

## Are Cheap Loans A Thing of The Past?

*In a period of global economic turmoil, consumers on the hunt for cheap loans may find finance increasingly difficult to come by, uSwitch has warned.*

October 7, 2008 (FPRC) -- A recent investigation carried out by the group showed that over the course of the past month, the number of personal loans on the market in the UK has shrunk from 56 to 52, while repayment rates have shot up as much as nine per cent. The price comparison site noted that consumers looking for a personal loan from Black Horse will find that they face repayment rates of up to 36.9 per cent on an annual basis for loans of between 1,000 and 2,999 pounds, up nine per cent from one month ago. Meanwhile, many other loan providers have also pushed up rates while the ongoing financial storm continues overhead. Bank of Ireland customers now face annual percentage repayment (APR) rates of 10.7 per cent, an increase of 1.8 per cent from the 8.9 per cent offered on its personal loans last month.

So too, newly nationalised lender Bradford & Bingley has also upped APR rates by one per cent, as have Lloyds TSB and Marks & Spencer. Meanwhile, Barclaycard, Asda and Sainsburys have also all enacted hikes of between 0.2 per cent and 0.6 per cent.

Commenting on the figures, Louise Bond, personal finance manager at uSwitch, said that they show just how volatile the personal loans market has become.

“As the news agenda overflows with the global financial meltdown, a plethora of loan rate increases have been implemented in the past four weeks. Lenders have increased unsecured personal loans by as much as nine per cent APR making borrowing even more costly for consumers. In the summer months we kissed goodbye to sub-seven per cent APR loans when the remaining six providers dropped out of this bracket but the sub-eight per cent offering is still prominent. Overall, the loan market is vast but there are still some good deals out there so consumers should still shop around,” she insisted.

The group went on to state that when it comes to looking for the cheapest loans, YourPersonalLoan is offering borrowers rates of 7.6 per cent APR on a 10,000 pound loan with a five-year period of repayment, while AA offers 7.7 per cent APR for a personal loan of the same value and repayment arrangement.

Ms Bond, iterating the fluctuations in the current market, explained that while Asda topped the best-buy list a few weeks ago, it has now fallen to joint-fifth place with its 7.9 per cent APR loan. Abbey also offers a loan with the same rate of repayment.

In other recent developments, the Council of Mortgage Lenders has warned that those people on the lookout for a mortgage in the coming months may find it increasingly difficult to get approval. The group claimed that the lack of lending availability is one of the principal causes of the recent financial turbulence that has left financial institutions across the globe shaking.

All About Loans bringing the latest personal finance news. Visit their website where you can get cheap loans at the best rates.

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