

Credit Repayment Times 'Are Extending'

While overall borrowing in the UK may be on the up, people are succeeding in better managing their loans and other finances, one commentator has suggested.

August 30, 2007 (FPRC) -- Loans firm Picture Financial has suggested that credit levels are on the increase but states that as consumers borrow more they are getting savvier about which personal loans or other products they choose. Julia Dallimore, marketing director at the company, remarks: "Our UK credit levels may seem high but with the vast majority of this taken up by mortgages and other secured lending we are increasingly spreading our credit repayments over longer periods to better manage our monthly finances."

The firm was reacting to research released today by business advisory company Grant Thornton which has contended that consumer borrowing has outstripped the national gross domestic product for the first time. It was announced that British consumers currently hold debts consisting of secured loans, personal loans, mortgages and borrowing on credit cards amounting to 1,345 billion pounds, for the first time exceeding the overall production of the British economy believed to be 1,330 billion pounds. "The research issued today highlights that we are a nation of significant credit users, however, many of us use our borrowing as an acceptable means of maintaining our standard of living," Ms Dallimore stated.

However, Picture Financial adds a note of warning - while people may be beginning to approach their finances from a better informed position, repeated increases in the interest base rate will continue to put pressure on household budgets. The firm believes that those consumers who have borrowed from a number of different sources and are struggling to balance repayments on their loans might benefit from debt consolidation as a way of restructuring their credit. "It is important for people to ensure that they review their credit arrangements and, if necessary, restructure their borrowing to allow themselves greater financial freedom each month," Ms Dallimore explains. "This can mean taking the time out to seek independent advice, switching to credit providers with more favourable rates or consolidating all borrowing into one place."

The company asserts that gaining a thorough understanding of your outgoings and monthly finances can be useful in ascertaining whether repayments can be comfortably covered. The advice follows recent statements from the UK Insolvency Helpline which urged consumers struggling with debt to write a budget. Calculating the difference between income and living costs can give a good indicator of how much could be considered spare income and how much is available for paying off loans.

Ian Boden-Smyth, spokesperson for the lawyer and accountancy network, also recommended any consumers experiencing problems or foreseeing future difficulties to get advice from professionals who can help to draw up a budget as well as provide guidance.

Recently, Picture Financial published research which suggested that despite worries about their ability to control their finances, millions remain unhappy about the prospect of discussing their financial situation. The firm found that Britons were more comfortable discussing sex, current affairs and religion than broaching the subject of financial difficulty.

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