

## **'Good News' For Borrowers As Loan Rates Fall**

*Britons may find that the attractiveness of cheap loans is increasing, new research suggests.*

January 18, 2008 (FPRC) -- According to figures by Moneyfacts, the rates of interest charged on a number of personal loan products has been cut over the first few weeks of 2008. It was pointed out that Alliance & Leicester had reduced its rates on personal loans between 2,500 pounds and 4,999 pounds by two percentage points down to 12.9 per cent. Meanwhile, interest charged on Barclays' personal loans ranging from 7,500 pounds to 25,000 pounds have been reduced to 7.4 per cent. A loan of between 5,000 pounds and 7,499 pounds now has an interest rate of 9.9 per cent - a cut of three per cent.

Other money lenders to have implemented cuts include the AA - which has dropped its rates by 0.7 per cent on some products - and Britannia which has lowered interest on personal loans of between 1,001 pounds and 2,999 pounds to 16.9 per cent. It also pointed out that both the Royal Bank of Scotland and NatWest brought in an interest rate reduction for existing customer loans in the final stages of 2007.

The firm stated that despite the climate of rising interest rates on loans throughout 2007, which saw the best deals at the end of the year charge rates between 6.5 and seven per cent, the sector is now settling and - as the new year begins - showing signs of falling. It claimed: "But as 2008 starts, there is good news for borrowers as rates begin to fall. Only 14 days into January and five lenders have reduced rates by as much as three per cent."

However in spite of such reports, prospective borrowers were urged to take the time to ensure that they will get the right loan for them. The financial publication stated: "Loan rates don't typically move in line with base rate and are certainly not proportional to the 0.25 per cent bank base rate change. Shopping around for a loan is a must when refinancing or using the funds to buy something. Get it wrong and you could be throwing your money away on unnecessary interest, or face having to repay your loan over a longer period."

Moneyfacts also reported this time of year is the "season of debt consolidation", in which many people could be looking to reduce pressure on their spending following the festive period.

After heavy expenditure during the Christmas and new year season, those taking out a loan for the purposes of debt consolidation could discover that they are able to meet numerous demands on their spending, such as household bills and credit cards, quickly. By doing so, borrowers may find that they have more disposable income to spare each month.

However, the money website claimed that the recent wave of interest rate cuts on personal loans could be a "seasonal fluctuation" rather than a long-term shift in the market. "Only time will tell," the company claimed.

Regardless of the reason for these cuts, now could be a good time for those people who are concerned about how they will handle their finances this year to apply for a cheap loan. Julia Harris, mortgage analyst for Moneyfacts, recently claimed that as 2008 will be a "tough year", consumers

should take steps now to safeguard their money management.

All About Loans providing you with breaking personal loans news. Visit their website where you can compare loans and get the best rates for cheap loans.

**Contact Information**

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