

Cutting Back On Credit Card Debts



Record personal debt has the Government determined to tighten credit laws. New rules to protect the consumer both from himself and credit suppliers are still at least 12 months away.

Personal debt is at a record high of £170 billion, with nearly a million people expected to have difficulty making repayments this year. Without over emphasising the obvious; desist from spending - there are steps that those already in the debt trap can take to make the return to financial health as painless as possible:

Set your spending budgets, within your earnings limits, then decide how you are going to spend. Cards, like cash and cheques, are tools for your benefit.

If you have difficulty controlling your credit card spending cut up your credit cards and go back to cash - it is harder to part with.

If you do need a card to pay for your essentials, switch to a charge card, which makes you pay the full amount each month. All major banks and American Express have charge cards.

Avoid store cards: most charge around 30% interest. If you've got existing debt and you wish to minimise interest then switch to Nationwide, Egg or RBS Advanta, which charge no interest on balances and new purchases for the first six months.

Finally, if you do borrow on your credit card, choose one with the longest interest-free period.

The above advice is given in good faith. Individual circumstances differ, no action should be taken without regard to these personal circumstances. Accordingly, please consult your professional adviser. If you wish to talk to one of our partners or tax consultants, please do so. The first hour is free and without obligation.