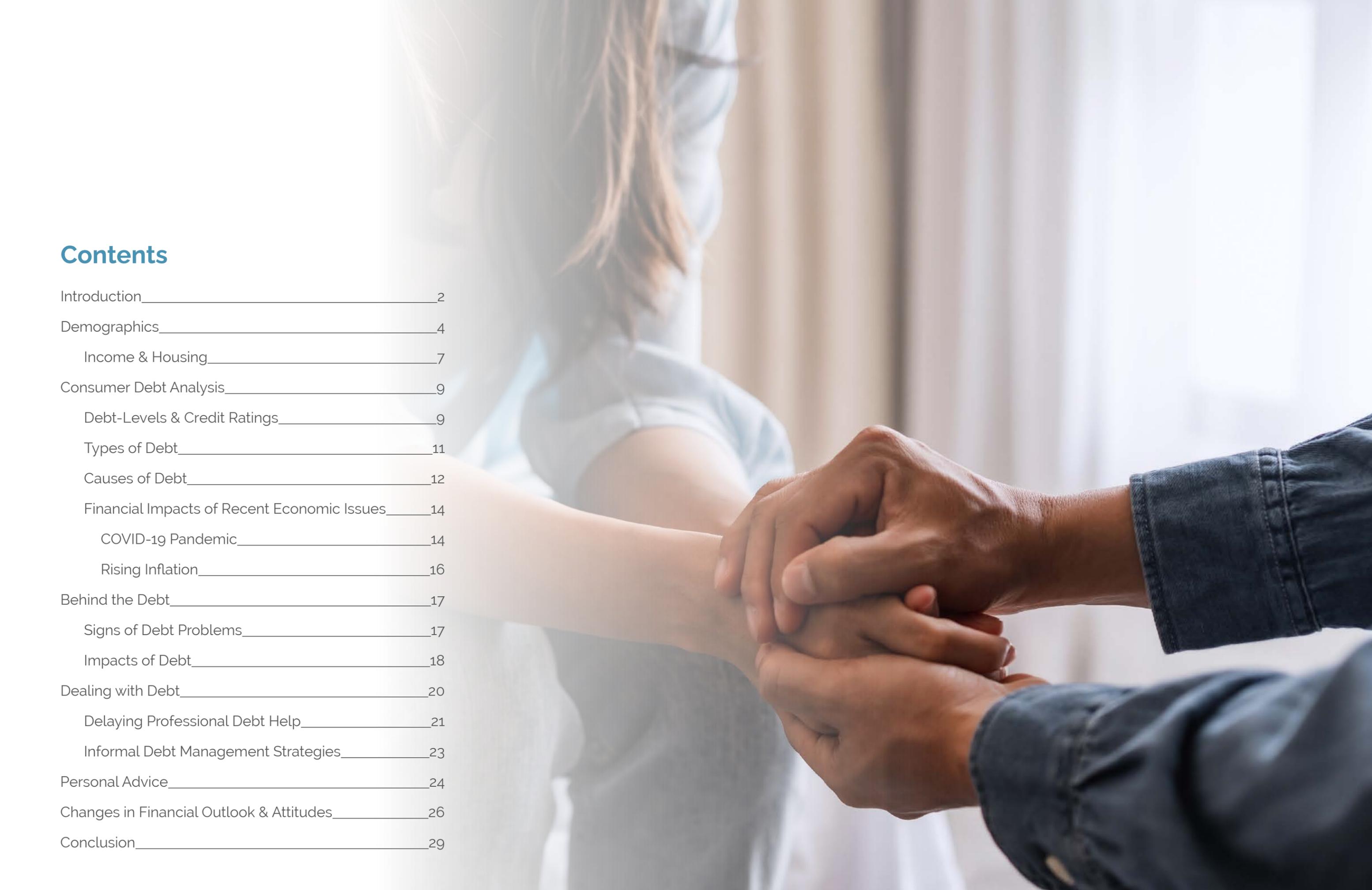


**SANDS**  
& ASSOCIATES

**2023**

**British Columbia  
Consumer Debt Study**  
Report on Findings





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## Introduction

*"I started using payday loans...in no time I was drowning in debt and once I lost my employment, I could not keep up or pay rent or food because of extremely high interest and NSF fees every couple of weeks on top of it all, I had to do something."*

First launched in 2012, Sands & Associates' annual BC Consumer Debt Study has surveyed thousands of British Columbians, seeking to document debt issues faced by people around the province, and uncovering insights into factors that contribute to a debt problem, and how individuals deal with these financial challenges and ultimately move forward.

Within this report, we share findings from our eleventh annual BC Consumer Debt Study, exploring common causes and effects of problem debt, the actions taken by individuals attempting to resolve their situation, and how these experiences have impacted their lives.

Although they may at times be uncomfortable or distressing, we believe it is important to have open and honest conversations about debt and invite you, the reader, to seize this opportunity to better understand these deeply personal struggles and journeys of people across our province.

**"Consumers are facing financial challenges like never before, and while leaning into credit can offer a needed quick fix, this is often where a long-term, larger problem starts. Once sparked, it becomes very hard to stop the cycle of debt-dependence without help."**

**The self-blame and shame so many people coping with a debt problem feel often stops them from seeking support, and it is so important to us as industry leaders to bring the facts to light – and let people know that more than anything or anyone else, you owe it to yourself to get debt help."**

– Blair Mantin, Sands & Associates President & Licensed Insolvency Trustee

**Sands & Associates is BC's largest firm of Licensed Insolvency Trustees focused exclusively on debt help services for individuals. With award-winning service and a non-judgmental, supportive approach to solving debt problems, Sands & Associates is proudly 'Debt Smart with Heart'.**

**For information about Sands & Associates' debt management support and services, and details from past BC Consumer Debt Studies, visit [www.sands-trustee.com/debtstudy](http://www.sands-trustee.com/debtstudy).**



## Demographics

*"I felt ashamed that I got myself into debt and didn't see a way out."*

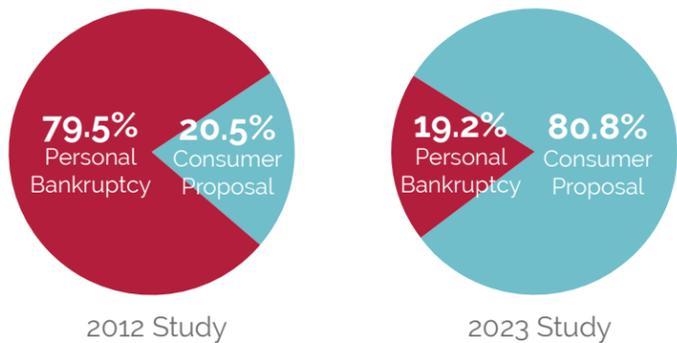
*"I'm happy it's all behind me, I'm doing 100% better thanks to the consumer proposal from Sands & Associates."*

*"The hardest part was admitting I had a problem. Once I admitted that I could only stretch my income so far, I decided to do some research on the help I could receive, and I found out about consumer proposals."*

Over 1,700 individuals participated in the 2023 BC Consumer Debt Study, representing a figure equal to approximately 14% of the total number of consumers (12,509) who made an insolvency (formal debt relief) filing in BC during the 12-month period ending October 31, 2023<sup>1</sup>.

