

The Diminishing Secured Loans Industry In The UK

This time last year there were around 15 lenders in the secured loans market. Today a mere half a dozen or so remain.

July 16, 2008 (FPRC) -- The latest casualty in this economic downturn was First Plus, the secured loan lending arm of Barclays, who are closing their doors to new business from August 9th 2008. Interestingly enough, Barclays did not 'create' First Plus. When Barclays took control of The Woolwich several years ago, First Plus came with it, and they have been trying to sell it ever since. Having been unable to do so, Barclays have now decided to simply shut the doors instead.

There now remains only 3 mainstream lenders offering secured loans to customers who have a clean credit history, and as a result of last week's announcement regarding First Plus, one of those lenders, Nemo Personal Finance, has reduced the number of plans available to customers. As yet, there has been no comment from the other two, Paragon Personal Finance and GE, and the industry is holding its breath as it awaits the reaction from these two lenders.

As the number of loans available to people with good credit reduces, consumers who are desperate to borrow money will resort to borrowing money at higher interest rates, ones normally associated with loans for people with bad credit. So once again the consumer loses out.

Contrary to belief, the demand for loans seems to be as strong as ever. With the slump in the housing market, people are deciding to stay put, and many of those that are staying put are improving their own homes, and require finance to do it. Also, the credit crunch has meant that many credit card companies have increased their interest rates, some raising them to more than 27% APR.

Shrewd borrowers are seeing that it will save them a fortune in interest by consolidating their debts into one loan with a lower APR and one low monthly repayment. It can be possible to actually halve the amount of money needed for repayments, giving consumers more money in the bank at the end of the month. With the cost of living going up due to rising food, fuel and energy costs, it doesn't take much to see how sensible an approach to managing finances debt consolidation can be.

However, due to the restrictions being placed upon the market by the remaining lenders, it is becoming increasingly harder to get a good deal and borrows will face higher interest rates. This situation can only get worse if more lenders cease to trade and the availability of loans for people with a clean credit history reduces.

If the secured loans industry is to weather this storm, it needs the remaining lenders to hang in there and ride out these trouble times. Whether that actually happens remains to be seen.

So, if you are looking to save money with a debt consolidation loan, you had better get in quick whilst there are still companies out there who are willing to lend to you.

Loan Arrangers providing you with breaking secured loans news.

Contact Information

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