

Credit Card Charges Abroad ‘Costing Millions’

Holiday makers are returning to find themselves with more debt than they had planned...

September 5, 2007 (FPRC) -- British consumers returning from their holidays this summer may find themselves needing to compare loans as they find they are further in debt than anticipated, one personal finance commentator suggests.

According to new research from price comparison site uSwitch, the number and scale of charges being implemented by some card providers is leaving the public to foot a bill of around £759 million. The sum adds to a 16.4 billion pounds sum spent on cards while abroad and £6.6 billion withdrawn in cash while in foreign climes over the course of the year.

Consumers might like to investigate low rate loans as a means of funding their holiday in place of using credit cards, given that some providers are upping the costs of using their services outside of the UK. As an example, uSwitch states that Liverpool Victoria plans to implement a three per cent foreign exchange fee from the end of September, while HBOS intends to up its fee from 2.75 per cent to 2.95 per cent. The firm states that these examples build on “significant cash withdrawal fee increases from the majority of credit card providers” in the last 18 months.

Taking stock of the market and picking one of the best loans could be preferable to using credit cards abroad, with uSwitch suggesting that most providers charge 2.5 per cent or a minimum of £2.50 on each withdrawal made when taking money out abroad this summer - with culprits including NatWest, the Royal Bank of Scotland, HSBC and Sainsbury’s Bank. Mike Naylor, personal finance expert at uSwitch.com, observes: “Holiday spending can be difficult enough to budget for at the best of times, without the bill creeping up by way of these hidden charges. It is possible for consumers to reduce the amount they will pay in fees, or avoid paying them altogether, if they take a little time to research the credit card market before going away.”

Recently, MoneyExpert released research suggesting that nearly 1.4 million Brits are still paying off last year’s holiday as the vacation season gets underway again. The importance of researching to find the best loans is highlighted by the price comparisons service’s figures, which indicate that almost another million have only just paid off the costs of last year’s trip. However, the firm states that on average consumers take under four months to clear debt taken out when planning a holiday.

Sean Gardner, chief executive of MoneyExpert, said: “Anyone with debt problems needs to cut the amount they are paying each month and to draw up a plan to become debt-free. That should include switching debts to more competitive credit cards and consolidating debts into a personal loan. In some cases it could include taking out a secured loan if you are a homeowner.”

In related news, MoneyExpert.com has recently asserted that increasing numbers of UK consumers are falling behind with loan repayments, further emphasising the need for them to address their personal finance situation and ensure they are using the best products on the market.

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