

## **'Careful Planning' Can Help Consumers Avoid Debt Difficulties**

*One county in northern England could be set for a surge in its residents' struggles to make repayments on personal loans and other types of borrowing, it has been suggested.*

October 24, 2007 (FPRC) -- The news comes as statistics released by the Ministry of Justice have indicated that some 274 petitions for bankruptcy were filed in Cumbria over the first six months of this year - a rise of 15 per cent from the same period in 2006, reports the News & Star. In addition, this growth is more than double the typical seven per cent rise noted across England and Wales. As a result, Armstrong Watson, an accountancy firm in the region, stated that consumers should prepare themselves for an even greater rise in financial pressures as a "storm" could be on the way, which may see them develop difficulties in meeting demands for payment on secured loans, transport costs and mortgages.

According to the company, the five base rate rises actioned by the Bank of England since August 2006 were also suggested as helping to fuel the financial strains felt by consumers. In turn, homebuyers on a 100,000 pounds mortgage have seen their monthly payments rise by about 80 pounds. Consequently, it was suggested that this could lead to soaring levels of home repossessions.

Daryl Warwick, insolvency partner at Armstrong Watson, told the publication: "I think we need to prepare ourselves sooner rather than later. Cumbria has already witnessed unprecedented increases in levels of bankruptcy - twice the national average - and with the interest rate rises, uncertainty in America and the shake-up that was felt as a result of the Northern Rock situation, I think we could be in for a stormy ride."

And although Mr Warwick pointed to reports that the housing market could be set for a "downturn" similar to that witnessed in the 90s, homeowners should not be "fearful of the road ahead".

"Careful planning now could eradicate future difficulties. Simple measures such as drawing up a detailed budget plan projecting income and outgoings each month will provide you with a black and white overview of your financial situation," he added.

Mr Warwick stated that although many people have enjoyed the "credit boom" over recent years, an increasing number of consumers are now set "to pay the price". He also asserted that those who are concerned about rising pressure on their finances as they come towards the end of their fixed-rate agreements should look to seek out guidance from a professional.

Earlier this year, Philip Hammond, shadow chief secretary to the Treasury, reported that more households are to develop financial difficulties as the full impact of the Bank of England's interest rate rises begins to take effect. He added that "stealth taxes" by the government are also set to see more people struggling to make ends meet. Consequently, those looking to safeguard their finances may wish to apply for a debt consolidation loan to help pay off various demands on their spending quickly, with taking out a secured loan against a property could potentially be one advisable means of debt consolidation.

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