

Loan Applicants Advised To Be Honest

People need to be completely honest when looking to borrow money, it has been suggested.

March 30, 2008 (FPRC) -- According to Equifax, those wishing to apply for a loan or some other kind of credit should always be truthful with money lenders. Pointing to research carried out by UK fraud prevention service CIFAS, the credit reference company revealed that an increasing number of Britons are telling lies on borrowing paperwork. At present, it was claimed that just under two-thirds (64 per cent) of fraudulent activity in the country involves an applicant's attempt to hide their previous difficulties with credit.

However, it was asserted that those who lie on their forms in an attempt to secure cheap loans are likely to be found out by financial services firms and could have their application rejected. This may see them develop further problems in meeting household bills, mortgage or rent costs, previous loans they may have taken out and other sources of financial demand.

Neil Munroe, external affairs director for Equifax, said: "When times are tough, there is a temptation to manipulate the information on an application form but it will get found out. At the very least, the application being refused could, in itself, work against someone's credit score.

"Lenders look at the number of searches conducted by consumers as part of the credit assessment process and a number of searches in a short space of time would impact on a consumer's score. But more significantly, if a lender felt the information provided could be deemed as fraud and decided to prosecute, this would show on an individual's credit file and could seriously affect their ability to get credit in the future."

In an attempt to maintain a good credit rating and so improve their chances of securing a cheap loan, Equifax recommended consumers take out a copy of their financial history before making an application for a loan to help them become aware of what criteria they will be judged on. Prospective borrowers were also advised to take the time to make sure that they are registered on the electoral roll. This, it was claimed, is a vital way in which money lenders can check the identity of an applicant.

Furthermore, closing old credit card accounts was put forward as a way of helping a request to borrow appear in the best light possible. Upon receiving a loan, the credit reference agency advised borrowers to attempt to make more than the minimum monthly repayments, with the setting up of a direct debit also recommended to help people avoid falling behind with demands for payment.

Those consumers who have had financial difficulties in the past but are now confident about their ability to keep up with repayments may wish to apply for a bad credit loan. By taking out an adverse credit loan, borrowers may find that they are able to supplement their spending effectively. Such a loan may prove to be of assistance to a significant number of people after a recent KPMG study showed 22 per cent of Britons are looking to borrow money to augment their day-to-day money management, with a further 22 per cent indicated to be developing problems handling their spending.

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Contact Information

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

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