

Debt Advisers Direct - debt help essential for dealing with mortgage arrears



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Released on: April 23, 2009, 5:03 am

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Industry: [Financial](#)

Responding to the news that the number of homeowners falling behind on their mortgage payments has risen by almost a third (31%) in the past year, [debt consolidation](#) company [DebtAdvisersDirect.co.uk](#) has emphasised the importance of keeping on top of mortgage payments, adding that a mortgage should be the top priority for any homeowner.

The company added that borrowers who are having difficulty with their mortgage payments should seek expert debt help as soon as the problem emerges.

The latest figures from the FSA (Financial Services Authority) showed that there were 377,000 borrowers in arrears on their mortgages at the end of 2008 - up 10% in the final quarter alone, and 31% higher than the same period in 2007.

The figures refer to mortgage accounts in arrears by 1.5% or more of the borrowed balance, roughly equivalent to arrears of at least three months.

The figures mean that 3.4% of all mortgages were in arrears at the end of 2008, compared with 2.3% at the end of 2007. Meanwhile, new repossessions increased by 60% compared with the same time period in 2007.

A spokesperson for Debt Advisers Direct said: "We would expect an increase in the number of homeowners falling behind on their mortgage debt in recent months, but these statistics show just how quickly it is occurring.

"Considering the economy is potentially about to enter a more severe stage of the recession, it's very important that homeowners are careful with their finances and avoid falling behind on their debt repayments.

"In particular, a mortgage should be the number one priority for any homeowner. It is important that all debts are repaid on time, but a mortgage pays for the borrower's home - and as such, failing to keep up on payments could eventually result in the home being repossessed."

The spokesperson also said that if other debts are making it difficult to pay the mortgage, a professional debt adviser may be able to recommend a suitable debt solution that could make the borrower's unsecured debts more manageable.

"There are few debt solutions that deal directly with mortgage repayments, although in some cases a debt adviser may be able to negotiate with mortgage lenders for a reduction in payments. However, a debt solution that deals with the borrower's unsecured debts could reduce the homeowners monthly outgoings, and therefore make it easier for them to meet their mortgage payments."

The Debt Advisers Direct spokesperson added that if the situation becomes more serious and the homeowner cannot see a way of repaying their debts in full, an [IVA](#) (Individual Voluntary Arrangement) could help them avoid bankruptcy by paying off an agreed percentage of their debts, and therefore help them avoid losing their home.

"If the homeowner can agree a repayment plan for their mortgage arrears, then an IVA can be arranged around that, meaning both the homeowner's mortgage and their unsecured debts are taken care of."

However, the spokesperson was keen to emphasise the importance of speaking to a professional debt adviser before deciding on any debt solution.

"Different debt solutions are more appropriate for people in different situations, and equally they all have their drawbacks. An expert debt adviser can help to explain the pros and cons of each debt solution, to help the borrower in establishing which debt solution is best suited to their individual needs."

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