

Less People Switching Financial Suppliers

Fewer consumers are looking to change utility and personal finance providers, according to the latest figures.

July 24, 2007 (FPRC) -- In MoneyExpert's latest switching index, those adults seeking a more competitive deal fell by some 5.4 million from the same study carried out at the beginning of this year. Meanwhile, 54 per cent of the British population were said to have not changed supplier at all over the last six months - a rise of some five per cent from research conducted during the last quarter. The price comparison website attributed the decrease in switching to the effect of five interest rate rises over the last 12 months by the Bank of England's monetary policy committee (MPC).

With the MPC increases said to be causing pressure on homeowners' day-to-day finances - and in particular their ability to make repayments on secured loans - more consumers are said to be choosing to stay with their current supplier. A number of financial and utility providers were also reported to be withdrawing some of their most competitive deals.

Sean Gardner, chief executive of MoneyExpert, said: "The financial squeeze caused by higher interest rates has meant consumers are more inclined to stick with what they know and in any case providers are getting tougher. The reality is that consumers are battening down the hatches in preparation for a rough ride as the mortgage becomes more expensive and disposable income reduces. It seems we're all taking stock of our finances - and perhaps switching is an unwelcome distraction in the current climate."

However, Mr Gardner indicated that changing supplier can be a wise move for those looking to reduce pressure on their monetary situation. "Of course, switching out of a poor deal is always a good thing to do. But people should perhaps be cautious about changing provider just for the sake of it. Choosing the right product for you is just as important as choosing the cheapest one - and never more so when money is tight and long-term financial decisions are more important," he added.

Over the last six months, the number of people changing mobile operator has decreased to 3.68 million compared with 5.06 million six months ago. The figures also indicated 929,000 fewer credit card holders are said to have swapped suppliers. In addition the study revealed that the number of those switching to a different personal loan provider has fallen by 700.

However, MoneyExpert.com suggested the recent MPC rises could be of benefit to those looking to put money into savings account schemes despite many borrowers being 'yet to wake up' to this. Over the last six months, some 2.3 million consumers have chosen to change savings provider - a figure reported to be constant from the previous study. "Savers are only just beginning to see the fruits of five base rate rises in the last year," Mr Gardner pointed out.

Last month, research carried out by fellow price comparison website Moneyextra.com indicated that choosing the most competitive mortgage product could save consumers up to Â£3,132 on their home loan costs. Overall, changing from some of the most expensive financial deals to reasonably-priced ones was reported to leave Britons some Â£4,477 better off.

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