

Secured loans still a viable debt solution



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Press Release Summary: With house prices dropping, homeowners throughout the UK are finding it increasingly difficult to obtain secured loans.

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Press Release Body: In the midst of the credit crunch, thinkmoney.com reminds existing and potential customers that secured consolidation loans are still a viable debt solution for many homeowners – and that a range of alternative debt solutions are available to borrowers who either can't secure a loan against their property or prefer not to.

"There's no question that obtaining secured credit has become harder and, in many cases, more expensive," a spokesperson for the financial solutions company commented. "As a second charge on a home, a secured loan involves a certain risk from a lender's perspective, so secured lenders are keeping a very close eye on issues in the housing market. A recent Bank of England survey revealed that default rates on secured lending rose by more than expected in Q2, and lenders expect these rates to rise further in the months ahead.

From the individual borrower's perspective, equity withdrawal of any kind is clearly a more attractive option when house prices are rising: "Today's falling prices are reducing the number of homeowners with enough equity to make a secured loan a

viable solution – and deterring many who are keen to retain their ‘safety margin’ against negative equity.

“Having said that, it’s important to see recent falls in house prices in their correct context: as relatively small drops following a decade of rapid growth. According to **Nationwide’s House Price Index**, for example, the ‘average house’ in Q2 2008 was still worth almost £10,000 more than it was in Q2 2006. In just ten years, Nationwide reports, the average house price rose from £60,754 to £184,131 – homeowners may be worried about falling prices, but many are still likely to own significant levels of equity. For them, a secured loan can be an excellent debt solution: a realistic way to consolidate their unsecured debts into one manageable, lower-interest debt which they can arrange to repay at an affordable rate.

“Nonetheless, when major secured loans providers like Firstplus announce they’re ceasing to make new loans, it’s clear that the secured loans market as a whole is suffering under today’s adverse conditions. With lenders tightening their criteria or even turning down new business, it’s more important than ever that borrowers choose a company that works with a wide range of lenders and specialises in finding secured loans for people from all kinds of financial backgrounds. Talking to the right company can make all the difference between being offered credit at a competitive rate and being unable to avail a secured loan at all.”

Concluding, the **thinkmoney.com** spokesperson stressed that secured consolidation loans are by no mean the only way out of debt. “Depending on the individual’s circumstances, a number of other debt solutions may be more appropriate than a secured loan, such as a debt management plan, an unsecured [debt consolidation](#) loan, an IVA (Individual Voluntary Arrangement) or, for residents of Scotland, a Trust Deed. For anyone in debt, the important thing is to seek impartial debt advice from a company that offers a wide range of debt solutions – a company that has an in-depth understanding of each solution’s benefits and drawbacks and can recommend the one that constitutes their optimal route out of debt.”

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