

## Guarantor Loans Gaining Popularity

*Guarantor loans on the increase due to reduction in availability of unsecured loans.*

July 31, 2010 (FPRC) -- The number of lenders that currently offer unsecured loans is now less than 50% of what it was in 2007. Of the lenders that are still offering unsecured loans, the products have changed dramatically compared to those that were previously on offer. In fact, the Bank of England has reported that high street lenders have reduced their net levels of unsecured lending by 90% since 2008.

This huge reduction in availability of finance for people has caused many problems, not least for the borrowers, but with a knock on effect of a reduction in consumer spending.

With the reduced lending funds available, anyone wishing to borrow now has to have an almost untarnished credit history. With lenders being able to pick and choose who they wish to lend money to, anyone with anything more than a minor blemish on their credit record is unlikely to obtain credit.

However, enter guarantor loans - the new kid on the block. Actually, they are not that new. Lending with a guarantor in place has been around for years, but the new wave of lenders offering guarantor loans is gathering momentum. And it makes sense too. With a huge impetus on debt management making it easy for people that have over borrowed to simply walk away from their debts, it is hardly surprising that lenders are somewhat nervous when it comes to unsecured lending.

So what exactly are guarantor loans?

Basically, you can now borrow upto £5,000, regardless of your credit history, if you can find someone who will act as guarantor for you. The guarantor basically states that they are prepared to cover the loan if the borrower defaults on the repayments.

The loan is still unsecured, but the lender has the security of know that the loan has a guarantor in place. which means that they can offer a better rate. The lender assesses the loan application on the ability of the guarantor to repay the loan, not the borrower.

A guarantor will be someone who is over 18, preferably in full time work, employed, a homeowner and someone with a decent credit history. Most guarantors are family members, friends or other people well known to the borrower.

So if you are struggling to find finance, if you get a guarantor, you may well be on the way to securing a loan.

### Contact Information

For more information contact Tom Dawson of Loan Arrangers (<http://www.loan-arrangers.co.uk>)

### Keywords

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