

Alliance Trust Reveals Record Drop In Financial Standing

Britons are struggling more with their money now than has ever been recorded.

August 4, 2008 (FPRC) -- Such is the assertion of the Alliance Trust Research Centre, which has revealed that its most recent Financial Reality Index has hit the lowest-ever point in the 11 years that the organisation has been tracking the public's ability to manage their finances. In its findings, the firm showed a drop across all three of its indices measuring consumers' financial wellbeing during the past three months, with house price growth reported to have slowed.

However, Alliance Trust pointed towards a slight rise in household consumption over the first six months of 2008. This came despite an increase in debt levels, with the cost of energy and food also indicated to have risen since the start of the year.

Among the areas of their personal finances in which Britons may be currently experiencing difficulties are issues such as meeting repayments on their loans and credit cards.

In addition, it was revealed that households are having to put more of their income towards council tax bills and mortgage payments. However, with real earnings failing to keep up with rises in inflation, the organisation claimed that people are having to take steps to reduce areas of non-essential spending and 'are feeling poorer'.

Due to such a diminishing financial outlook, it may well be possible that people find that their capacity in which to manage various areas of monetary demand comes under further strain. This might impact upon their ability to meet demands for payment on areas such as credit and store cards, personal loans, utility bills and mortgage or rent costs.

Commenting on the figures, Shona Dobbie, head of Alliance Trust Research Centre, said: 'These bleak conditions are set to get worse for the rest of the year. The labour market has remained fairly strong up until now, but we predict that this will soften over the second half of 2008 as the number of people claiming unemployment benefit continues to rise.

'The credit crunch has now fully started to hit consumers and net wealth conditions are at a record low. As predicted last quarter, equity markets and property prices have continued to fall and, combined with high levels of consumer debt, this has caused the Financial Reality Index to fall to its lowest-ever level.'

For those consumers who find that they are struggling with their ability to manage money and have concerns that their capacity to handle their spending may become even worse in the months to come applying for a debt consolidation loan might be recommended. By selecting this kind of loan, borrowers could find that they can merge various financial commitments - such as council tax, utility bills and credit cards - into a single low-cost monthly repayment which may mean they are left with more disposable income. This may be particularly advisable after Confused reported last month that the wholesale price of gas and electricity is about twice its level from this time in 2007 and that as such people should seek out a capped-price utility deal to help manage their money.

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