

Car Buyers 'Need To Choose Suitable Finance Product'

As the launch date for new 57 registration cars draws ever closer, Britain is currently in the grip of a loan-applying frenzy, it has been suggested.

In figures released by Halifax, this month and January are the two most popular months in which consumers apply for a loan to purchase a car.

August 29, 2007 (FPRC) -- Although the financial services provider claimed that some consumers are aiming for a "new year, new start, new motor in January", the attraction of purchasing a car with a brand-new plate release in September is revealed to be "still apparent". Overall, almost 31 million cars are reported to currently be on British roads.

In addition, Halifax revealed that of all the used cars currently on British roads, some 25 per cent are less than three years old, with roughly the same figure made between three and six years ago.

The study also indicated that over 2.3 million new cars were registered over the course of last year, with the Ford Focus being the most popular model. Meanwhile, some 7.6 million used vehicles were bought during 2006, with the Ford Focus once again topping the polls. Perhaps unsurprisingly, England witnessed the largest number of new car registrations in the country at about 1.9 million. Meanwhile, Scotland had just under 195,000, followed by Wales and Northern Ireland with 86,000 and 65,000 respectively.

About half of all those applying for a personal loan to fund the purchase of a vehicle last year between the ages of 30 and 49, as a fifth (21 per cent) are in their 20s. In addition, males are dominating the car loan market as two-thirds of applicants are men.

However, the financial services provider warned that when on the search for a new automobile it is important that consumers also take the time to shop around for the most competitively-priced financial deals possible. Buyers of both new and used cars were advised that making such a purchase can often attract a number of additional costs such as tax, insurance and MOT fees.

Commenting on the study, Neil Chandler, head of Halifax Unsecured Personal Loans, said: "Purchasing a new car takes a lot of time and thought as it is a big financial commitment. It is important to choose a finance deal which suits you best, leaving you free to sit back and enjoy your new car."

Mr Chandler's comments were echoed in research carried out by uSwitch.com earlier this month. By choosing forecourt finance deals ahead of cheap secured loans when the new 57 registration vehicles go on sale from September 1st, the price comparison website warned that drivers could be wasting millions of pounds. In opting for expensive deals it was purported that the average motorist could be losing out on 985 pounds each via higher than necessary interest repayments - accounting for a grand total of over 175 million pounds.

Personal finance expert Mike Naylor suggested that drivers should not "pay more for the finance on your new car than you have to", advising the use of price comparison websites to judge the most competitive way of funding a purchase.

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For more information contact Abbi Rouse of All About Loans (<http://www.allaboutloans.co.uk>)

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