

## **Consumers ‘Struggling More With Making Mortgage Payments’**

*There has been a shift in the nature of Britain’s debts, an industry expert has asserted.*

September 28, 2007 (FPRC) -- According to Chris Tapp, deputy director of Credit Action, consumers have previously often struggled to make repayments on personal loans and other forms of unsecured borrowing. However, it was suggested that evermore people are beginning to experience difficulties in meeting demands for payments on mortgages. Since August 2006, the Bank of England’s monetary policy committee (MPC) has increased the base rate of interest on five occasions.

Such moves, Mr Tapp states, have resulted in a “big knock-on effect” on Britons’ capacity to successfully make regular contributions to mortgage costs. This in turn may well impact upon borrowers’ abilities in meeting other constraints on their regular day-to-day spending, for example credit cards and cheap loans. In addition, the deputy director asserted that the recent financial “turmoil” witnessed in global markets and with Northern Rock has helped to make mortgages a “very live issue”.

Mr Tapp also reported that a number of financial advisory services have recently seen a rise in the numbers of people looking for help in managing mortgages, personal loan debt and other areas of their spending. He said: “Generally, across the board, people in the sector have seen an increase in people coming to us for advice and what’s interesting about that is that the nature of that advice has changed slightly. Whereas previously most people were struggling with unsecured credits, so credit cards, loans, overdrafts, these kinds of things, there’s been an increase in the number of people struggling with mortgage payments.”

Marked house price growth over the last few years was also signified as a source of increasing debt difficulties for British consumers. Mr Tapp claimed that with property prices reaching record highs over recent months, those looking to get on to the housing ladder have been forced to borrow ever rising amounts of money. As a result, the director purported that this has seen “people borrowing in a way that’s left them very little breathing space in terms of their monthly budget”.

However, following the series of MPC rises since last summer, many people have been unable to cope with the resultant rise in financial pressures which could extend to their propensity to pay utility bills, overdrafts and other loans that they may have taken out. “When people are stretched with the amount they have to borrow, then it doesn’t take very much to tip them into difficulty and I think that’s what we’ve seen with people struggling with mortgages,” Mr Tapp added.

Consumers who are worried about their ability to manage their finances in the wake of rising mortgage costs could be well advised to consider applying for a cheap personal loan to help them make repayments and reduce pressure on other demands on their spending.

Earlier this year, CreditExpert’s managing director Jim Hodgkins advised those looking to get a low rate loan to ensure that they have a copy of their financial history before making an application. He stated that a number of financial services providers have become stricter in issuing loans to borrowers as they look to ensure that applicants will be successful in making regular repayments. Mr

Hodgkins suggested that more consumers could struggle to make mortgage payments in the next few months as the impact of MPC increases begins to take effect.

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