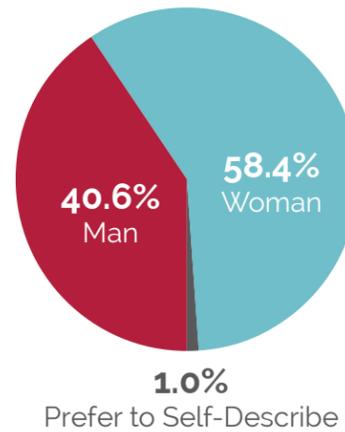
Consumers who recently restructured their debts through a *Consumer Proposal* (80.8%) or *Personal Bankruptcy* (19.2%) managed by Sands & Associates were surveyed for the study, and anonymously shared personal insights from their experiences dealing with problem debt and using legal debt management tools to get a financial fresh start.

### What did you file with Sands & Associates?



*As illustrated by respondents of the BC Consumer Debt Study over time, the proportion of Consumer Proposal filings in BC has increased significantly.*

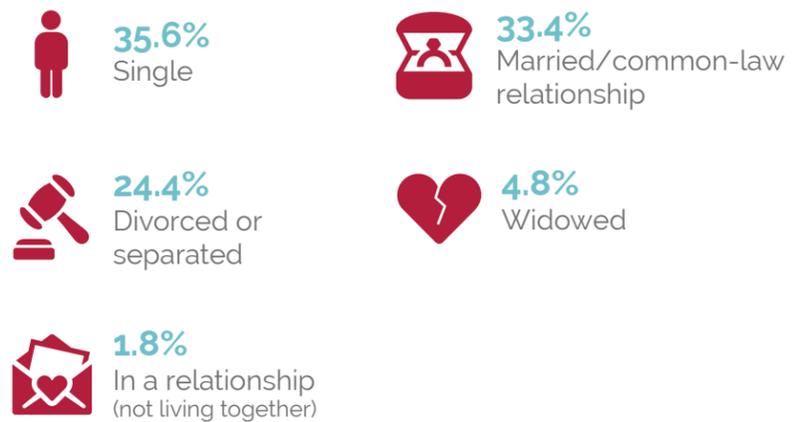
### Respondents identified their gender as



Over half of survey participants self-identified as *women* (58.4%), and the largest cohort of participants (35.6%) indicated they were *single* at the time they started their debt relief process, closely followed by respondents who were *married or in a common-law relationship* (33.4%).

*"Made me aware this can happen to anyone and no need to feel ashamed. I so appreciate all the interesting information that is out there and is very helpful. I'm using this experience to learn from the situation and become a better person."*

### Marital status when debt relief process started



*"Although reluctant, this process is life affirming as you go! It's that first step forward in regaining control over your life!"*

<sup>1</sup> Source: <https://ised-isde.canada.ca/site/office-superintendent-bankruptcy/en/statistics-and-research/insolvency-statistics-october-2023#t2>

### Age range when debt relief process started

**5.7%**  
Age 18-30

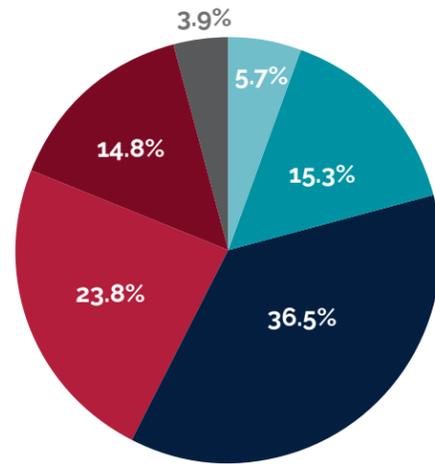
**15.3%**  
Age 31-39

**36.5%**  
Age 40-54

**23.8%**  
Age 55-64

**14.8%**  
Age 65-74

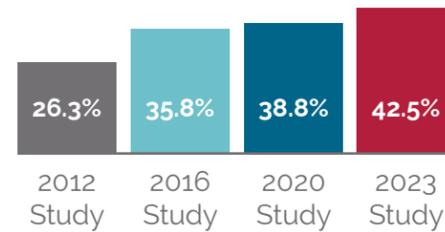
**3.9%**  
Age 75+



The 2023 BC Consumer Debt Study found that financial challenges are faced by consumers across all generations, with the largest group of respondents (36.5%) in the 40-54-year-old age range when they started their debt relief process, followed by 23.8% who indicated they were in the 55-64-year-old age range.

Of note is the continued proportion of consumers in pre-retirement and retirement age groups (i.e., ages 55+), which has substantially increased since the release of our first BC Consumer Debt Study in 2012.

