

Spending Concerns 'Are High'

Many consumers are putting themselves under unnecessary financial strain this winter, new research shows.

December 7, 2007 (FPRC) -- In a study published by Alliance & Leicester, almost half (42 per cent) of all Britons are concerned about their spending as Christmas approaches. Although the Bank of England's monetary policy committee elected to lower the base rate of interest by a quarter of a percentage point earlier this week, it was suggested that the effects of previous rises over the last 18 months and increases in living costs have led many people to discover their finances have become "stretched".

As a result, it could well be possible that a significant proportion of consumers are struggling with mortgage repayments and other spending demands, such as personal loan repayments, utility bills and transport costs. And with the yuletide season rapidly approaching such people may face even more strain on their spending due to the impact of buying presents and other festive expenses.

However, the financial services firm indicated that such fiscal difficulties could be avoidable. The research suggested that about two-thirds of people believe luxuries such as takeaway lunches, store-bought coffees and bottled water are actually necessities. With such spending accumulating to more than £19 billion per year, the financial services firm reported that reducing such expenditure could help them to get to grips with their money management. However, with 31 per cent of the population stating that they are not willing to cut down on regular treats, a significant amount of people could be placing themselves under unnecessary pressure regarding payments on utility bills and personal loans.

Further research from the company showed that 32 per cent of Britons do not save money regularly, while just over a quarter (26 per cent) of consumers state they are unable to reduce their spending. As a result, both sets of people may find that a debt consolidation loan is particularly helpful. Meanwhile, some two million Britons purchase takeaway hot drinks from the likes of Pret a Manger and Starbucks at least once every day. In addition, six per cent of consumers splurge money on getting a taxi one or more times in a week, although they could have used a cheaper mode of transport.

Commenting on the figures, Ross Dalzell, manager of savings for Alliance & Leicester, said: "Times have changed and while concerns about expenditure are high, attitudes towards what we can or can't go without in our daily lives are very different to ten years ago. Busy working lives may be responsible for creating a need for convenience, but also for reward, as we feel we deserve the little things that make our lives 'easier' and can't go without them, even if we know we could do with the extra cash sometimes."

Mr Dalzell added: "No-one wants to be a party-pooper or miss out on any of the festive fun - so something has to give. Our research has found that although people are worried about their spending around Christmas time and say that they can't find any way to save, they are overlooking some very simple places to start."

He suggested that as a move such as cutting back on spending on takeaway coffees can save

people hundreds of pounds over the course of a year, doing so "should certainly go some of the way towards taking the headache out of a Christmas spending splurge". In addition, this figure may also help many people to make repayments on loans and credit cards. Mr Dalzell also reported that making these minor lifestyle changes can make a real impact on getting to grips with financial management.

Even after cutting back on luxury spending, those who find that they are still struggling to handle their money may wish to consider applying for a debt consolidation loan. In getting such a loan, borrowers can pay off money owed to various creditors quickly, leaving them with a single low-rate monthly repayment. And a consolidation loan could prove particularly helpful for those in the north of England. Speaking earlier this year, Suzanne Payne, chief operating officer of Unity Debt Solutions, claimed that consumers in the region are increasingly developing problems making payments on loans and other types of borrowing, for which a debt consolidation loan could be one way of getting out of such hardship.

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