

Credit Card Debtors Warned Of Tough Times Ahead

Consumers who have numerous debts on credit cards may find that their financial situation takes a turn for the worse in the coming months as lenders tighten the screws.

May 2, 2008 (FPRC) -- So claims MoneyExpert, which believes that the credit crunch is driving lenders to restrict the borrowing options of those they believe may not be able to address their debts. It observes that the cost of maintaining such credit cards - rather than choosing possible alternatives such as debt consolidation - has increased over the last six months and may well continue to do so.

The Retail Bulletin reports that although the Bank of England's monetary policy committee has effected three quarter per cent reductions of the base rate in the last few months - from 5.75 per cent to five per cent - the credit crunch means that customers with borrowing accumulated on credit cards are nonetheless suffering.

According to MoneyExpert figures, the standard annual percentage rate on purchases made with a credit card has risen by more than half a per cent in the last six months, from 16.56 per cent to 17.12 per cent. Furthermore, those shifting debt from one card to another as balance transfers have seen interest rates soar by 0.83 per cent from 15.12 per cent to 15.95 per cent.

Consumers who do find that they are juggling debts on a number of credit cards and loans may find that a consolidation loan could help them to address their debts. By combining debts into one monthly payment, consumers may be able to regain control of their financial situation and begin to pay off the money that they owe. Such a move could also improve the clarity of a debtor's situation, with a clear debt-free date established as a result.

The news follows a recent debt monitor published by Chiltern which reveals that the average UK debtor is 44 years old and owes varying sums to eight creditors. It reports figures described as "encouraging", observing that the average amount owed is currently 400 pounds lower than it was at the beginning of the year. Chiltern believes that the change in the way Britons are approaching their debts results from a general recognition of tightening financial circumstances and the need to minimise borrowing. One way of achieving such an aim is to investigate debt consolidation loans.

The company advises anyone with a number of debts to draw up a budget, calculating incoming funds and outgoing financial responsibilities. Should the sum needing to be repaid on a monthly basis exceed that coming in, then it is necessary for the consumer in question to seek financial assistance, such as financial advice from an independent source.

Chiltern's assertions reinforce earlier observations from the Co-Operative Bank, which states that not enough people are undertaking appropriate financial planning. It stated in particular that two-thirds of women have not taken the time to set up a tax-efficient savings account, amounting to 20.3 million people. The company described the demographic as the "biggest losers" when it came to tax-free savings.

Those consumers keen to save but currently struggling under the burden of multiple debts might

consider a debt consolidation loan as a potential solution, putting them back on track to be in a position to save.

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Contact Information

For more information contact Abbi Rouse of All About Loans (<http://www.allaboutloans.co.uk>)

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