### Proportion of BC Consumer Debt Study respondents aged 55 and over

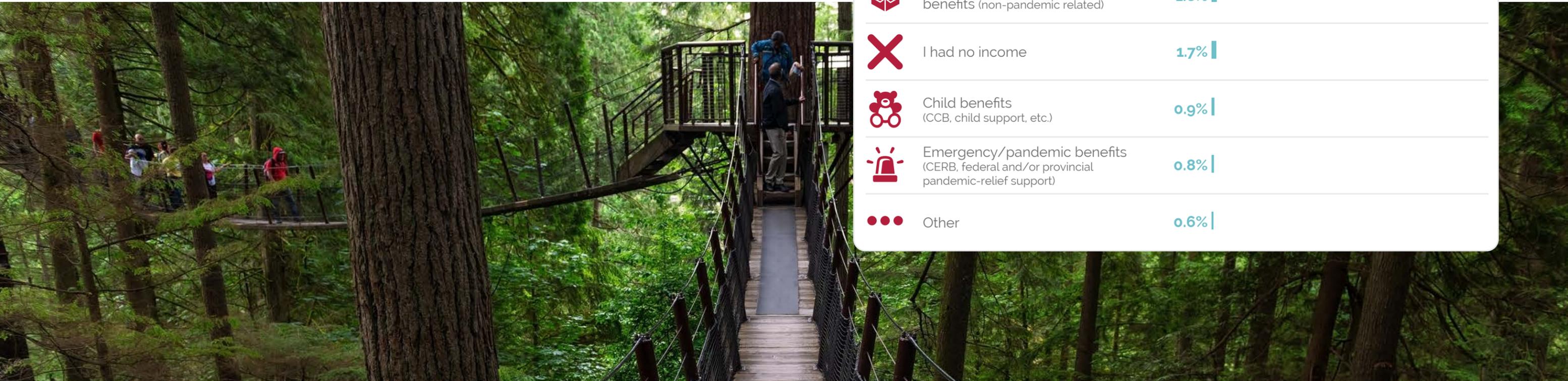
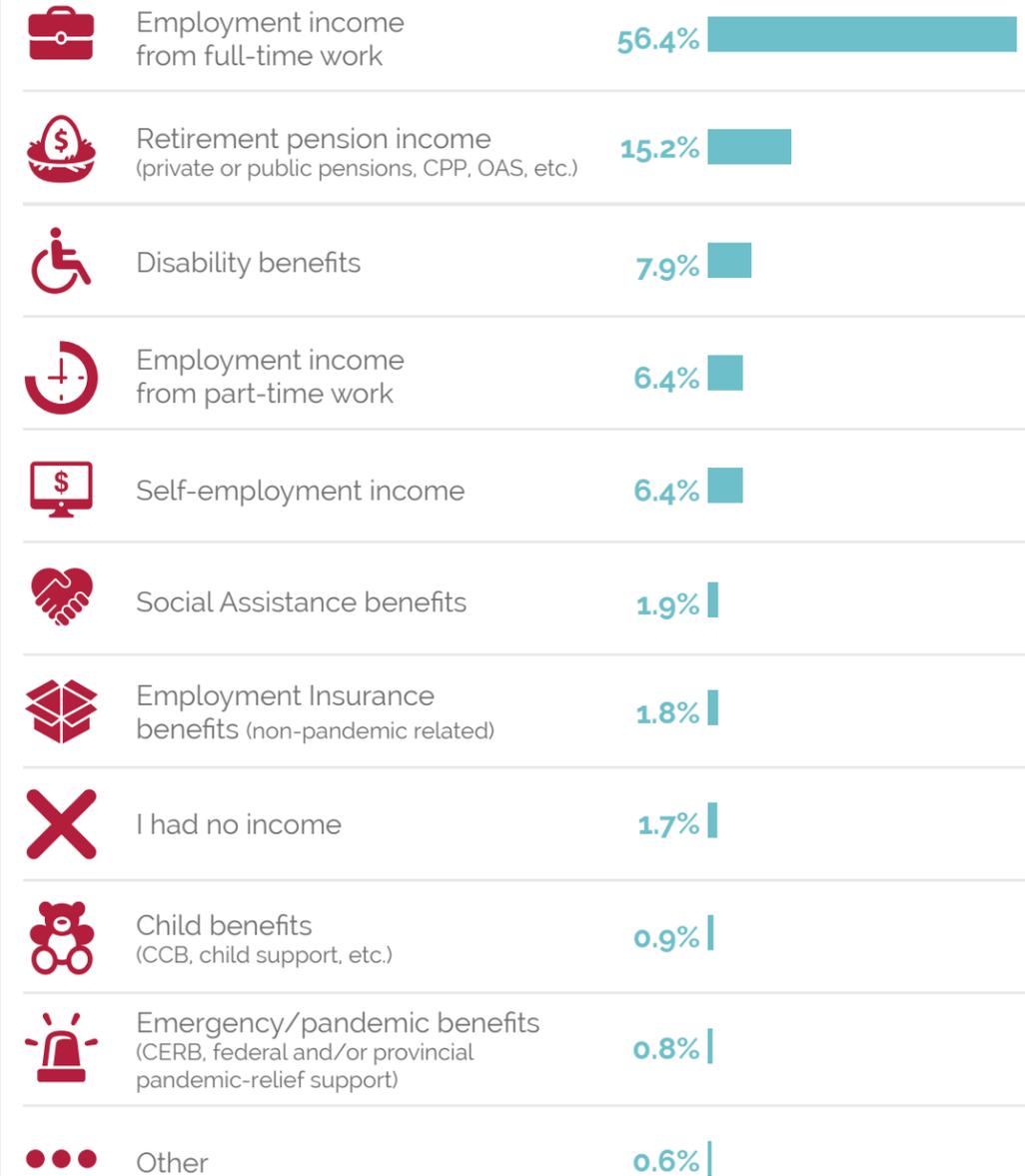


### Income & Housing

Over half (56.4%) of survey respondents were *employed full-time* when they sought debt help, followed by 15.2% who said their income was primarily *retirement pension income*.



### What was your primary income source at the time you sought help from Sands & Associates?



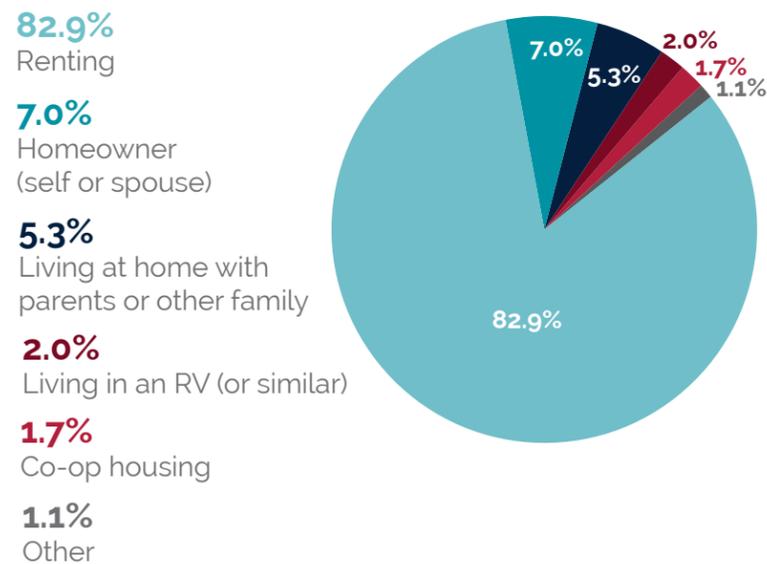


“There was no manageable way to deal with my debt. Rent, gas, groceries, cell phone bill, etc. were difficult to manage on my own without debt on top of everything.”

“...having a credit card is too easy, but then you have to worry about the minimum payments and they’re just the interest – it’s not paying off the card.”

More than four in five (82.9%) participants in the BC Consumer Debt Study described their housing situation as *renting* at the time of seeking debt help.

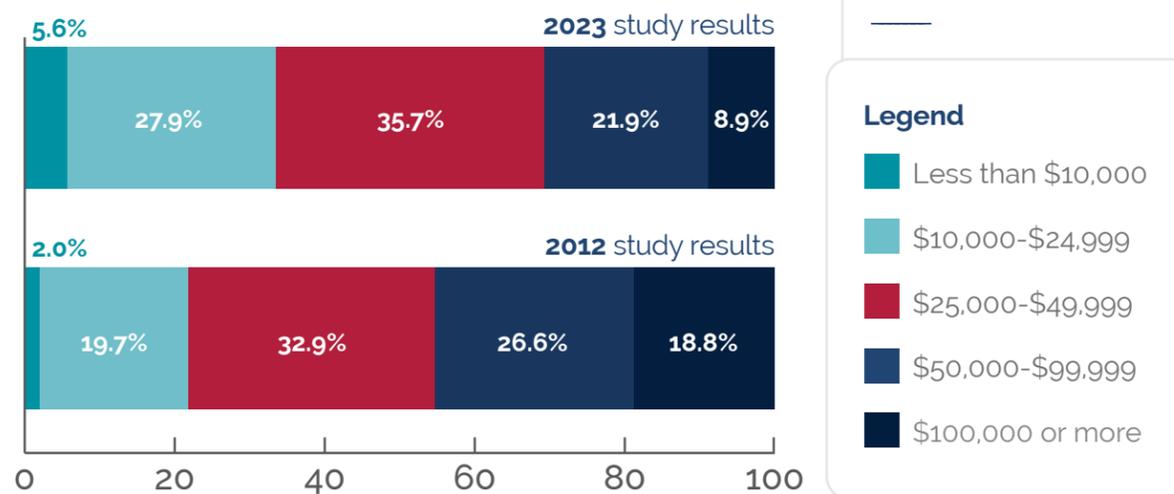
Which best describes **your housing situation** at the time you sought help from Sands & Associates?



