

Consumers 'Looking To Loved Ones For Financial Help'

Britons are increasingly looking to their families for financial support, a new study shows.

November 6, 2007 (FPRC) -- In research released by Skipton Building Society, consumers owe a total of more than 251 billion pounds to their relatives through money that has been loaned to them. This figure also represents a rise of 82 per cent from the 14 billion pounds people had lent to their family members from the same survey conducted ten years ago. Individually, borrowers owe an average of 1,928 pounds 15 pence to family members - an increase from the 1,510 pounds 17 pence recorded in 1997. During the past decade more than half (51 per cent) of Britons have issued a hand-out to a member of their family. Just over one in ten have lent more than 5,000 pounds, while four per cent have given out over 10,000 pounds.

Overall, parents are shown to be likely to issue a loan to their children, as 47 per cent of mums and dads over the past decade have given their offspring a financial handout. This compares to the 12 per cent of grown-up children who provided their parents with monetary assistance during the last ten years. Just under a third of those lending to their parents have helped them to pay bills, while eight per cent have assisted with the carrying out of household repairs. Meanwhile, some seven per cent have used loans to purchase a car.

Commenting on the research, Jennifer Holloway, head of media relations for Skipton Building Society, said: "It's well known that many homebuyers rely on the bank of mum and dad for help purchasing a property, but it seems getting loans from the 'financial family' is extending to other areas, such as for paying bills."

Ms Holloway asserted that such moves are "perfectly understandable" as a result of constant increases in the cost of living. However, she added that by saving regularly consumers may find that they will be less reliant for financial aid from their families which in turn could well see them reach a more favourable position to make repayments on secured loans and other demands on their spending.

However, the study also revealed some animosity between families when it comes to borrowing money. Some nine per cent of those who has lent to relatives state that they felt pressured into approving a loan, while seven per cent report that the family member they lent to have not made any attempt to repay that which is owed. The building society also pointed out that 17 per cent of respondents have fallen out with a relative over issues about loans.

For those struggling to meet various constraints on their spending such as utility bills and mortgages - as well as wanting to avoid developing problems with their relatives by borrowing money from them - the taking out of a debt consolidation loan could well be an advisable idea. By applying for such a low rate loan consumers could find that they have more disposable income as a result of merging demands on their finances into one low-rate monthly repayment. Such a loan could be particularly advisable for men as earlier this year, research conducted by Chiltern showed that those males entering an informal debt management plan owe 29,914 pounds compared to the 23,946 pounds women are in the red by.

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