

## **Brits' Financial Burden Has 'Increased Over Last Decade'**

*British households are under evermore financial pressure, according to the publication of new figures.*

October 8, 2007 (FPRC) -- The news comes as research carried out by uSwitch reveals that disposable income is at its lowest level for a decade. According to the price comparison website, taxes and social contributions have increased by 85 and 77 per cent respectively during the last ten years. Meanwhile, during the same time the proportion of net household income within gross income has decreased by five percentage points to 63 per cent. And with such a fall in disposable income, more consumers could be struggling to meet demands on their spending should they have to make unexpected repayment for utility bills or home loans.

According to the price comparison firm, property has been one of the largest strains on household finances over the last ten years, as house prices have risen by some 231 per cent during this time. In addition, rents have surged by 44 per cent since 1997. Overall, housing accounts for a fifth (19 per cent) of household expenditure.

The study also showed that council tax has nearly doubled during the past decade, as it has shown growth of some 92 per cent. Properties coming under band D now attract a levy of 1,321 pounds - up from 688 pounds in 1997. Meanwhile, the five base rate rises carried out by the Bank of England's monetary policy committee since August 2006 pushing up the cost of borrowing on mortgages and loans has been suggested as 'compounding' the country's financial problems.

Mike Naylor, personal finance expert at uSwitch, said: "Cool Britannia is now Cost-a-lot Britannia. Our pay cheques may be getting fatter, but the chunk that we have to hand over to pay taxes, bills and other living costs is growing even faster. We are working harder, but we are not getting any wealthier - we are running just to stand still."

Mr Naylor added: "With less spending money than at any time over the last ten years, it's more important than ever to take control of your finances." As a result, he suggested that consumers take the time to shop around for the best deals available, allowing them to free up as much disposable income as possible.

Further research from the price comparison website also revealed that communication costs have risen by 77 per cent - with this increase largely attributed to the uptake of mobile phones and the internet during the last ten years. The cost of running a car has surged by 43 per cent over this time as transport expenses make up some 15 per cent of the average Briton's expenditure.

Overall, Nottingham residents are spending the most on essentials, for example mortgage repayments and utility bills, as such expenses make up some 64.2 per cent of their annual income. On the other hand, those living in inner west London only contribute a third (32.7 per cent) of the money they have coming in to such areas.

However, for people struggling with the rising cost of living taking out a debt consolidation loan could well be advisable, as doing so may mean they are able to pay off various debts quickly, leaving them with more disposable income. Meanwhile, David Kuo, head of personal finance for the Motley

Fool, claimed that although debt consolidation loans “can be a welcome lifeline”, borrowers should take care to make sure that they do not get themselves back into the red. His comments come after research from the firm showed that three out of five people taking out such a loan go on to borrow more money in the future.

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