

Brits Face 'Particular Pressure' On Spending

Britons are under more intense financial pressures, a new study has shown.

January 24, 2008 (FPRC) -- The latest Financial Reality report by the Alliance Trust Research Centre revealed that the country's economic wellbeing fell by ten percentage points between the third and fourth quarters of 2007. In the three-month period between July and September the index stood at 88.6 before falling to 79.7 in October to December. The score was indicated to be one of the lowest the institution has recorded since it first began its quarterly study some 11 years ago. In addition, this decrease was revealed to be the largest fall witnessed for 18 months.

According to the company, the nation is developing fiscal difficulties in the face of rising food and transport costs. In addition, it was put forward that people currently have to cope with a higher burden of debt than they had to in previous months. However, in spite of such concerns, consumer spending is still at higher-than-average levels.

Indeed, such figures could indicate that households are increasingly struggling to manage the various demands on their spending such as personal loans, secured loans, household bills and store and credit cards.

Shona Dobbie, head of Alliance Trust Research Centre, said: "Our latest Financial Reality report highlights how acute the consumer's predicament has become. Our measure of consumer wellbeing shows a worsening picture not only for household budgets but for consumers' net wealth and the economy as well. This is the first time since the end of 2004 that all these elements that make up consumer wellbeing have fallen at the same time. We are seeing particular pressure on budgets with higher food and fuel prices and heavy levels of debt and mortgage payments."

Ms Dobbie went on to claim that Britons may find that they are coming under more intense financial pressure in the month to come. She pointed towards a curbing in house price growth, the last three months being the "poorest quarter on the stock market in four years" and increasing levels of debt, which could include money owed via loans and plastic cards, as factors which are set to place further constrain on household spending.

The Alliance Trust chief stated that, following on from such strains on budgets, consumer expenditure is set to slow over the course of 2008, despite the fact that "current spending levels show people have yet to take full stock of their financial reality". She also reported that the study indicated many people have been spending beyond their means for the past two years, which has led to them facing "ever higher levels of debt".

Britons worried that the prospect of more financial pressures will place their capacity for money management into an untenable position could discover that a consolidation loan provides a solution to their problems. In taking out this type of low-rate loan, borrowers could alleviate the multiple strains that their spending is currently under.

This may be particularly helpful for people struggling with money in the wake of the Christmas season. A recent MoneyExpert study indicated that about 2.6 million consumers are looking to switch credit card debts after spending during the festive period. However, it was claimed that the

6.6 million Britons who are set to stay with their provider will face an average interest of 16.82 per cent attached to their borrowing. For such consumers, a cheap consolidation loan might prove to be of great assistance.

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