### Debt-Levels & Credit Ratings

The largest proportion (35.7%) of survey respondents had between \$25,000-\$49,999 of debt (excluding vehicle loans and mortgages) at the time they started their debt relief solution, which remains consistent with recent years' survey findings.

How much debt did you have when you started your debt relief process with Sands & Associates? (Excluding your vehicle loan and/or mortgage)



### Consumer Debt Analysis

“Debt affects every single part of one’s life. I lived in fear, mental anguish, and depression. I cannot express the relief I feel now...”



In examining debt levels over the course of the BC Consumer Debt Study series, first released in 2012, the amount of debt an individual can carry before it becomes unmanageable appears to be getting lower.

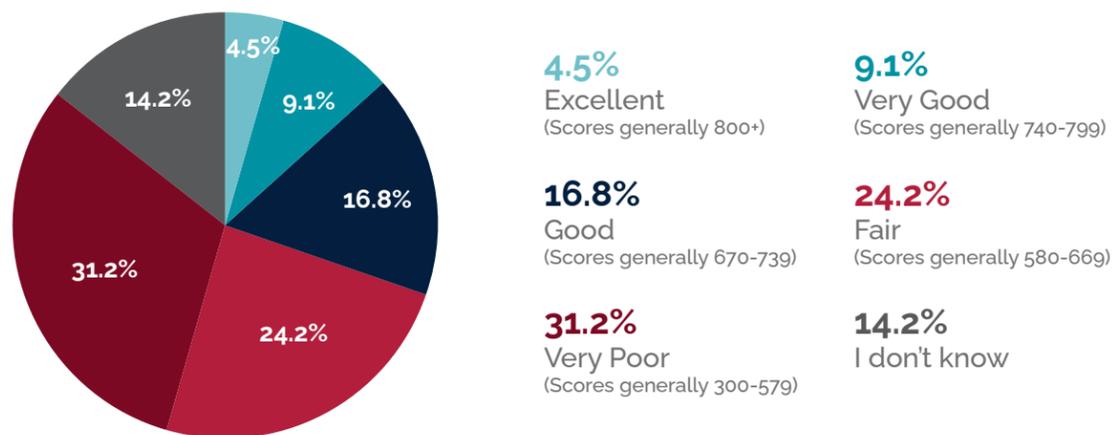


We observe this year that more respondents than ever before are indicating that their debt levels were *below \$25,000* when they began their Consumer Proposal or Bankruptcy, and the number of individuals who indicated having high debt levels of *\$100,000 or more* was the lowest ever (8.9% of respondents) in 2023's study.

These patterns may indicate that consumers are less able to accumulate and maintain a large debt-load, and that awareness and accessibility of Consumer Proposals as a debt management alternative to Bankruptcy has risen dramatically.

Credit ratings reported by polled consumers remained consistent with past study trends, demonstrating that credit ratings alone are an inaccurate measure of financial health. The study found that roughly 30% of individuals described their credit rating within a range of 'good' to 'excellent' when they started their insolvency proceeding.

### How would you best describe your credit rating at the time you started your Consumer Proposal or Personal Bankruptcy?



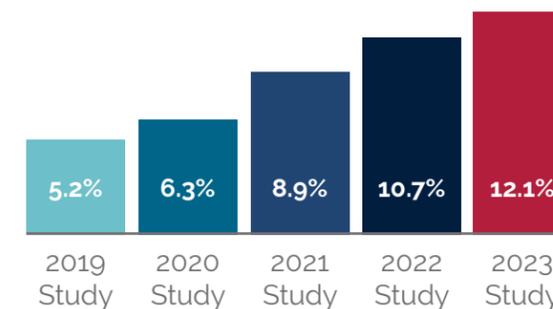
### Types of Debt

High-interest, easy-to-access credit continues to be the most common type of problem debt identified by consumers, with close to three in five individuals (57.7%) indicating that *credit card debt* was the main type of debt they had, and approximately one in eight (12.1%) claiming *payday or instalment loans* was their main type of problem debt.

Credit cards and payday loans are interest-heavy credit, and consumers can easily become overwhelmed and caught in a debt-dependence cycle that is often impossible to break, with interest stacking up quickly.

Payday and 'fast cash' loans are among debts that carry the highest legally permissible interest costs in Canada, and use of these products has noticeably increased in recent years, troubling Licensed Insolvency Trustees and financial professionals across the country.

### Payday or instalment loans indicated as the main "type" of debt held by BC Consumer Debt Study respondents



### What was the main "type" of debt you had? (Excluding your vehicle loan and/or mortgage)



What was the direct main cause of your debt?  
(Top 6 Responses)

 **27.2%**  
Overextended credit due to general financial mismanagement

 **24.5%**  
Using credit for essential costs of living income could not cover

 **10.9%**  
Illness, injury or health-related problems

 **6.9%**  
Marital or relationship breakdown

 **5.3%**  
Job related issue (unemployment, lay-off, reduction in pay, etc.)

 **5.3%**  
Pandemic-related job loss or reduction in work hours

Causes of Debt

Just over one-quarter (27.2%) of BC consumers polled claimed that the direct main cause of their debt was *overextended credit due to general financial mismanagement*, closely followed by a further 24.5% who attributed their main cause of debt to *using credit for essential costs of living income could not cover*.

The proportion of individuals attributing their debt to reliance on credit for living expenses has noticeably increased from 19.5% in [2022's study](#) to 24.5% in 2023 and continues to substantially outpace many other common causes of debt.

It is also noteworthy that of the top six causes of consumer debt reported, five may be categorized as conditions or events outside an individual's direct control. *Illness, injury or health-related problems* (10.9%); *marital or relationship breakdown* (6.9%); *job related issue* (5.3%) and *pandemic-related job loss or reduction in work hours* (5.3%), make up the remaining top six causes of debt identified by consumers.

What was the **direct main cause** of your debt?

