

## Debt Consolidation 'Key Reason' For Applying For Personal Loan

*An increasing number of people are applying for a personal loan as a means of consolidating their previous debts, an industry expert has declared.*

November 6, 2007 (FPRC) -- According to Robin Amlot, senior editor of Moneyextra, more Britons are now looking towards a personal loan to help them quickly meet a number of commitments on their spending, such as credit cards and overdue utility bills - thus leaving them with more disposable income at the end of every month. Pointing to various surveys commissioned over recent months in addition to anecdotal evidence, Mr Amlot asserted that consolidating debts is now the "key reason" for taking out a personal loan.

He said: "Two key factors about taking out an unsecured personal loan as a way of consolidating your debts is that you are fixing your interest rate - so you know what you'll be paying each month - and you are fixing a date in the future at which you will have cleared the debt."

However, the Moneyextra editor warned prospective borrowers considering make an application for such a loan to use the money that they receive wisely and to avoid getting further into the red. "Using a personal loan in this way as a financial management tool makes a great deal of sense but only if you are then disciplined enough not to run up further debt on your credit card(s) and overdraft in addition to the loan you are now paying down," Mr Amlot asserted.

In addition, he pointed out that a number of Britons are taking steps to reduce pressure on their spending as the effect of the recent credit crunch begins to impact "directly" upon those consumers who are already overstretched financially. He stated that in the run-up to Christmas it is unlikely that the country will "collectively be going further into debt to spend". Mr Amlot suggested that a number of people are "actively" trying to reduce the amount of money they owe or transfer their borrowing to a cheaper basis, with a debt consolidation loan one possible way of reducing lending commitments. The editor also asserted that borrowers are finding it more difficult to take on further debt, whether this is through a secured loan, credit card or overdraft, while high street retailers have expressed concern that they will face a tough Christmas this year due to a shortfall in consumer spending.

Earlier this year, Susan Hannums, savings manager at AWD Chase de Vere, reported that more people are set to borrow money, through avenues such as secured loans and credit and store cards, in an attempt to help fund spending as the festive season approaches. The rising popularity of applying for a loan at this time of year was partially attested to the rising cost of seasonal gifts and food. However, she asserted that as mortgage costs are set to increase, due to the Bank of England's series of base rate rises over the last year and a half, more homeowners could see themselves struggling financially in the run-up to Christmas. Ms Hannums also pointed out that the new year often sees a vast number of Britons develop difficulties in managing their money, with the taking out of a debt consolidation loan one possible way of alleviating such pressures.

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### Contact Information

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