

Prospective Loan Applicants ‘Should Act Now’

Britons looking to apply for a loan - and in particular those wanting a low rate of interest on their borrowing - should act as soon as possible, an industry expert has stated.

December 3, 2007 (FPRC) -- Speaking earlier this week, Esther James, personal finance analyst for Moneyfacts reported that this week's withdrawal from the personal loan market of the Hanley Economic Building Society and Eskimo Loans, which was funded by Northern Rock, could act as a blow to consumers looking to take out a UK loan. And as these two financial providers "bite the dust", the economic expert asserted that the pulling out of the market by Leeds Building Society, GE Money and LV= earlier this month means that the level of unsecured loan lenders has fallen by about ten per cent in the space of just four weeks. As a result, she suggested that consumers may develop more difficulties in finding a cheap loan.

Commenting on the findings, Ms James said: "Such a large reduction in just the last month is worrying. With no signs of rate rises slowing, it's a rather unsettled market. The credit crunch is showing its strength in the personal loan market. Anyone considering a personal loan might be advised to act sooner rather than later. With less choice, a more cautious lending strategy and the impending decision on payment protection insurance sure to shake up the market, the 2008 loan market could look very different."

As a result, prospective borrowers wishing to apply for a loan may wish to act immediately. According to the Moneyfacts analyst, there still are a "handful of competitive deals" available - which could be welcomed by those after a cheap loan. However, pointing to the financial services firm's best buy charts, Ms James indicated that loans with interest rates as high as ten per cent are becoming evermore prevalent. Consequently, those considering borrowing were urged to take the time to scour the market for the most inexpensive deal that they can find. In doing so, she claimed that it is possible consumers will be able to save "a bundle" in the long-run.

With the Christmas period - and the subsequent rise in spending that it can bring - many people could well become concerned that they may develop problems in managing their money. In turn, those looking towards a cheap loan as a means of help with money difficulties should act straight away. And in applying for a personal loan as a means of consolidating debts, borrowers are likely to discover that their financial situation takes a turn for the better. Robin Amlot, senior editor of Moneyextra, recently claimed that taking out an unsecured loan for consolidation purposes serves two main objectives.

As such borrowing carries a fixed rate of interest, he suggested consumers will always know how much money they are paying out each month. In addition, Mr Amlot reported that the loan also marks a date by which borrowers will have their debts cleared off. He added that although applying for a loan makes a "great deal of sense" in terms of providing help to get back on their financial feet, people should be careful to ensure that they are able to make repayments and avoid falling back into the red.

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