

Equity Release ‘Becoming Mainstream Option’

An increasing number of people are set to turn to equity release as a means of managing their debts, new figures show.

January 5, 2008 (FPRC) -- In research by the Newcastle Building Society, paying off bills and other sources of financial demands, such as loans and credit cards, was put forward as one of the main reasons for consumers to take out such a home loan. By doing so, it is possible that borrowers will be able to use equity release as a type of debt consolidation loan, in which various monetary commitments can be met quickly and effectively, so leaving consumers with a single low-rate monthly repayment.

Other motives for the releasing of equity were revealed to include helping to reduce inheritance tax bills and to fund various home improvement projects. However, the most popular reason for people to seek out this type of home loan was to assist them in improving the general quality of their lives. More than half (59 per cent) of those surveyed state that this is what they would use the money to do. Another intention for the usage of equity release was to help finance a holiday or an extended period of travel.

Indeed such a loan appears to be a consideration for many as 45 per cent of respondents state that equity release is a possible option for them. Research from the financial services firm also showed that just two per cent of consumers actually have an equity release plan in place. However, Bob Mottershead, spokesperson for Newcastle Building Society, claims that such figures are “only the tip of an equity release iceberg”. The representative stated that as consumer confidence builds, the stigma that was attached to equity release will start to shift with more people considering this type of home loan.

He said: “Equity release has been the subject of a lot of bad press, but almost half of people seeing it as a possibility indicates it is becoming a mainstream option. It is clear that the work that has been done to regulate and re-educate on equity release is beginning to bear fruit. Add to this falling interest rates on equity release products and flexible options and the market is certainly set to grow.

“However, seeking advice and getting a personalised illustration before committing to an equity release product is absolutely essential, so it’s quite concerning to see from the research that so many people don’t know where to go for guidance.” Mr Mottershead went on to suggest that as equity release may not always be the right option for a homeowner, people should first seek out guidance from a regulated consultant to make sure they take the most suitable right for them.

Homeowners concerned about their capacity to manage their finances over the coming years may wish to consider using equity release as a means of accessing extra credit. Earlier research by the Bank of England showed that some £14.6 billion was released from property in the last three months of 2006, a rise of 2.4 billion pounds from the previous quarter. Vicky Redwood, UK economist for Capital Economics, claimed that despite struggling with higher interest costs “households are still keen to unlock money tied up in their house into a more spendable form”.

Loan Arrangers providing you with breaking homeowner loans news.

Visit their website where you can compare loans and chose from the cheapest loans available.

Contact Information

For more information contact Mark Dawson of Loan Arrangers (<http://www.loan-arrangers.co.uk>)

Keywords

[debt consolidation loan](#)

[compare loans](#)

[cheapest loans](#)

You can read this press release online [here](#)