

Debt Education 'Is Not Reaching Young People'

Large numbers of young people are getting into debt situations from which it is difficult to recover, the latest research suggests.

October 31, 2007 (FPRC) -- Commentator iva.co.uk, a firm which helps to organise individual voluntary arrangements, has released results from a survey which indicate that as many as one in four people aged between 18 and 24 are struggling under the weight of various debts. At the same time, as many as 1.2 million children currently still in the school system will find themselves in the same difficult debt cycle within the next five years.

The figures from the personal finance commentator suggest that in excess of one in five people aged between 18 and 24 will find themselves insolvent before they reach the age of 30. Rather than saving or opting for low rate loans, such groups may be building up significant debts on credit cards and uncompetitive products. However, they are not alone - according to iva.co.uk's figures some 16 per cent of the UK population have debts for which they cannot service monthly repayments and are in excess of £10,000. The firm is calling for updated financial education in schools to help pupils understand personal finance contracts which they buy into. For instance, improved education could help the demographic to better identify the best loans and the difference between low rate loans and other borrowing options.

Last week the company held a meeting between industry professionals such as personal finance specialists in order to discuss matters pertaining to keeping people out of debt. The Debt Education Debate focused on the fact that borrowing was now an accepted part of modern life but that consumers would be better informed to prevent them falling by the wayside. James Falla, managing director of debt consultancy Thomas Charles, told the assembled commentators: "We aren't going to be able to change a changing culture that has happened over the last 20 years in five minutes. We must embrace the fact that people are going to take credit, but then educate them."

Meanwhile Anne Kiem, a spokesperson for the ifs School of Finance, remarked: "A lot of people are turned off by jargon. There are a lot of people out there who are frightened of finance, either because they think it's very complicated, or because they think it's terribly dull and doesn't relate to them. We must educate young people about things that engage them, such as mobile phone tariffs." The organising body used the forum to unveil its new pamphlets which are designed to educate people about different kinds of debt.

The money news from iva.co.uk supports earlier research from Lloyds TSB, which established that young people in the UK are becoming increasingly concerned about debt. A survey conducted by the bank found that money worries were driving as many as a third of people due to have started at university in recent weeks to live at home to minimise their debts. While 80 per cent stated that they considered it an easy way to save money, around a quarter specifically noted that it should help them to keep debt under control.

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