

More people seeking debt advice

Rapidly escalating prices have contributed to a jump in the number of people seeking help from Citizen's Advice, with a significant amount seeking specific advice on dealing with mortgage arrears.

The number of homeowners seeking help is now estimated at one third higher than at the same period last year, according to research carried out by the BBC. However, enquiries regarding credit card debt are nine per cent lower than in February 2007.

During the 2006-2007 financial year a total of 5.7 million queries were handled by the Citizens' Advice Bureau, and almost one third related directly to managing debt, making it the biggest single issue handled by the agency. The number of mortgage queries handled by the agency in January and February 2008 was up 35 per cent, apparently backing up predictions from the Council of Mortgage Lenders that the number of repossessions will rise steeply this year following a 21 per cent rise during 2007.

Details of many of the debt enquiries worryingly revealed that many households were struggling to pay day-to-day living costs such as telephone, council tax bills and utilities. According to a spokesperson at the agency it is a combination of fuel prices and housing costs rising way ahead of inflation that is causing most problems. People already stretched to the limit have to manage additional pressure on their finances and many simply can't cope.

The research also showed a nine per cent reduction in the number of queries relating to credit card debt, although advice requested about overdrafts increased seven per cent, while the number of queries relating to [car finance](#) remained constant.

A report produced by credit reference agency Experian shows that the amount of credit card debt has remained fairly level over the year, suggesting that the tightening of criteria imposed by credit card companies in the very early days of the credit squeeze have had the desired effect. However, total borrowing reported to the agency rose by almost 10%, suggesting that people are taking out more affordable loans rather than opt for higher-priced revolving credit.

However, those statistics are cold comfort to the increased amount of people that are struggling to meet the bills for their day-to-day living because of the steep increases in housing and fuel costs. Currently, debt queries to Citizen's Advice come from less than one in ten of the population, but unfortunately that figure looks set to rise as the credit squeeze bites harder.

About the Author

Andrew Regan is an online, freelance author from Scotland. He is a keen rugby player and enjoys travelling.

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