

Falling disposable income means less protection



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Industry: [Financial](#)

Press Release Summary: Debt Advisers Direct have responded to findings that Britons' disposable incomes have fallen by nearly 30% on average in the past two years, warning that the pressure on incomes could increase as the economic crisis progresses, and have advised consumers to take care of any debts as soon as possible.

Press Release Body: Responding to research by Abbey Credit Cards claiming that British citizens have seen their disposable income fall by nearly 30% during the past two years, **Debt Advisers Direct** have warned that the squeeze on incomes could become tighter in the coming months, and have advised consumers to take care of any financial issues, especially outstanding debts, as soon as possible.

According to the research, the average household now has only 25% - around £382 - of their monthly income left after essential costs such as mortgage payments and energy bills have been paid.

That figure is down from £541 in disposable income available to British households just two years ago - a 29% fall.

The research also claims that one in ten spend 90% of their income on bills and other essential costs, leaving only 10% as disposable income.

On average, British households were spending 7.4% of their total income on repaying debts, not including mortgages, the research claimed.

Meanwhile, an average 24% went towards mortgage or rent payments, 17% on household bills, 16% on food, and 8% on transport costs.

British incomes have been put under pressure on two fronts throughout the economic crisis, with costs of living such as energy bills and food prices rising rapidly, and the credit crunch limiting access to additional funds in the form of loans and mortgages.

The effects have been tangible, with overall retail sales gradually declining over the year, and profits for 'budget stores' increasing – a sign that consumers' perceived priorities are shifting as their disposable incomes shrink.

An expert from **Debt Advisers Direct** said: *"Many people consider disposable income a luxury that can be spent on 'unnecessary' items, but it's important to remember that disposable income is also a very important buffer against unexpected rises in outgoings.*

"For example, if someone depends on their car to get to work, and they have to pay for a £500 repair with only £200 disposable income, that person could be forced into debt in order to make ends meet. That's why it's important for people to minimise their outgoings, and make savings where possible.

"The overall situation has become worse over the past year because costs of living, especially energy prices have risen so quickly. Food and other retail products are now falling in price, but energy prices have shown no sign of doing the same – and this continues to push more people towards debt."

The **Debt Advisers Direct** spokesperson added that there are a number of debt solutions that can help to minimise outgoings when finances are limited.

"For people with multiple debts, a [debt consolidation loan](#) can be spread out across a longer period of time than the original debts, meaning monthly payments are lower," she said. "Interest rates can also be reduced, especially when consolidating high-APR debts such as

credit cards. However if the debt is repaid over a longer period, the additional interest from this can counteract some of the savings made.

"For debts that are becoming unmanageable, a [debt management](#) can help. It involves arranging to repay creditors in smaller amounts, based on how much the person in debt can afford, over a longer period of time.

"As always, we advise anyone looking to tackle their debts to seek professional debt advice beforehand."

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

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