

Brits 'Struggling' To Get Loans

Consumers are finding it increasingly difficult to get access to loans, new research shows.

November 12, 2007 (FPRC) -- According to a study conducted by moneysupermarket, the proportion of Britons being granted loans and other types of lending by banks has decreased steadily over the course of 2007. With the exception of the rise noted in April, loan acceptance levels have fallen every month of the year, as the price comparison website suggests that financial providers are tightening up their lending criteria. The news comes as the firm claims that the background of those applying for a loan has remained consistent over the course of this year.

In January, just over two-thirds (66.76 per cent) of all those making an application for a loan were accepted. However, last month's success figures stood at just over one in two (51.72 per cent), down from the 53.19 per cent record in September. The only surge seen was between March and April where acceptance levels increased to 66.60 per cent.

Commenting on the figures, Tim Moss, head of loans at moneysupermarket, said: "Clearly some people who should be offered loans aren't getting them at the moment. The banks are denying they are getting choosy, but our findings show they are and many deserving Brits are suffering because of it. In the current climate of rising interest rates and the global credit crunch, it might not be long before we are getting credit checked to have the newspaper delivered."

He added that now "more than ever" loan lenders are looking to issue credit to those applicants deemed to be low-risk, in which they will be able to meet demands for repayment on home loans and other types of borrowing, in an attempt to reduce their levels of bad debt. As a result, Mr Moss suggested that even those consumers who have "near spotless credit records" are developing problems in successfully applying for a loan or are being charged higher rates of interest.

As a result, the financial expert stated that as many consumers are due to see their mortgage payments rising their levels of disposable income will be squeezed, "meaning in the short-term, things will only get tougher for them". In addition, he pointed out that petrol costs and winter energy bills are also on track to increase, so putting people under more monetary pressure.

However, with the nation's financial difficulties seemingly set to increase, prospective borrowers who find that they have been repeatedly turned down by lenders in recent weeks may not want to give up hope just yet. Speaking earlier this year Sean Gardner, chief executive of MoneyExpert, reported that those who find that they are regularly being refused loans and other sorts of credit should take the time to ensure that they are fully aware of financial options before applying again.

He added that consumers may wish to apply for a homeowner loan as they offer interest rates which are just as competitive as those attached to unsecured loans. Mr Gardner also pointed out that those who find that they are getting themselves into an unmanageable position to make repayments on loans and other types of borrowing should consult a professional advisory service for guidance.

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