

## **Unwise Spending Could Cause ‘Financial Nightmare’ For Tourists**

*With the October half-term holiday is upon us, it is quite conceivable that a number of Britons are looking to go away on a short break abroad. However, a new set of research has revealed that millions of prospective tourists could be developing debt difficulties by having their hearts set on going away before finishing paying off their last holiday.*

October 23, 2007 (FPRC) -- According to findings by Alliance & Leicester, an estimated 4.2 million consumers could be set to research holiday brochures for their next destination despite still owing money on their previous excursion. Overall, more than a fifth (22 per cent) of these people spend up to 12 months making repayments on their last main break. However, the 900,000 holidaymakers who are yet to complete paying a previous travel bill may develop particular money management problems in terms of making payments on personal loans and other demands on their finances should they decide to go away again. Meanwhile, some 44 per cent of consumers - about 19.4 million of the population - do not save the total necessary to go away but still do so anyway.

Research from the financial services firm also showed that Britons tend to be financially irresponsible while they are abroad. Just over a quarter of respondents (27 per cent) claim to have spent more money than they had originally anticipated, with some 1 million holidaymakers exceeding their spending by over 500 pounds. The study also showed that 21 per cent of those who go beyond their intended expenditure supplement their outgoings via a credit card. About the same proportion, meanwhile, claim to have had to put off purchases and heavily budget their outgoings as they look to meet demands on their finances such as credit cards, utility bills and loans upon their return home.

Ross Dalzell, manager for savings at Alliance & Leicester, said: “It’s understandable that many of us will want to erase the damp squib of a summer from our minds by treating ourselves and making the most of our time away, however, many holidaymakers run the risk of letting their holiday dreams turn into a potential financial nightmare.

“So much time and effort is put into booking and planning our holidays, it’s important that the same attention is given to considering how to fund them. Setting up a holiday fund and putting by what you can afford each month is the best way to ensure that you’re not still paying for your holiday fun long after your tan has faded.”

As a result, those either looking to finance their next break or pay off money owed on their past holiday at a competitive rate may wish to consider applying for a cheap loan. In research carried out by Equifax earlier this year, the majority of those looking to go away are set to borrow to fund an excursion. However, the reference agency states that those who take a long period of time to complete making repayments could find that they have damaged their credit report, which in turn could hamper their access to low-rate loans in the future. Research from the company indicated that 29 per cent of tourists think that it will take them up to three years to complete making borrowing repayments.

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