

Money Problems Are 'More Pronounced Towards Christmas'

More people could be struggling in their ability to handle their finances, new studies have shown.

November 29, 2007 (FPRC) -- In research released by Chiltern, the proportion of their income that consumers could afford to pay back to creditors on areas such as store cards and loans during November stood at some 17 per cent, a decrease of one percentage point from figures noted during the previous month. Findings from the firm also showed a slight rise in living costs over the course of November. During the month such expenses accounted for 83 per cent of consumers' income, up from the 82 per cent noted in October. However, with the rate that they are contractually obliged to pay back remaining consistent, money management may become more difficult for a number of Britons.

Commenting on the figures, Joanne Gill, spokesperson for the debt management consultancy, said: "Our research shows that six million people in the UK are struggling with their finances and one million admit to being seriously overstretched - these figures demonstrate that predicament very clearly. Debt is a source of constant stress for many families as they juggle their credit commitments to maintain their minimum payments and spiral further into debt. It is particularly pronounced at this time of year as people feel under pressure to enter into the festive spirit whether or not they can afford to."

According to the firm, a "key indicator" of consumers developing problems with their finances is when at least a quarter of their salary is going towards debt repayments. Another such sign is the use of credit - whether this is through a secured personal loan or plastic card - to pay for essentials such as transport and food. Meanwhile, people are also reported to be developing "debt stress" if they are only able to make the minimum amount of repayments on credit and store cards, as well as having at least four debt commitments.

Consequently, people worried about their capacity to meet various demands on their finances were advised to draw up a list of all the money that they have coming in on a regular basis, such as wages, benefits and maintenance payments. Ms Gill then suggested that people should create an expenditure chart, tracking their payments on mortgages, utility bills, secured loans, food and other spending commitments. After subtracting the total of the former from the latter, should people they find they have a negative balance, Chiltern urged them to seek out help with their finances.

Meanwhile, with the festive period rapidly approaching, those who are already struggling to manage their money may wish to take steps to rein in their spending, with the application for a consolidation loan one possible way in which this could be done. Consequently, many Britons could find that applying for a low-cost loan as a means of debt consolidation could help them get to grips with their expenditure. Such a loan may see borrowers clear off debts owed to a number of creditors quickly and leave them with a single low-rate monthly repayment.

As a result, an application for a debt consolidation loan may especially be advisable for young people as a recent study carried out by iva.co.uk indicated that about one in four of those between 18 and 24 are struggling to handle their finances. In addition, it was suggested that 1.2 million children currently in school will discover that they will have money management problems in the next

five years. Overall, the insolvency publication suggested that 16 per cent of Britons have debts which they feel unable to pay back. As a result, the provision of monetary education in schools was urged to help people manage their spending and to compare loans and other financial products effectively in later life.

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