 **27.2%**  
Overextended credit due to general financial mismanagement

 **24.5%**  
Using credit for essential costs of living income could not cover

 **10.9%**  
Illness, injury or health-related problems

 **6.9%**  
Marital or relationship breakdown

 **5.3%**  
Job related issue (unemployment, lay-off, reduction in pay, etc.)

 **5.3%**  
Pandemic-related job loss or reduction in work hours

 **4.9%**  
Tax issue (reassessment, non-filing, etc.)

 **3.9%**  
Financially supporting dependants (children and/or parents)

 **3.3%**  
Other

 **2.4%**  
Student loans or student lines of credit

 **1.7%**  
Spouse's income decreased due to their job loss or health problems

 **1.7%**  
Pandemic-related business failure or reduction in business income

 **1.6%**  
Business failure

 **0.4%**  
Pandemic-related spousal income decrease

Among the respondents who answered "Other" there were a wide range of factors that caused debt

"A house fire destroyed my home and business."

"Romance scam."

"Son's illness in hospital x6 weeks."

"Co-signed a loan..."

"Husband passed away and he had no insurance... we lost everything."

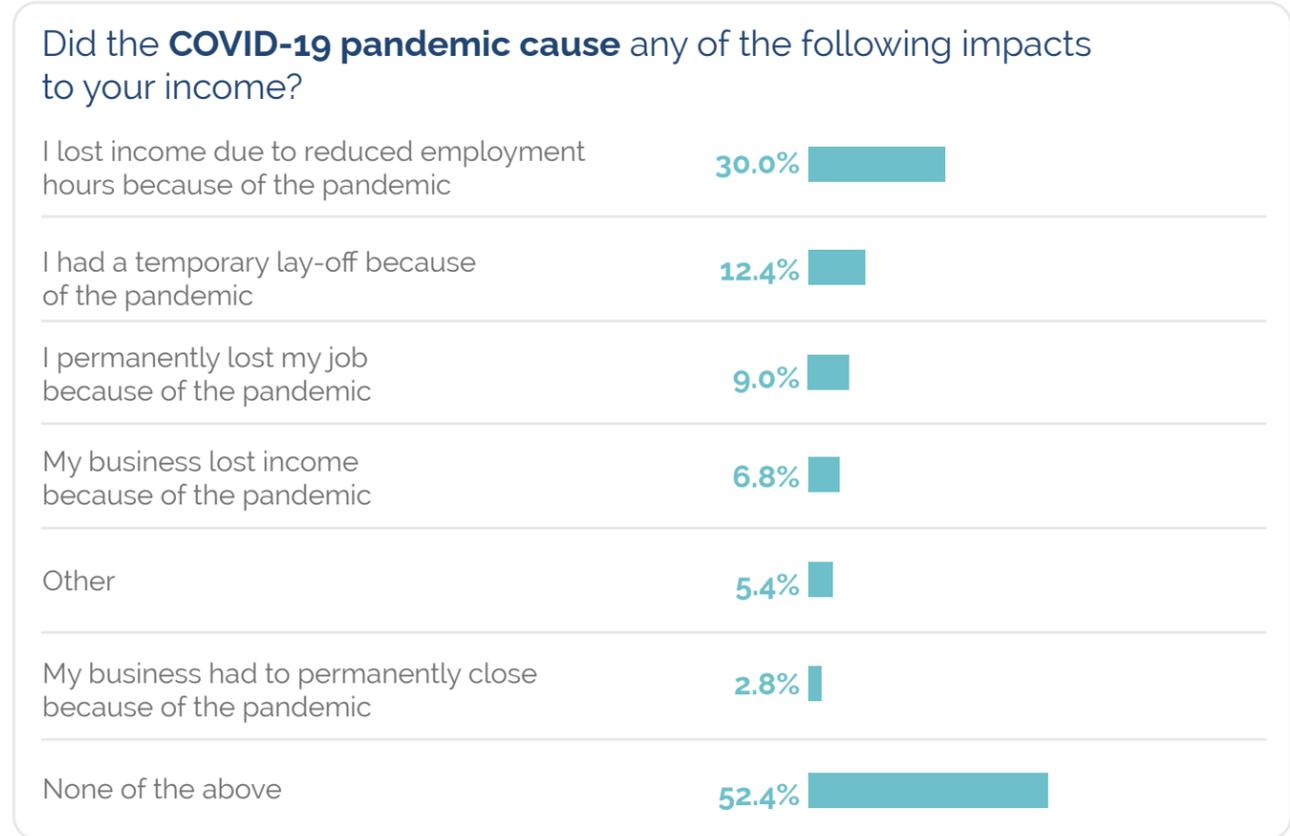


## Financial Impacts of Recent Economic Issues

In addition to personal circumstances such as marital breakdowns or health-related problems that commonly create financial strains, consumers are also highly vulnerable to economic events beyond their control. The 2023 BC Consumer Debt Study examines key financial challenges spurred by both the recent COVID-19 pandemic and rising inflation.

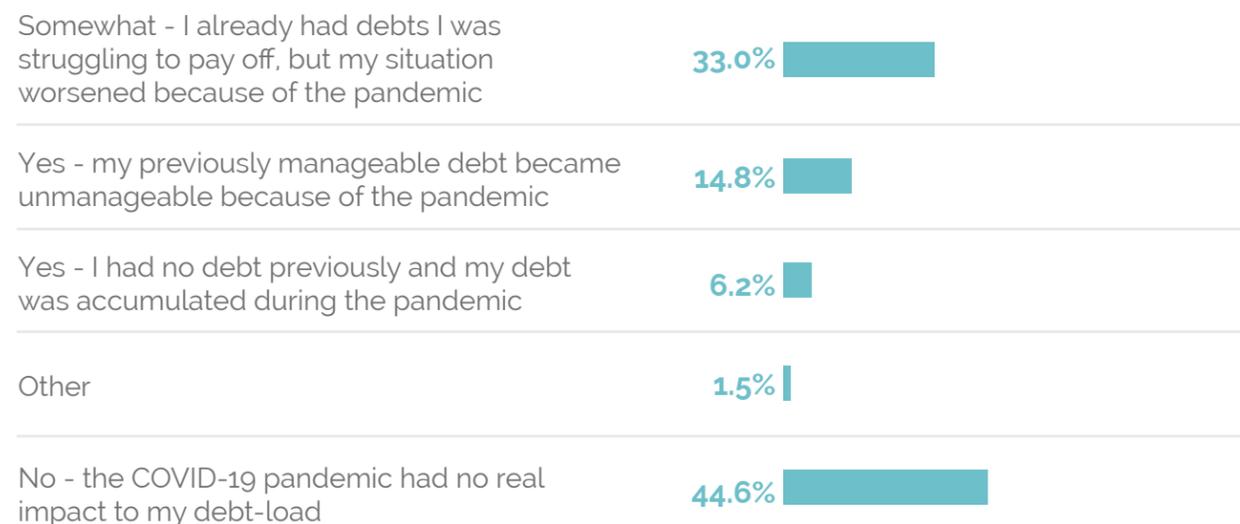
### COVID-19 Pandemic

Participants in the 2023 BC Consumer Debt Study began their formal debt solution both before and after BC's public health emergency was declared in March 2020.



