

## **Bad Credit Loan Applications Increase**

*Bad credit loans specialist CrazyCredit reports a dramatic increase in the number of loan applications since the beginning of the year.*

April 23, 2008 (FPRC) -- Despite the reduced availability of money in credit markets and an increase in the cost of borrowing, the number of applications for new bad credit loans has increased according to loans website CrazyCredit.co.uk.

In the 3 months since January 2008 the number of applications made through the site has more than doubled, even though the cost of loans has failed to fall in line with reducing interest rates.

Applications for bad credit loans are typically made by people with high levels of credit card debt or from people whose finances have taken an unforeseen downturn. Their credit histories may carry items such as missed mortgage repayments, repeated loan applications or county court judgements, all of which indicate a higher risk to potential lenders.

Credit records are an important factor for any provider of loans and credit agencies are always contacted to gain an insight into a new customer's previous financial transactions before any loan offer is made. Owning a bad credit record is not necessarily an obstacle to having a loan approved, but lenders will price their products accordingly if the borrower does not have a clean record of borrowing and repaying debts on time. The value of a loan may be limited, the repayment period kept to shorter timescale or a higher interest rate charged in order to make the loan application acceptable.

The increase in volumes experienced by CrazyCredit could be a factor of loan applications being more frequently rejected at the moment, forcing borrowers to make multiple applications in their search for loan.

Most loan providers in the UK have experienced turbulent times over the past 6 months, with many companies dramatically reducing their range of loans and enforcing stricter acceptance criteria. Some companies have even been forced to stop offering loans temporarily until market conditions improve.

An important factor when lending to a person with a bad credit history is the level of security or collateral an applicant can offer. This is usually a level of equity in a mortgaged property and when house prices were consistently increasing over recent years, lenders were content to advance sums equal to, or often in excess of, equity levels. But with property prices currently declining lenders are more nervous about relying on high value loans being secured against equivalent equity valuations. Today's bad credit loans are now typically available against a maximum of 75% of available equity which is reducing the number of loans requests being accepted and forcing up application numbers.

CrazyCredit is a specialist provider of bad credit loans.

### **Contact Information**

For more information contact Luke Myers of Crazy Credit (<http://www.crazycredit.co.uk>)

**Keywords**

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