

Rise Identified In Insolvency Figures

The number of insolvencies applied for by British consumers is increasing, according to new figures.

May 2, 2008 (FPRC) -- Price comparison site uSwitch has released figures indicating that the number of individual insolvencies has risen 1.7 per cent since the last quarter of 2007. According to the company, just under 300 people declare themselves bankrupt each day, and 74 homes are also repossessed daily. With such numbers suggesting increasing financial difficulties for many homeowners, increasing numbers could find that they might benefit from debt consolidation loans.

Should current rates and conditions persist, as many as 104,000 people could become insolvent this year, according to uSwitch's figures. Factors impacting on people's ability to service their debts are identified as the increasing cost of living, estimated to have risen by nine per cent over the last year. Such costs are not being matched by salary rises which have been hiked by only 3.4 per cent in the same timeframe.

The company adds that consumer debt has reached 1.4 trillion pounds and increases by 1 million pounds every five minutes. With so much debt being accumulated and not enough uptake of debt consolidation and similar moves to address the issue, uSwitch asserts that rising insolvency figures are "inevitable".

Ann Robinson, director of consumer policy at the price comparison and switching service, says: "It's worrying that so many people are resorting to individual insolvencies, be it an IVA or bankruptcy, to resolve their personal debt problems. These measure should always be the last resort for anyone with financial problems as they have a very serious impact on people's credit histories and their ability to borrow in the future. In the case of bankruptcy, it could also impact on employment prospects."

Those who are aware of high debt levels owed to a number of lenders keen to avoid insolvency might find that a debt consolidation loan helps to alleviate the strain on their finances. Such loans can make debts easier to manage by combining multiple requests into a single monthly payment, helping consumers to regain their financial feet.

Ms Robinson asserted that the costs impacting upon Brits' pockets were rising in many different areas of life, from home heating energy to mortgages and even fuel. "If people find themselves in financial difficulty the worst thing they can do is ignore the problem and hope it goes away," she states. "It won't. Banks have a duty to help people in financial hardship and free debt advice is readily available from organisations such as the Consumer Credit Counselling Service, National Debtline and Citizen's Advice. I would strongly urge people to start taking action before they reach financial breaking point."

Last summer, one industry expert observed that a worrying trend was developing whereby bankruptcy was losing its stigma. Duncan Philp, a consultant for Macbeth Currie, stated that many young entrepreneurs considered early bankruptcy to be a "badge on their collar" - a theme matched by their failure to control their personal finances, for instance by taking out a personal debt consolidation loan in good time to address a difficult financial situation.

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