A combined 54% of individuals indicated that the COVID-19 pandemic contributed to them needing to seek debt help.

### Did the COVID-19 pandemic contribute to you needing to seek debt help?



*"I worked all the way through the pandemic as urgent care. We had a major flood in our apartment just before everything shut down March 2020 and lost everything - I used my credit cards to survive. While people were fighting over toilet paper, we didn't even have salt or pepper."*

*"I saved time and money and continue to save time and money because my company moved to work from home."*

*"I lost my job; I lost friends and family. Feelings of loneliness. Couldn't pay back all of CERB. It was overwhelming."*

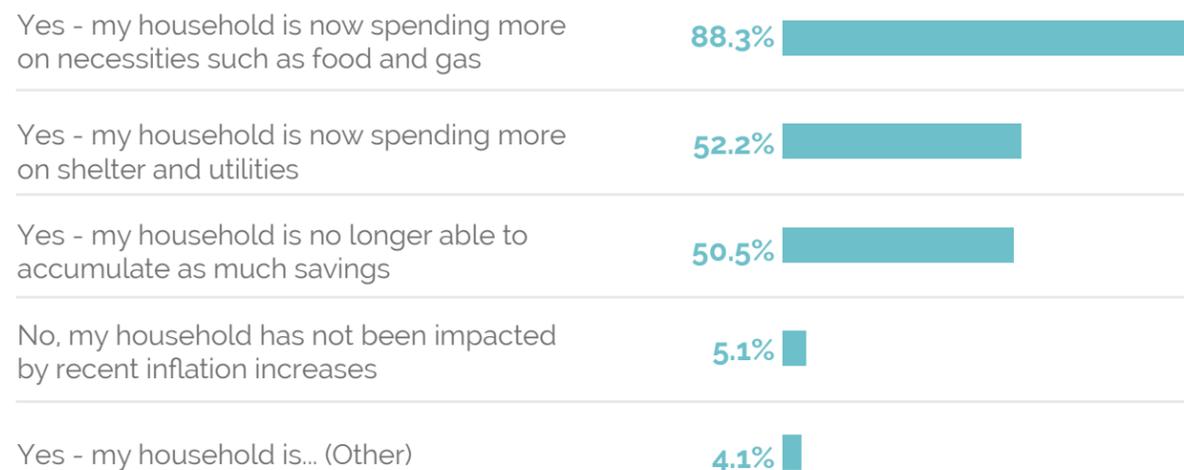


### Rising Inflation

Approximately 95% of 2023 BC Consumer Debt Study respondents say their household has been impacted by recent inflation increases, with the largest proportion (88.3%) saying inflation has their household now spending more on necessities such as food and gas. Also concerning is that more than half (50.5%) say their household is no longer able to accumulate as much savings, leaving consumers likely to experience challenges meeting unexpected financial needs in future.

On a positive note, unburdened by problem debt, more than four in five participants (86.7%) say that filing a Consumer Proposal or Personal Bankruptcy has helped them manage day-to-day finances despite noticeable rising costs.

#### Has your household been impacted by recent inflation increases? If so, how have you been most impacted?



Participants in Sands & Associates' annual BC Consumer Debt Study series generously and fearlessly shared their insights into the challenges they faced in dealing with financial hardships and the personal struggles of a debt problem; we remain grateful for their trust and openness.

Money matters can become all-consuming, and problem debt weighs heavily on an individual, impacting virtually every aspect of their daily life. In this study and report it is our goal to highlight the realities of these troubles so they may be better understood – and resolved.

### Signs of Debt Problems

We first see the emotional aspect of problem debt in examining how individuals recognized their debts as a problem: more than seven in ten (71.0%) people polled said *overwhelming stress* was how they knew their debts were becoming a problem.

Following this, nearly three in five (59.5%) said *only making minimum payments* was the indicator of their debt problem, and 54.8% who said it was *seeing debt balances remain almost the same every month, despite making payments*.

## Behind the Debt

*"I just felt that no matter how hard I worked it wasn't enough. Then when I got into the payday cycle it was brutal. I would borrow \$300 just to make rent then have to pay back \$700 on payday, resulting in me reborrowing for bills and cost of living. I felt hopeless to escape."*

### How did you know your debts were becoming a problem?





## Impacts of Debt

Year after year, the BC Consumer Debt Study series reveals how debt creates turmoil throughout an individual's life, and the harsh effects of coping with a debt problem.

Close to four out of five people surveyed (79.3%) said their *mental health suffered by being in debt*, and three in five (60.5%) said their *self-esteem suffered as a result of being in debt*. Nearly half (48.7%) of respondents said debt caused their *physical health to suffer*.

Individuals reported that their debt caused them to *put life events on hold* (28.7%) and their *relationships to suffer* (29.9%), and a *constant worry about debt* was present for over four in five (83.3%) people.

*"I always made my payments, my debts remained the same. I was tired of wasting my money on interest payments. I couldn't break the cycle of debt."*

*"I was always stressed. No money to do anything once I paid my bills. Not able to do anything besides work to pay bills."*

### How would you say **being in debt** affected you?



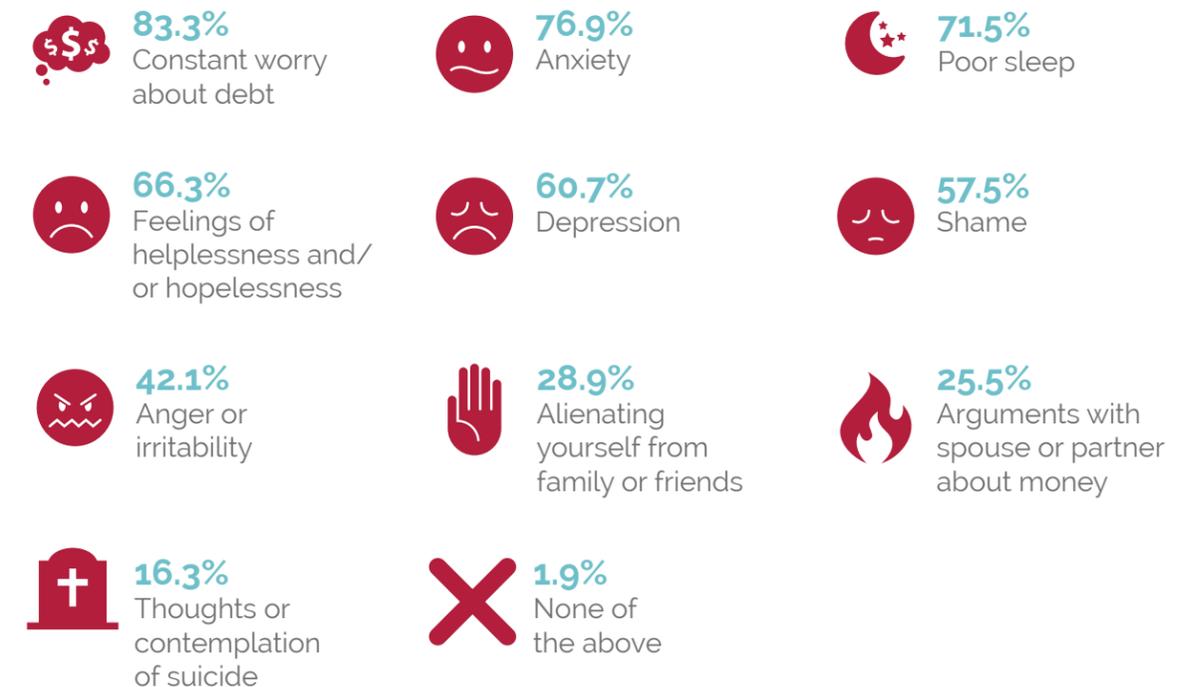
Among a range of destructive impacts, over three-quarters (76.9%) of individuals surveyed said they experienced *anxiety resulting from the stress of debt*, 66.3% *feelings of helplessness or hopelessness*, and 60.7% *depression*.

