

'Shopping Around' Recommended For Financing Car Purchase

Britons are spending an increasing amount of money on cars, according to new statistics.

August 15, 2007 (FPRC) -- In a study carried out by Halifax, the average household splashed out £1,509.67 on the purchase of vehicles over the course of 2006. With this figure making up 4.4 per cent of consumers' disposable income, a total of £36.5 billion is said to have gone towards this area of expenditure. The data also shows an increase of £11.1 billion from the £25.4 billion noted in 1996, where the typical home spent some £1,104.28.

Research from the West Yorkshire-based company also showed that vehicle spending has risen by 28 per cent in real terms over the last decade. Despite this increase in expenditure, it was suggested that motorists are getting more metal for their money as the price of cars has fallen by about a quarter (26 per cent) during the same period.

The statistics also showed that there are just under 31 million cars currently on the road, an increase of 22 per cent from 1996. And with used cars indicated as being sold every four years - with this figure falling to three years when the vehicle is more than ten years old - choosing a competitive financing option has been recommended

Overall, funding the purchase of a car was revealed to be the second most popular reason for taking out a personal loan, coming second to debt consolidation purposes. Just over a quarter (26 per cent) of loans taken out by men went towards motor vehicles in comparison to one in seven among women. The findings also showed that 40 per cent of car loans go towards buying a brand new automobile.

However, the financial services provider reported that although Britons often take their time in picking out the right car, the same principles often do not apply when choosing the financing of their purchase. When buying either a new or a used vehicle, Britons were urged to be aware they are usually liable to meet costs such as tax, MOT and insurance.

Neil Chandler, head of Halifax Unsecured Personal Loans, said: "For most people buying a car is one of the biggest financial commitments we make, accounting for between four and five per cent of household income. It's important people shop around and find the best deal for them or these costs could soon mount up and place a strain on your finances."

Meanwhile, those owning a 4x4 were suggested their vehicle was a "financial burden" as the value of such cars registered three years ago has since fallen by 34 per cent. During the same period of time a supermini car was revealed to have decreased by about 20 per cent.

Earlier this year, a Consumer Credit Counselling Service study showed that young people are more likely to use cheap loans. The findings revealed that such borrowing makes up more than half of the debts run up by 18 to 24-year-olds. As 28.5 per cent of respondents owe money via credit cards, people in this age group are said to be some £12,790 in the red.

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