

Young Britons "Concerned" About Debt

Young people are increasingly concerned about developing financial difficulties, it has been suggested.

July 24, 2007 (FPRC) -- According to research carried out by Lloyds TSB, worries about money are said to cause about a third (31 per cent) of the 446,765 people about to begin university this year to stay at home to help ease any debt problems they may encounter. However, in the same study carried out this time last year, those choosing to carry on living with their parents were reported to account for 22 per cent. Some 79 per cent of those choosing to live at home suggested that doing so was an "easy way" for them to save money, with about a quarter of respondents claiming the option will help them to keep their student debt under control.

Figures from the provider also revealed that money problems are a concern among those choosing to live away from home to attend university. Just over a quarter (26 per cent) of students were said to be worried about how they will handle their finances while in further education. In addition, a fifth of those surveyed claimed to have never drawn up a budget, which could see these people particularly develop pressure on their day-to-day finances. Meanwhile, only one in ten respondents were reported to be unconcerned about any additional debts living away from home will bring.

Caroline Brady, student banking representative for the financial services firm, said: "Students face higher levels of debt than ever before and whilst it's essential that they find ways to keep costs to a minimum it is also important that students think carefully about all the options. Savvy budgeting skills can really help students to start off on the right foot while they get to grips with managing their own money." Ms Brady suggested that seeking debt management advice now could be a "smart approach" for those students wishing to offset difficulties handling their finances later on in life.

Also commenting on the research, Alvin Hall, independent financial specialist, claimed that those who are in "deliberate denial" about money problems while at university could actually exacerbate their woes and limit their access to low cost loans after graduation. He stated: "The result can be stress that takes your mind off your studies, humbling request for cash from the Bank of Mum and Dad and if credit is involved huge interest charges and a ruined credit rating. This is not a good way to begin adult life after university."

Meanwhile, research carried out by Lloyds TSB earlier this year showed that ten per cent of those aged between 18 and 24 are forgoing higher education so they can go into full-time work and take their first steps on the property ladder. According to the findings, about one in six young people who choose work over university have more than one job to help them save enough money to meet property deposits and secured loans responsibilities in the future. However, mortgage sales director Alison Burns suggested that such measures may not always be necessary as a number of potential first-time buyers were reported to be unclear on various lending criteria such as mistakenly believing they need to be free of debts to be granted a mortgage.

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