

## Homeowners Looking To Reduce Financial Pressure

*An increasing number of homeowners are taking steps to help lessen the increase in pressure their finances will come under, new figures show.*

December 5, 2007 (FPRC) -- In research conducted by Lloyds TSB Mortgages, 64 per cent of those remortgaging their homes claim that they are due to cut back on their spending during the Christmas period. Meanwhile, just over half of all people surveyed state that they are looking to reduce their spending on household bills and are switching changing energy providers in a bid to keep costs low. Overall, just less than three-quarters (71 per cent) of all remortgagers state that they expect to witness an increase in their monthly repayments when their current deal expires. As a result of such rises, homeowners could in turn find that their ability to meet demands for payment on other areas of their finances such as utility bills, loans, council tax and credit cards is curtailed.

The financial services firm also revealed that 32 per cent of consumers will aim to reduce the amount of money they spend on food by taking their lunch to work and dining out less often, while a further 35 per cent report that they will have to delay their travel plans. About one in four, meanwhile, state that property renovation plans, including those which could have been financed via a home loan, are likely to be put on hold. In addition, 18 per cent of respondents plan to take on extra part-time work to help them with the increased demand on their spending, with this proportion rising to a quarter among the under-35s. Younger homeowners were again shown to be ready to undergo major lifestyle changes with one in 20 such consumers looking to bring in a lodger in a bid to lessen financial pressures.

Commenting on the data, Alison Burns, director for network mortgage sales at Lloyds TSB, said: "Cutting back on festive spending offers a short-term solution but it's a good idea for people with mortgages to take a longer-term view of their financial situation to ensure their mortgage is suited to their specific needs and changing circumstances. Some consumers may prefer a stepped rate deal that allows them to ease into the new higher interest rate environment. Other homeowners might opt for a tracker product, which will enable them to benefit from any potential drops in interest rates."

However, should homeowners still find that they are struggling to manage their finances then applying for a cheap debt consolidation loan could be a wise option as such a low-rate loan could allow consumers to pay off numerous debts quickly, leaving them with a single monthly repayment. Speaking earlier this year, Simon Rubinsohn, chief economist at the Royal Institution of Chartered Surveyors, suggested that home loan levels have fallen consistently over the course of recent months as homeowners increasingly struggle with "stretched affordability" in part due to the effect of five base rate rises by the Bank of England since August 2006. In turn, taking out a consolidation loan could be an advisable way for those concerned that a rise in monthly mortgage payments will put their finances in an unmanageable position to get back on track.

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