

Many credit card customers finding going tough

The first signs that credit will be more difficult to obtain in the future has come with the news that refusal rates for credit card applications are rising, and one major issuer has even unilaterally terminated 160,000 customers' accounts as it attempts to reduce its exposure to bad debt.

These actions highlight the effect that the global credit crunch has had on financial institutions, as many are reeling from a reduction and in some cases total withdrawal of wholesale funding that was previously readily available, and was crucial in allowing them to operate their businesses.

Indeed, banks have been forced to tighten their lending criteria and are now turning down almost half of all applicants for credit cards, as opposed to one in three this time last year. One major card issuer recently announced it is restricting many customers' cash withdrawals, as that is one of the classic signs of financial distress. And Moneyfacts reports that as many as one in five card holders had their credit card limits cut as the banks attempt to shore up their exposure to risk.

For customers it is a double-edged sword, as in addition to reducing their risk levels card issuers are also being forced to increase prices; even the costs of the cheapest credit cards are rising as financial institutions are forced to attempt to recoup their global losses.

As a result many UK credit card holders are re-appraising their current situation and thinking 'how do I lower my credit card bills?' The good news is that despite the overall gloom there are still some excellent deals to be had. There are still many banks and building societies that are offering long-term zero interest deals, but only to those who have an excellent credit record and are not already over-stretched.

To make things easier there are a number of websites that specialise in providing the latest credit card comparison; offering details of the best credit cards for the deal you are seeking. For example, if it is a 0% interest balance transfer that appeals then you can search for those, or if you prefer a lower APR for purchases, then it possible to sort by that criterion.

But, whatever your current financial situation, it is worth carrying out a review of your borrowings, and making sure you [compare credit cards](#) to ensure that you are getting the best deal. There may be tough times ahead and it is best to get your finances in order sooner rather than later.

About the Author

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