

Debt Advice and Denial



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Debt Advisers Direct have underlined the importance of seeking [debt advice](#) before financial problems reach the stage where they're insurmountable.

"In the midst of a recession, professional debt advice has an even greater role to play than usual," said Melanie Taylor, Head of Corporate Relations for Debt Advisers Direct. "With repossession and unemployment figures rising and many households living with the threat - or the actuality - of reduced income, people across the country are realising that once-manageable debts are suddenly taking up much more of their monthly budget. In many cases, the strain is simply too much."

The insolvency trade body R3 recently expressed its concern 'that those with financial problems do not think they 'need' debt advice'. Quoting from YouGov's quarterly 'DebtTracker' of February 2009, R3 pointed out that only 37% those who had fallen behind with many bills or credit commitments had actually taken action and sought debt advice in the previous six months.

Of those who acknowledged that they were struggling with bills and commitments, a full 65% were of the opinion that they simply did not need advice about their financial problems.

"It's alarming to see so many people in trouble and not looking for help," Mrs Taylor continued. "Financial problems rarely resolve themselves unless the individual takes positive action. Clearly, many people are able to do so on their own, but while it's good for people to have confidence in their skills, even the most financially capable people may find they benefit from the insights which someone who specialises in debt could supply.

"Particularly worrying is the thought of people who desperately need to look for debt advice but have yet to do so - either because they've not realised the severity of their financial problems or because they're nervous about asking for help.

"Regarding the first of these two groups, we would like to stress the need for everyone to keep a close eye on their income and expenditure at all times - and this is especially important during challenging economic times when incomes are more likely to fluctuate and access to debt solutions such as [debt consolidation](#) or remortgaging may be relatively restricted. One call to a debt adviser should help them gain some clarity on their situation, helping them understand exactly where they stand and what their options may be.

"Regarding the second group (those who acknowledge their financial problems but may be embarrassed about seeking help), we would like to make three specific points. First, that there are plenty of people in their situation; second, that debt advisers are there to help, not to judge; and third, that the solution to their debt problems could well be much simpler than they expect.

"Many people don't want to face up to their debt problems because they dread hearing that bankruptcy, repossession, or some other 'extreme' scenario is the only way forward. In the vast majority of cases, however, these fears are unfounded. It's true that there were 10,400 repossessions in the final three months of 2008, yet this only represents 1 in 1,100 mortgages - just as the 19,000 bankruptcies in that period represent an extremely small percentage of the people facing debt problems.

"Once they take the step and talk to a debt adviser, borrowers may be surprised to realise their lenders are willing to consider ways of repaying their debts in a way that's actually quite manageable.

"Nonetheless, the earlier they seek debt advice, the more options they'll probably have open to them. By taking action sooner rather than later, they're likely to save themselves a great deal of time and worry, as well as money (in the form of fees, legal costs and interest charges)."

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