

A million mounting debts: credit cards prop up the roof over our heads

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When mortgage or rent payments are a problem, credit cards are not the answer.

A recent survey by national charity Shelter shows that one million British people use a credit card to make their rent or mortgage payments. Although this helps in the short term, the resulting interest charges only add to the overall debt, making it increasingly difficult to get from one payday to the next.

Director of services at Community Housing Advice Service, Stuart Freeman sums it up: "There is such pressure on people's budgets that paying your mortgage or rent by credit card, then paying that card with another card is becoming the norm for many people. It leads to an ever spiralling maze of debt, and eventually the credit simply runs out."

The pressure can be particularly high for certain groups: there are two million homeowners reaching the end of their fixed-rate mortgages, bracing themselves for an overnight increase of up to 30% in their mortgage payments. In far too many cases, credit cards can seem the only way to make ends meet, but this only adds to a nationwide problem that's affecting tenants too: as levels of unsecured debt reach new heights, so do the repayments.

"When someone's credit repayments take up too much of their income, their most immediate priority is reducing their monthly outgoings," says a spokesperson for debt management company Gregory Pennington. "In the longer term, they're looking for an affordable way to pay off their unsecured debt as quickly as possible."

Today, the company's Debt Management Programme is helping over 40,000 homeowners and tenants achieve both these goals. "We look at what a client earns, what they owe and where the money goes. Once we understand the 'big picture', we can negotiate effectively with their creditors, asking them to accept lower payments and freeze interest charges, where possible."

"By bringing clients' unsecured debts under control, the Debt Management Programme frees up the cash they need for rent or mortgage payments and other priority debts, so they're not forced to take out further credit."

And Gregory Pennington stress that Debt Management is just one element in a comprehensive range of solutions: "As part of the Think Money Group, we offer a complete package of financial services, from consolidation loans and remortgages to IVAs and bank accounts. We've found that this 'one-stop shop' is what our customers want. When they're looking for help or advice, they need to talk to professionals who can help them explore their various options – and find the solution that's right for them."

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About Gregory Pennington (www.gregorypennington.com/)

Gregory Pennington currently helps over 40,000 people clear their debts through its Debt Management Programme. The company is part of the Think Money Group, one of the UK's leading financial solutions providers. Think Money is headquartered in Salford Quays, Manchester, and employs around 600 employees to deliver a comprehensive range of debt, loan and banking solutions. It defines its mission as 'To educate, rehabilitate and advise on all aspects of financial management'. For more information, contact Melanie.Taylor@gregorypennington.com (0845 056 6480) or visit the Gregory Pennington website at www.gregorypennington.com/.

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