

Consumers 'To Receive Improved Financial Guidance Following PBR'

More Britons could be on track to receive better guidance in managing their finances, it has been revealed.

October 11, 2007 (FPRC) -- In the government's pre-Budget report (PBR) and Comprehensive Spending Review, chancellor Alistair Darling announced that millions of pounds are to be invested into the provision of financially advisory initiatives targeted towards some of the most vulnerable people in the country. With the Financial Inclusion Fund set to receive some 130 million pounds over the course of the next spending year, consumers may be able to adopt a more responsible attitude towards the applying for and paying back of secured loans, credit cards and other avenues of borrowing.

In addition, such moves may also help people develop a greater knowledge of financial products and learn more about the importance of creating a budget. With the government claiming that the announcement builds upon "the good progress achieved so far", the money will support projects such as the Department for Business, Enterprise & Regulatory Reform's fiscal advice schemes and the Department for Work and Pension's Growth Fund.

Meanwhile, the report may also be welcomed by older people who are struggling to keep up with demands for payment on utility bills, home loans and other areas of their spending. From next year, the government is to boost the minimum amount of pension credits to 124 pounds for single retirees. Couples, on the other hand, are to receive 189 pounds.

Speaking ahead of the report, Vince Cable, treasury spokesperson and deputy leader for the Liberal Democrats, asserted that millions of Britons are now beginning to develop difficulties with loans and other types of borrowing, as a result of Gordon Brown "blithely ignoring the growing crisis of personal debt and irresponsible lending". He added that as "the chickens are finally coming home to roost", people are finding that a greater proportion of their income is going towards paying back debt as the economic landscape looks bleak. "Household debt is now 160 per cent of income double the level of a decade ago. The cost of servicing debt is close to the level that caused the recession at the end of the 1980s Lawson boom," Mr Cable asserted.

Such sentiments were also shared by Mark Williams, Liberal Democrat MP for Ceredigion. He pointed to data released by the Welsh Liberal Democrats in June which showed that the country's personal debt, which may have been acquired through the use of low cost loans, overdrafts and plastic cards, stood at 164 per cent as a proportion of income during 2006. With this figure up from the 105 per cent noted in 1997, it was also suggested that this level of personal debt is the highest in the developed world. Meanwhile, Welsh households are currently contributing nine per cent of their disposable income, towards paying back debts.

And although more financial advisory services are on the horizon, those who find that they are still struggling with money may wish to consider using the equity built up within their property as a means of debt consolidation. Last month, Sue Anderson, head of member and external relations for the Council of Mortgage Lenders, suggested that consumers deciding to take out such a form of secured loan are often doing "a logical thing" as they are effectively replacing expensive unsecured

debt with low-rate borrowing.

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