

Property Repossessions 'Predicted To Grow'

The level of repossessed homes could be set to rise even further, an industry expert has suggested.

August 17, 2007 (FPRC) -- According to Mark Lance, spokesperson for the Repossession Specialist, the impact of the Bank of England's monetary policy committee (MPC) increasing the base rate of interest by 1.25 percentage points over the last year "has lead to three-figure increases on homeowners' mortgage payments". He added that as those consumers on either a discount or variable-rate deal are facing further pressure on their outgoings, in addition to the country's "inflated housing market", more people are set to become "overstretched financially".

He reported that more borrowers are now starting to get behind with making secured home loans repayments due to the impact of the most recent interest rate increases on their day-to-day finances. As a result, the spokesperson claimed that although such homes are yet to be repossessed, the number of arrears is due to rise over the next 12 months so "the true figure is only likely to get worse before it gets better".

"Where house prices have doubled or tripled in some areas in the last eight years the question that should be asked is whether people's incomes followed suit, or has the house price inflation fuelled this recent increase," he purported.

Mr Lance added that taking out payment protection insurance (PPI) could provide "peace of mind" for those homeowners who may struggle to make monthly mortgage repayments should they be the victim of an unexpected change to their circumstances such as sickness or unemployment. He claimed that although PPI is not obligatory, it can provide cover to consumers in the wake of unforeseen events such as the recent wave of flooding in Gloucestershire. Consequently, the spokesperson advised that consumers should have a "full understanding" about the terms and conditions of their policy to ensure that they are aware of what eventualities they will be covered for.

As a result, he stated homeowners to ensure that meeting mortgage payments is their "highest financial priority". However, should they beginning to struggle with their finances Mr Lance urged them to seek professional guidance from a specialist advisory service or their credit provider. "Homeowners should proactively approach their lender, before the first missed payment if possible," he said.

Mr Lance also reported that although taking out fixed-rate home loans can help consumers to budget their monthly outgoings, the product may not always be the correct one for everybody. Those who decided to move home during the middle of their contract could be liable to pay cancellation fees if their product is not portable.

Earlier this year, a study carried out by Moore Blatch indicated that thousands of Britons are selling their homes in order to avoid repossession as they continue to struggle with rising mortgage costs. Findings from the company showed that for every home that was reclaimed over the course of last year, at least an equal number was sold by those under the threat of going into arrears. Head of lender services Paul Walshe suggested that as the impact of recent MPC rises begins to have a greater effect on consumers, some of these "hidden repossessions" could be set to become "real".

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