

# 2025 Allan Marshall & Associates Annual Report on Canadian Household Debt

*Household debt is rising in Canada. Insolvencies are up, costs are high, and mortgage renewals sting. Many are cutting back, saving less, and seeking help.*



Allan Marshall & Associates - We Can Help!

VICTORIA, BRITISH COLUMBIA,  
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/EINPresswire.com/ -- David MacDonald, a [Licensed Insolvency Trustee](#) (LIT) at Allan Marshall & Associates, says despite recent Bank of Canada rate reductions, [household debt](#) is on the rise, and so are consumer insolvencies at many of their offices.

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Although some consumers are benefiting from lower interest rates and experiencing financial improvements, many in Canada are struggling with debt pressures and high cost of living.”

*David MacDonald*

At the end of 2024, Consumer debt reached \$2.54 trillion, according to a recent report by Equifax Canada. This is an annual increase of 4.6%. At the individual consumer level, average non-[mortgage debt](#) is \$21,931.

In Q4 2024, those in the 46 to 55-year age group had the highest average debt levels at \$34,564, up 3.71% from the previous year.<sup>2</sup> The province of Newfoundland Labrador had the highest average debt at \$24,843, followed by Alberta (\$24,537), and Prince Edward Island (PEI) (\$23,664).

Consumer insolvencies rose by 6.1% in Q4 of 2024 compared to the previous year. Ontario, Quebec, and PEI saw the largest increase in percent change year-over-year. Business insolvencies decreased by 12.4 % from Q4 2023 to Q4 2024. Nova Scotia, Manitoba, and British Columbia saw the largest increases in business insolvencies.

While a drop in interest rates has led to signs of recovery in the mortgage market, those renewing mortgages in 2024 and 2025 continue to pay higher prices. Homebuyers who took on a mortgage in a low-interest environment in 2020 and 2021, are renewing at higher rates and seeing monthly payments rise.

## What's Contributing to Household Debt?\*

Some of the key factors contributing to Canadian household debt include:

**Cost to borrow.** As of Q4 2024, nearly half (48%) of Canadians expressed worry over interest rate increases and how they would affect their ability to pay off debt, according to data from TransUnion's Consumer Pulse Study Q4:2024.

**Cost of living.** At the end of 2024, 44% of survey respondents said their household finances were worse than expected. 82% percent reported the inflation of household goods, such as gas and groceries, as one of their top three financial concerns.

**Mortgage debt.** Approximately 1.2 fixed-rate mortgages are up for renewal in 2025, with 85% of these originally contracted with the Bank of Canada interest rate of 1% or below.

Canadians who already renewed their mortgage in Q4 2023 saw their monthly payments increase by an average of \$457. In Ontario and British Columbia, average monthly payment increases exceeded \$680.

**Wage stagnation.** The majority of Canadians (59%) expect their wages to stay the same over the next year, according to data from TransUnion. Many Gen X respondents revealed that their finances were worse than expected in 2024.

## How Are Canadians Coping With Rising Costs?

As the cost of living continues to rise, Canadians are finding creative ways to cope. According to TransUnion's Consumer Pulse Study, consumers intend to focus on:

**Cutting back.** Canadians of all ages are choosing to cut their discretionary spending, limiting travel and entertainment, cancelling subscriptions, and reducing how much they eat out.

**Repaying debt.** Many Canadians are focused on paying their debt off faster and building an emergency fund.

**Reducing retirement savings.** Some Canadians are cutting back their retirement savings or even dipping into their retirement savings to cope with expenses.

If you're struggling with rising costs and growing household debt, David MacDonald recommends reaching out to a Licensed Insolvency Trustee. "As LITs, we are debt experts; we've seen it all, and we're here to help. We can assess your financial situation and recommend a path to help you find debt relief."

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