**Almost one in six people said they experienced suicidal ideation because of their debt-stress.**

Understanding the extent of a financial crisis is a critical step to providing support and solutions for people in need, and we urge members of professional and government organizations and communities to take active steps to reach vulnerable consumers with supportive measures and education early, and often.

*"When you feel there is no way out, debt overruns your entire life, and one can't find a way out. You feel shunned, embarrassed and mentally strained to the point of exhaustion."*

### Do you feel **the stress of debt** resulted in you experiencing any of the following?





## Dealing with Debt

*“Feeling like I had done something incredibly stupid brought about feelings of shame that made me want to hide it more.”*

*“I was scared of bankruptcy and had no idea about consumer proposals...”*

Over 90% of participants of the 2023 BC Consumer Debt Study expressed satisfaction with their choice to ultimately manage their debts through an insolvency process with a Licensed Insolvency Trustee, but arriving at this solution and positive outcome may take a prolonged period of time for some individuals.

By highlighting common mistakes, misunderstandings, and insights directly from individuals who have achieved successful outcomes dealing with problem debt, we hope to quickly remove barriers and offer ways forward to others who may be facing debt challenges.



## Delaying Professional Debt Help

Despite the serious issues and devastating consequences that most individuals reported because of their debt, over 96% of people polled did not seek professional debt help right away.

Most respondents (64.3%) say they waited to seek professional debt help because they *wanted to manage their debt on their own*. Sadly, the other most common reasons individuals say they waited to seek professional support was due to *feeling ashamed they couldn't handle the debts they had incurred* (55.7%) and *being embarrassed to ask for help* (51.4%).

A lack of public education on debt management resources also remains a significant issue, with over one in four survey respondents (27.2%) saying they *didn't know where to seek help*, 33.5% that they *thought there was no solution to their situation*, and 16.5% *having misinformation about how the Consumer Proposal and/or Bankruptcy process worked*.

*“I thought I would get a better-paying job that would enable me to pay off my debts. Came to the realization that wasn't going to happen as fast as I needed it to.”*

*“For a few years I tried to manage the debt alone but realized it would take decades to pay everything off at the pace I was going.”*

### What were **the reasons you waited** to seek professional debt help?



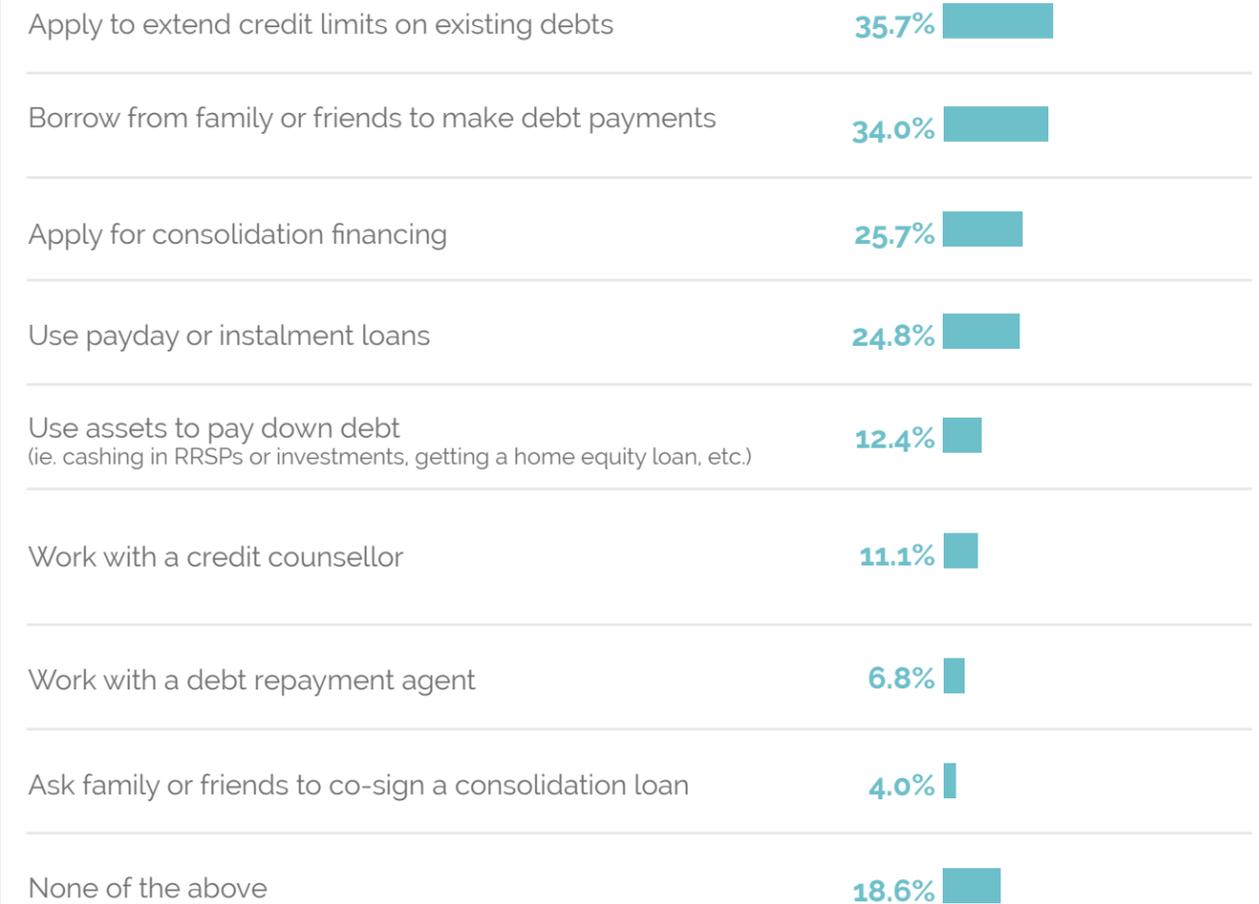
### Informal Debt Management Strategies

Individuals took a range of actions in attempting to deal with their debt before working with a Licensed Insolvency Trustee, most often turning to more borrowing. Unfortunately, many debt strategies (both self-directed and offered by informal agents such as credit counsellors) are simply unaffordable and/or ineffective once debts have reached a problem level.

