

Energy Price Rises 'Are A Concern'

Increasing energy prices are pushing up many Britons' level of debt, new research shows.

January 26, 2008 (FPRC) -- According to energywatch, gas bills have surged by 82 per cent during the past four years, while over the same period of time electricity bills are up 61 per cent. The consumer watchdog also revealed that the number of consumers owing at least £600 in electricity payments rose by 64 per cent during the three-month period between April and June 2007 compared to the same time in 2004. Those owing the same amount of money on their gas, meanwhile, have witnessed growth of 19 per cent over the last four years.

Following on from such prices rises, homeowners are likely to see their utility bills surging. However, the extra financial demands that this places them under could affect their ability to meet other constraints on their spending, such as loans, mortgage payments, council tax and credit and store cards.

Research from the watchdog also showed that an estimated 9,350 Britons had their energy supply disconnected over the course of last year due to debt difficulties, this figure represents increases from the 5,117 and 2,913 recorded in 2006 and 2005 respectively. This compares to just 3,280 who had their connection removed in 2004 as a result of being unable to pay their bills.

Findings from energywatch also showed that those customers who are on a pre-payment meter scheme struggle the most with paying their bills and are likely to be on low incomes. In addition it was indicated that billing problems make up about three-quarters of complaints that the institution receives.

Adam Scorer, director of campaigns at energywatch, said: "Average bills have breached the £1,000 a year barrier. Higher energy bills in a period of economic downturn are breaking the bank for tens of thousands more consumers who have probably never been in debt to their suppliers before. The upward trend on levels of debts and numbers of disconnections should be a great concern for everyone.

"It is imperative that energy suppliers are more proactive and commit more resources to help consumers. They must pursue more hands-on ways to help consumers in trouble with sensible debt prevention tactics, tackling the problem in the early stages and by realistic repayment arrangements which factor in a consumer's ability to pay."

Additionally, energywatch pointed out that three of the largest utilities suppliers in Britain - British Gas, npower and EDF Energy have also increased their costs "significantly" in 2008. Scottish Power, E.On and Scottish & Southern Energy, it was reported, are yet to announce any changes to their price plans although they are expected to raise costs soon.

For people concerned about their ability to manage their money with the prospect of higher utility bills, applying for a low-rate loan might be of assistance. In taking out a loan for debt consolidation purposes, borrowers might find that they are able to merge a number of demands on their finances into a single low-cost monthly repayment. Additionally applying for a cheap loan, borrowers could be

able to lower their energy bills by getting insulation work carried out.

Earlier this month, John Slaughter, director of external affairs at the Home Builders Federation, claimed that having loft and cavity wall insulation fitted is a "cost-effective" way of reducing fuel costs.

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