Energy bills rise four times faster than Europe

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Press Release Author: **Debt Advisers Direct**

Industry: Financial

Press Release Summary: Debt Advisers Direct have responded to new figures showing that UK gas prices have increased at over four times the rate of the European average, emphasising the importance of good financial management in the current economic climate and adding that anyone who finds themselves in debt should look to tackle them early.

Press Release Body: Responding to new figures suggesting that British energy bills are rising four times faster than those in Europe, **Debt Advisers Direct** have advised consumers to take extra care over their finances – particularly with regard to repaying debts – and have said that anyone who finds themselves struggling with their debts should seek expert debt advice as soon as the problem emerges.

The figures, compiled by the Organisation for Economic Co-operation and Development (OECD), showed that energy prices have risen by 16.7% in Britain over the past year – over four times as much as the 3.8% average across Europe.

The OECD recorded a 1.3% rise in Denmark, 1.5% in Germany and 5.3% in Sweden. Of the developed nations studied, only Australia (20%) and Turkey (28.7%) experienced bigger price rises than the UK in the past year.

Energy companies have come under fire in recent months over their energy pricing –despite significant falls in the wholesale cost of gas

and electricity, none of the major companies have cut their prices to consumers.

A spokesperson for **Debt Advisers Direct** said: "The OECD's report demonstrates the extent to which UK energy prices have risen compared with other nations. A lot of billpayers have felt unfairly treated by their energy providers in recent months, and this news may have many wondering why the companies haven't acted to reduce their prices yet.

"Scottish Power have recently announced a 10% cut to one of their gas tariffs, and other companies are likely to follow suit – but this cut does not cancel out the two big price rises made by most companies last year."

The spokesperson added that a large number of people are still struggling to meet their financial commitments as a result of rising prices in the past year, with many of those experiencing debt problems.

"A combination of rising bills, rising costs of living and shrinking incomes have left many people struggling with their finances," she said. "Some of those costs are starting to come down, but that won't necessarily help those already in debt.

"Our advice to anyone in debt is to seek expert debt advice early. Even if living costs do come down, debt can still be a big burden and it's important to tackle it in the right way.

"For people who want to reduce their monthly outgoings and simplify their finances in order to make their bills and debts more manageable, a debt consolidation loan might be the answer. A debt consolidation loan involves the borrower taking out a new loan to pay off their existing debts – effectively consolidating the debts into one.

"Most people who take out a debt consolidation loan lower their debt repayments by spreading them out over a longer period of time. Although this incurs more interest in the long run, it's possible to save money in interest overall if the borrower is consolidating debts with a higher APR than the new loan.

"For more serious debts, a debt management plan could help. This is an informal agreement between the borrower and their creditors as to how the borrower intends to repay their debts – usually at a slower

rate than originally agreed, and there may also be a freeze on interest and other charges.

"Alternatively, if there is no real chance of ever repaying the full debts in a realistic period of time, an IVA (Individual Voluntary Arrangement) may be the best option. An IVA is a legally-binding agreement between the borrower and their creditors for lower monthly payments, based on how much the borrower can afford.

"For an IVA to go ahead, creditors accounting for 75% of the total debt must approve the proposal. An IVA usually lasts for five years – and homeowners may be expected to release some of the equity in their homes in the 54th month of the IVA. On successful completion of the agreement, the remaining debts are considered settled."

"Our advice to anyone unsure about how to tackle their debts is to speak to a debt adviser beforehand."

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

Contact Details: Pennington House
Carolina Way
South Langworthy Road
Salford
M50 2ZY

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