

People 'Can Still Get' Loans

Those requiring a UK loan should still be able to access the form of borrowing, an industry expert has reported.

December 10, 2007 (FPRC) -- According to Helen Saxon, spokesperson for the Finance and Leasing Association (FLA), the impact of the Bank of England's five base rate rises since August 2007 has led many people to take the time to "stop and take stock of their borrowing". Ms Saxon pointed out the subsequent increase in financial pressure that such increases have caused has seen growth rates in unsecured lending fall from 7.5 per cent down to 5.2 per cent in the 12 months leading up to June 2007.

Although she pointed out that some money lenders are withdrawing some of their non-standard deals, the majority of financial providers still have most of their products available and all those looking to apply for a loan should be successful in their application. "The industry's aim is to make sure that no one is excluded from credit - in recent years much has been done in the name of financial inclusion," the FLA representative added.

Despite the Bank opting to decrease the base rate of interest at the end of last week, which in turn might lower the rate of interest attached to personal loans and other types of borrowing, Ms Saxon advised that the public are generally looking to rein in their spending. She said: "Economic uncertainty is rising and consumer confidence is falling. Consumers may be more wary about taking out credit. However, for people who need to take loans out, the rate cut will be welcome news".

The FLA spokesperson warned that as the effects of the global credit crunch begin to take hold, financial providers may tighten up the availability of loans, particularly in the short term. She added that the credit crunch may mean those who have a damaged financial history may discover that they are now deemed to be "higher risk" when they are looking to borrow. In turn, a bad credit loan could be one possible way for such people to get access to borrowing.

However, she stated that "there is no reason" for loan lenders to discriminate against freelance workers and those who are self-employed. Ms Saxon claimed that such people should still be able to get a loan as long as they are able to prove that they have a steady income and in the past have been able to meet demands for payment on utility bills, personal loans and other financial commitments.

Those consumers who have had previous struggles in managing their money may find that their access to cheap loans and other types of competitively-priced credit is curtailed as a result of damage to their financial record. Yet those who are worried that pressure on their spending is to increase over the coming months and are confident that they will be able to manage with future repayments may wish to apply for a poor credit loan. Such a loan could be helpful for homeowners as a study conducted by Vocalink earlier this year showed that more of peoples' take home pay is being taken up by mortgage repayments. With this possibly impacting on consumers' ability to meet other financial demands, an adverse credit loan could help many in getting back on their feet.

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Contact Information

For more information contact Abbi Rouse of All About Loans (<http://www.allaboutloans.co.uk>)

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