Consumers Flick The Switch On Uncapped Energy Tariffs

As the latest round of energy hikes are announced, people are scrambling to place themselves on fixed-price tariffs to reduce the effect of the savage cost increases, according to the Fair Investment Company.

August 4, 2008 (FPRC) -- The price comparison site warned that with further price rises expected as the winter months get closer, it is vital to get on a capped-price product as rapidly as possible. It explained that while such tariffs are becoming more expensive, it might still be worthwhile signing on to high-end rates as the large energy suppliers prime consumers for an additional round of price hikes. According to the company, the rate of energy price inflation has been so rapid that Ofgem and a governmental select committee have initiated a joint investigation into whether or not the 'big six' suppliers have been colluding to keep prices at unnecessarily high levels.

Meantime, the Treasury is also thinking about plans to wield a windfall tax on energy companies as reports of record-breaking profits continue to leak into the public domain. The Fair Investment Company noted that the last time such a levy was imposed was in 1997, when the money raised was used to offer support to hard-up consumers struggling to keep their houses warm during winter.

Indeed, Sainsbury's Bank identifies that for a large number of people, the cost of bagging a summer deal will have to be met with credit as the rising price of fuel, food and energy make their presence felt. The group envisaged that 42 per cent of all spending conducted over the next few months will be put on credit cards. Credit card useage such as this would amount to some 3.29 billion pounds worth of purchases made using plastic.

For customers that are facing a winter stuck on an expensive tariff, applying for one of the many cheap loans available may turn out an efficient course of action. In opting for this type of loan, people may find they may well be able to pay off outstanding debts easily and switch to a provider offering a fixed-price product. On top of that, leftover money provided by such a loan could be utilised to invest in energy efficient appliances and home improvements in order to reduce dependence on fuel as the winter looms closer.

Commenting on the decision facing the Treasury, Steve Wagner, leading energy spokesperson for the firm, said: "I agree with the government that something needs to be done. The recent increases are going to start hitting households just in time for the winter months and with millions of people already in fuel poverty this is only set to obtain worse. On Wednesday British Gas raised their tariffs for the second time in six months, putting their gas prices up by 35 per cent and electricity by nine per cent, making them the most expensive energy tariff on the market. We expect the other big energy providers to follow suit and raise their prices too."

As such, he urged consumers to cap their tariffs as soon as possible.

EDF was the first provider to announce that it would be increasing prices again, with 22 per cent and 17 per cent increases ratcheted on to their gas and electricity tariffs respectively.

On top of addressing worries about soaring fuel prices, a recently released independent study has also called upon Whitehall to increase the level of protection it provides to homeowners living in flood risk areas. Sir Michael Pitt, who led the review, urged the government to implement a range of steps to limit risk exposure. There was concern that a large number of would be left unable to obtain insurance, meaning that they may well have to resort to savings or personal loans just to meet the cost of repairs.

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Keywords
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