

Those Struggling With Debt ‘Should Consult Professionals’

Moves to improve financial education and help more low-income consumers access competitively-priced loans and other forms of borrowing have been welcomed by one industry body.

September 24, 2007 (FPRC) -- According to R3 - the Association of Business Recovery Professionals, the trade body representing insolvency practitioners, the recently announced government scheme could help borrowers avoid unscrupulous loan sharks who charge borrowers high rates of interest. As a result of being guided away from such providers it is possible that consumers could adopt a more responsible attitude towards handling their money and be able to successfully search for low cost loans.

Nick O'Reilly, vice-president for R3, claimed that those Britons who are struggling to handle various demands on their spending such as mortgages, utility bills and secured loans, should avoid loan sharks and instead seek advice on their debts from reputable professionals.

He said: "Loan sharks take advantage of those who are at their most vulnerable. In most cases, when an individual approaches a loan shark, they see it as their only way out of trouble, but unfortunately dealing with loan sharks can only lead to more problems. The advice from the professionals is to consult an expert as soon as you see problems arising. They can advise on the best course of action, without resorting to illegal loans sharks."

In addition, the association pointed to statistics from its most recent debt index, carried out in August, which showed that only just over a third (38 per cent) of people who claim that their finances are causing them "great difficulties" have looked to get professional advice. Meanwhile, 12 per cent of those concerned about their money management have gone on to borrow cash again via loans, which in "many cases" has seen them resort to loan sharks.

Findings from the R3 index also indicated that one in five see their debts as currently being "out of control". As a result, 19 per cent of those struggling to handle their finances have taken out a debt consolidation loan, with 28 per cent selling items as a means of raising extra cash. People on lower incomes are revealed to have higher proportions of debt as those earning 21,540 pounds are some 8,831 pounds in the red via non-mortgage borrowing. This compares to the 8,995 pounds of arrears consumers on an annual salary of 37,480 pounds are on.

Overall, the West Midlands has the highest proportion of overall debt, in comparison to Scotland which has the least. Women are also suggested to be the most astute in handling their money as despite earning less than their male counterparts they have lower levels of both mortgage and non-mortgage debt.

Earlier this month, the Association of British Credit Unions revealed it is set to discuss the country's money management difficulties being held at all three of the major political party conferences. The meetings are to discuss how to help financially-excluded members of society access competitively-priced lending options such as low-rate loans. In addition, the gatherings are to discuss the provision of borrowing, for instance of adverse credit loans, for the rising numbers who find themselves with a damaged financial history.

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