*"Family and friends were unable to help me. Credit counselling just gave me options on how to make payments that I could not afford..."*

More than a third of survey respondents (35.7% and 34.0% respectively) said they *applied to extend credit limits on existing debts and/or borrowed from family or friends to make debt payments*. A quarter of individuals (25.7%) *applied for consolidation financing*, 24.8% *used payday or instalment loans*, and 4.0% *asked family or friends to co-sign a consolidation loan*.

### In attempting to deal with your debt, **did you do any of the following?**



# Personal Advice

As the very individuals who have lived these experiences, Sands & Associates invited participants of the 2023 BC Consumer Debt Study to share their knowledge in hindsight, and advice and words of encouragement for others.

## Knowing what you know now, is there anything you might have done differently in managing your debt? (Highlight of responses received)

"I would not have caved to the pressure of my spouse to spend beyond our means."

"Paying more attention to warning signs."

"I never would have borrowed from an institution with such high interest loans, because no matter how bad your situation is, borrowing from a money lender probably won't help, especially if the interest rates are so outrageous."

"I would avoid payday and instalment loans and credit cards at all costs."

"I would advise them to deal with their outstanding debts sooner rather than later - it can be daunting to seek help from a professional counselor or make significant lifestyle/spending changes but putting it off will likely compound the issue."

"Talked with my spouse sooner, and it could have been rectified instead of ignored."

"Filed a lot earlier. The companies you owe money to will never lose sleep over writing off the money you owe them, so don't you!"

"Carry a low minimum credit limit to allow me to stay in control of spending and to be able to pay off the balance in full without accumulating interest."

"I should have gone to debt counselling prior to having my family give me money to pay my mortgage."

"I would have made sure to always pay my credit card off (if possible). Not made big purchases when I don't have the money. Have an emergency savings account. And seek help sooner."

"I realize now I should have sought help from Sands & Associates much sooner."

"I would have taken more financial education and not relied on bad advice from parents."

"Paid more attention to the interest rates on my debt..."

"Not accepting the credit limit increases on credit cards and not taking more than one credit card."

"Just ask for help and be honest with someone. You'll thank and be proud of yourself later. Take your life back!"

## If you could offer one piece of advice to someone trying to deal with their debts or facing a similar situation, what would it be? (Highlight of responses received)

"Seek help, financial difficulty is experienced far more often than you'd think, by people you would never think got help."

"You are not alone and there are options out there to help you - sometimes they feel out of reach or complicated, but they are there and more accessible than you think."

"My advice would be to do some self-reflecting and be honest about how deep you're in. I was kidding myself that my situation was manageable when it wasn't."

"Save your money towards something you really want, and you will feel better about only paying what the item cost with no long-term interest."

"Avoid credit card limit increases, and always have at least 3 months' savings to cover a job loss, relocation, or family emergencies."

"Do not feel ashamed, there is nothing wrong with asking for help."

"Have savings for emergencies."

"Pay attention to how much your debt is actually affecting you / your mental health!"

"I would advise them to deal with their outstanding debts sooner rather than later - it can be daunting to seek help from a professional counselor or make significant lifestyle/spending changes but putting it off will likely compound the issue."

"Just ask for help and be honest with someone. You'll thank and be proud of yourself later. Take your life back!"

"Filing for bankruptcy is not as scary as it initially may feel. Having a plan to reduce your debt that will actually work is worth the feelings of discomfort at the start."

"Do it sooner because you'll have more time to recover and live a better life once it's been dealt with."

"Seek help as soon as possible so you can gain control and feel empowered with your finances month-to-month and year-to-year."

"Don't ignore interest when analyzing your financial situation, seemingly small costs like that can add up to a large proportion of your monthly expenses."

## Changes in Financial Outlook & Attitudes

"I am just more aware of my money and where it needs to go and where I want it to go."

"Knowing I am addressing my debt with integrity has helped my attitude be more positive."

"I am more disciplined and clearer on my goals and why I need to save so I can create the lifestyle I really want."

"I feel confident and am not ashamed of how I handle my finances."

After moving forward with a formal debt solution, most survey participants gained benefits in addition to improving their overall finances.

Over two-thirds (68.9%) of individuals polled said their experiencing receiving professional debt help *improved their budgeting and/or savings skills*, almost three in five (59.2%) say they are *more confident in day-to-day financial management*, and over half (54.4%) that they *have a better understanding about credit and borrowing*.

In what ways do you feel your experience receiving professional debt help has impacted your **attitude or approach to money matters?**



68.9%

I have improved my budgeting and/or savings skills



59.2%

I am more confident in my day-to-day financial management



54.4%

I have a better understanding about credit and borrowing



39.2%

I am more open in discussing finances and general money matters with others (family, friends, etc.)



31.3%

I've gained financial skills and/or knowledge to pass on to others (children, family, friends, etc.)



4.9%

I don't think my experience has changed my attitude or approach

**What is the main positive impact your decision to file a Consumer Proposal or Bankruptcy has had on you and/or your family?** (Highlight of responses received)

"I no longer have a ticking interest counter in my head..."

"I am better off and not living pay cheque to pay cheque. I can actually breathe and not have the anxiety and worries of deciding how much I can pay on each credit card balance."

"My mental health was getting out of control as I was losing sleep and now, I am a way different person. I am setting goals for my family that I hope we can achieve!"

"I now am not stressing as much and am able to enjoy my kids and not worry about who is calling."

"I can now actually live life instead of working only to pay debt. It's a massive relief to not worry about it..."

"Relief of stress and improvement of mental health, optimism for the future."

"No more arguments about money, being able to pay bills on time, and being able to afford things like rent and food without sacrificing something else."

"I have more disposable income and am accumulating savings which are available in case of emergency."

"Made my \$900/month payments down to \$120. This allows for rent, food, gas etc. to be manageable. I don't always feel like I have to hustle to figure out how to pay for things."

"It's allowed me to accumulate an actual savings account."

"Cleaning up my debts lifted a huge burden off my back and gave me a fresh start."

"I can breathe, focus, and feel like money I earn is mine."



## Conclusion

By understanding the true depth of a debt problem, and what is at risk for consumers who aren't getting help, we realize the urgency and needs in our communities. Every day unpredictable events and circumstances will financially impact individuals across the province, and **it is crucial for resources to be present and visible.**

As Licensed Insolvency Trustees, we understand our role in helping individuals move forward and recover from financial challenges, and urge you, the reader, of this eleventh annual BC Consumer Debt Study to consider your own community, and actions you can take to amplify knowledge you have gained here and encourage individuals to seek professional help at the onset of any financial difficulties.

**If you are facing a debt problem, please know you are not alone – we are here to help you.**



# SANDS

& ASSOCIATES

Licensed Insolvency Trustees

[www.sands-trustee.com](http://www.sands-trustee.com)

Serving Individuals and  
Small Businesses Across BC