

Consumers 'Believe Financial Pressures Could Increase'

Britons are seeing themselves as coming under increasing financial pressure, new figures show.

November 29, 2007 (FPRC) -- In the latest Consumer Barometer released by Lloyds TSB, a record 73 per cent of the population claim that prices in general have risen over the last 12 months, while just three per cent of people believe that a fall has taken place during this period of time. Rises in food and oil prices, in addition to a surge in mortgage payments, are reported to have had a particular impact upon consumers' financial confidence, which in turn could affect their propensity to make payments on other essential monetary demands such as utility bills and personal loans.

Meanwhile, one in five believe that their employment situation is more secure than at the same time in 2006, while about the same proportion (21 per cent) claim that such confidence has decreased. The majority (56 per cent), however, believe that their own job has the same level of security as it did a year ago. The study also indicates that 41 per cent of Britons see the country's general employment prospects as currently being worse than the same time in 2006, while just 14 per cent view it as being better. These falls in employment-related confidence are attributed to increasing concern about the country's general economic outlook and the impact of the credit crunch.

Research from the financial services firm also reveals that 84 per cent of consumers believe that costs are due to rise further over the coming 12 months, which may cause even more people to develop difficulties in managing their finances. However, despite worries about employment and cost increases, Lloyds TSB claims that more people believe interest rates are to fall in the coming months.

Overall, the balance of consumers who believe that the base rate of interest will be higher rather than lower within in the next 12 months currently stands at 43 per cent. However, in October this figure stood at 53 per cent. Consequently, such a lowering of rates could see more people find themselves in a stronger position in which to make repayments on loans and credit cards.

Commenting on the figures, Trevor Williams, chief economist for Lloyds TSB Corporate Markets, said: "A record number of consumers are feeling the pressure of higher prices and this, together with worsening employment prospects, is clearly having a negative impact on consumer spending. But as consumers struggle to pay their bills, we expect demand for higher wages to increase - official data showed wage growth hit a six-month high in September.

"It's now pretty much expected - by economists and consumers alike - that the Bank of England will begin to cut interest rates in coming months. But if prices continue to rise next year, as consumers predict, this will come as little relief to many household budgets."

For those concerned that their ability to manage their finances in the coming months may come under further pressure, applying for a debt consolidation loan may be one way in which to offset fiscal difficulties. Taking out such a loan could be particularly advisable for many Britons struggling with money after a recent study conducted by the Motley Fool revealed that 66 per cent of people believe that financial matters should be kept private.

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