

# Struggling households should seek debt advice



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

Industry: [Financial](#)

**Press Release Summary: Debt Advisers Direct have advised homeowners struggling with their finances to seek expert debt help, as a new report suggests that the available incomes of households have fallen significantly over the past year.**

Press Release Body: Responding to a recent report suggesting that the average household had found it more difficult to repay their debts in 2008 than in the previous year, [Debt Advisers Direct](#) have warned consumers to take extra care with their finances. In financial terms, January can be a particularly difficult time, as many households find they've spent more than intended over the Christmas period – and [Debt Advisers Direct](#) have advised people struggling with debt to seek professional [debt advice](#) as soon as possible.

A new report for the Bank of England entitled 'The financial position of British households', carried out by NMG Research, is a snapshot of the financial situations of the average British household at the end of September and beginning of October.

The report claimed that the average household had found it more difficult to service existing debts than in the previous year, largely due to higher household bills which reduced 'available' incomes. It also said that the purchasing power of this available income had reduced due to high inflation.

More than half of the households in the survey had reported a fall in their monthly available income compared with the previous year.

In total, of those questioned:

- 31% reported a fall of more than £100 per month,
- 20% reported a fall of £51 to £100,
- 12% reported a fall of £1 to £50,
- 25% reported no change, and
- the remaining 12% reported an increase in 'available' income.

A spokesperson for **Debt Advisers Direct** commented: "It's been known for some time that British households have been under pressure financially in the past year, but these figures demonstrate the extent of the problem. In particular, a drop in available income of more than £100 can make a significant difference to the ability of households to meet their commitments and repay debts."

The fall in available income was particularly evident amongst homeowners. In both high-LTV and low-LTV categories, 39% of mortgagors reported a fall of more than £100, while a further 19% reported a fall of £51 to £100.

The report suggested that this may have been due to homeowners experiencing higher mortgage costs, especially those who came to the end of fixed-rate or discounted variable-rate mortgage deals.

"Due to rising mortgage costs earlier in the year, homeowners have been particularly hard-pressed, although this situation may have eased since the figures were recorded due to base rate cuts and the subsequent lower mortgage rates," the **Debt Advisers Direct** spokesperson said.

"The implications for homeowners are potentially more serious, since homeowners stand to have their homes repossessed if they default on mortgage payments. Homeowners who are paying relatively high interest rates could improve their situations through remortgaging, although they should consider any costs involved."

The **Debt Advisers Direct** spokesperson added that there are a number of debt solutions available that could help those who have experienced a fall in available income.

“For people with several debts who want to reduce their outgoings and simplify their finances, a [debt consolidation](#) loan might be the best option,” she said. “By spreading the repayments out over a longer period of time than the original debts, monthly payments can be lower, which can make a big difference to available income. However, more will be paid in interest as a result of the longer repayment period.

“For those with more serious debts, particularly if the repayments exceed the household’s available income, a [debt management](#) plan could help. This involves working with a debt adviser to negotiate lower monthly payments based on how much they can afford. However, a debt management plan will normally require people to pay whatever available income they have left after payments to household expenses have been taken into account, so anyone entering a debt management plan should be fully committed to repaying their debts.”

For debt help and advice on a range of debt solutions, visit the **Debt Advisers Direct** website or call 0800 074 8639.

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

**Contact Details: Debt Advisers Direct**  
**Carlton House**  
**Vere Street**  
**Salford**  
**M50 2GQ**