

Debt consolidation loans still an option



Call dad on freephone:
 0800 074 8639

Released on: August 21, 2008, 6:03 am

Press Release Author: [Debt Advisers Direct](#)

Industry: [Financial](#)

Press Release Summary: Despite the reduced availability of credit, a debt consolidation loan may still be a viable option for worried borrowers, say debt consolidation experts Debt Advisers Direct.

Press Release Body: Amid worries about the reduced availability of credit, debt consolidation experts **DebtAdvisersDirect.co.uk** stress that lenders are still offering debt consolidation loans and other forms of credit.

A spokesperson commented: "With inflation more than twice the Bank of England's target, people in debt are particularly worried about stretching their household budget further and further, especially when talk of an economic slowdown is threatening to reduce many consumers' income levels as well. When there simply isn't enough money in the monthly budget, a [debt consolidation](#) loan or other debt solution could take the pressure off.

"In recent years, the easy availability of credit has led many people to turn to debt consolidation loans as a way of reducing both their monthly debt repayments and the complexity of their finances. So the Bank of England's Q2 2008 Credit Conditions Survey makes disturbing reading."

The Survey provides a summary of what 'bank and non-bank' lenders have seen over the past three months, and what they expect for the coming three months. It reveals that lenders had reduced the availability of both secured and unsecured credit to individuals and expected 'some additional reductions in credit availability over the next three months'.

"The key word here is 'reduced'," the spokesperson continued. "The Survey shows that the availability of secured credit, for example, was down around 45% in Q2, with lenders tightening credit scoring criteria and decreasing maximum LTV (loan to value) ratios. Although it's a significant reduction, it does not mean credit is unavailable. As long as they have sufficient equity in their home – and as long as they approach a lender who specialises in

helping people in their situation – many people still stand an excellent chance of obtaining a secured debt consolidation loan.”

Looking ahead, however, lenders do anticipate a further reduction in the availability of secured credit. Even though they expect Q3’s reduction to be smaller (just over 20%), the cumulative effect could well make it harder for certain people to access the debt consolidation loans they need in the months ahead.

Where debt consolidation isn’t an option, alternative debt solutions may still be available. Debt management, for example, can be an effective way for someone in debt to bring their expenditure back in line with their budget without accessing any further credit. “When someone joins a debt management plan, they essentially ask debt specialists to renegotiate their repayment terms. This can bring their monthly debt repayments down to an affordable level, freeing up the funds they need to cope with the rising cost of living.”

Should debt management not be appropriate, an individual may still be eligible for an IVA (Individual Voluntary Arrangement), a legally binding agreement with their creditors. “In an IVA, the individual agrees to make fixed monthly payments, based on what they can afford after essential living expenses, for the duration of the IVA – normally five years. If 75% of the creditors (by debt value) consent to the terms of the IVA, they’ll agree not to take any legal action against the individual, and to write off any remaining debt once the IVA has successfully concluded.”

Whatever an individual’s circumstances, the spokesperson stressed, their first move should be to contact a debt specialist as soon as possible: “In the vast majority of cases, debt problems only get worse when they’re ignored. The important thing is to seek professional debt advice as soon as you realise you have a potential problem.”

About Debt Advisers Direct
<http://debtadvisersdirect.co.uk> helps people with financial difficulties, providing [debt advice](#) and tailor-made debt solutions.

Web Site: <http://www.debtadvisersdirect.co.uk>

Contact Details: Melanie Taylor
melanie.taylor@debtadvisersdirect.co.uk
0845 056 6480

Pennington House
Carolina Way
South Langworthy Road
Salford
M50 2ZY