

## Motorists Face 'High' Running Costs

*Drivers could be set to find pressure on their finances increasing due to surging day-to-day expenses for their vehicle, new figures show.*

September 27, 2007 (FPRC) -- In research released by Sainsbury's Bank, the annual average cost of running a vehicle has risen by some 2.6 per cent over the last 12 months to currently stand at 2,259 pounds - with this figure excluding any interest repayments on loans which may have been taken out to fund the purchase. And with typical expenses now up by ten per cent from the 2,053 pounds recorded in 2005, consumers could well see the pressure of maintaining their automobile impacting on other areas of their spending such as credit cards, loans and overdrafts.

Overall, fuel remains the biggest area of expense for motorists this year as it accounts for some 1,211 pounds per annum, despite such costs falling by 1.2 per cent from 2006. Yet, expenditure on petrol has increased by ten per cent since 2005. Meanwhile, tax has seen the most marked growth over the last 12 months, rising by 17.8 per cent to 137 pounds 14p.

The typical driver has seen insurance costs go up by 5.25 and 5.99 per cent in 2006 and 2005 respectively, as they now pay an average premium of 486 Pounds 43p. Servicing makes up just under 300 pounds (294 pounds) of motorists' annual costs - a growth of 7.69 per cent - while the financial services provider asserted drivers should set aside 80 pounds for roadside assistance.

As a result, the company stated that consumers could "dramatically reduce their motoring costs" by taking the time to shop around for car insurance, which in turn could increase their ability to make repayments on loans, allowing them to complete paying back their borrowing quickly and with greater ease. As part of the company's Cost of Motoring Guide, it was also suggested that those thinking about applying for bank loans to fund the purchase of a car should research the market to ensure that they get the best deal possible.

Joanne Mallon, car insurance manager for Sainsbury's, said: "The cost of motoring can be high but it is possible to keep it in check by, for example, shopping around for car insurance and fuel. However, it is not only the costs associated with running a car that motorists need to tackle but also the price they pay for them. Our research shows that of those questioned, between September 2007 and March 2008 some 12 per cent of people planning to buy a car don't intend to haggle over the price they pay and a further 38 per cent only plan to haggle slightly. This is despite the fact that you can save well over 1,500 pounds on the price of a brand new car by doing this."

Earlier this year, Lloyd East, director of personal loans for AA, suggested that Britons are losing out on millions of pounds every year as a result of choosing expensive showroom finance deals ahead of opting for a more competitive low rate loan. His comments come after the financial service firm revealed the amount of people buying a car based on environmentally-friendly features has risen to 20 per cent during the last 12 months. Mr East argued: "The savvyness people show in the cost of running a car is not mirrored in how they buy them."

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