

Has managing your credit card debt become a juggling act?

There are many people in the UK who have already experienced, or are currently experiencing credit card debt. Credit cards have historically been relatively easy to obtain, but in recent times lenders have become more cautious about their lending policy - prompting David Kuo of the money advice website Fool, to speculate that as many as 7 out of 10 credit cards applications are likely to be rejected by 2012.

It might sound like a case of closing the gate once the horse has bolted, but its scant consolation for those already burdened by credit card debt. However, credit card debt needn't be a millstone around your neck - there are ways to alleviate the burden and get your spending back on track. However, before you tackle the problem it is often a good idea to know how the problem arose, so you can hopefully avoid the same mistakes in the future.

For many people, the long, downward spiral into credit card debt begins at university. That credit card given to you by your parents 'in case of emergency' soon becomes too much of a temptation and before long, it's being used to buy clothes, shoes, CDs and cinema tickets rather than food and books. In order to solve the problem, many take out a second card with the intention of paying off the first. However, it rarely works that way, and it isn't long before the second card - like the one before it - is also maxed out. Thus begins the circle of borrowing, and it's not uncommon to leave university with a fistful of credit cards, each stretched to breaking point, with the incumbent wondering how they will repay them - especially when that high-profile job doesn't come along!

Many people in full-time employment still feel the strain of credit-card debt gained from their formative years at university. For some, making the minimum payments on each of their cards is the preferred method of dealing with the problem. While this approach doesn't do your credit report any harm (it does build a good payment history) it doesn't address the underlying debt problem, as making only the minimum payment on your credit card balance has little effect on the amount owing when interest is taken into account.

For others, switching credit cards to the best available rate is another option. Many credit card issuers now offer low rates of interest if you switch your balance to them, but the so-called 'rate tarts' have given rise to credit card lenders now charging a fee to transfer balances, which can effectively render the drop in interest rate worthless, as what you'll gain from a lower interest rate you will then lose in transfer fees.

However, the key to addressing credit card debt - as with other debt - is to prioritise and reduce your spending by acknowledging the state of your finances. To do this, ensure you budget for your essential items: your mortgage or rent, council tax, car insurance and similar. Then look for ways in which you can reduce your spending. For example, when shopping, don't buy the premium range of your favourite foods, instead buy a mid-market brand or even the retailer's own if available. The chances are you'll never notice the difference - except in your wallet - and the money saved can be put towards clearing off those credit cards.

Always tackle the credit card with the highest rate of interest first; after all, this is the card that will be accumulating debt faster than the others, so it makes sense to attack it first. Once you have cleared the balance on this card, continue to make the same payment in respect of the next highest card - the snowball effect you create will result in you clearing your debts quicker than you thought possible. Once each card is paid off, cut it up. That way, you won't be tempted to rack up the debt again.

It's also a good idea to know your financial situation by making sure you know how much money you have in your accounts. Consider using online banking, which can give you 24/7 access to your bank and [credit card](#) accounts, and also consider making payments via direct debit so you never miss one and end up paying unnecessary fees.

Credit card debt can be easy to get into and notoriously difficult to get out of. If you are constantly trying to juggle your credit card debts, it's only a matter of time before you drop one of them; when you do, the rest will come crashing down too, so it makes sense to tackle the problem now, before it becomes un-workable.

About the Author

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