

Millions face debt worry

By **Harvey Jones**

CITY watchdogs are stepping up efforts to help millions of Britons struggling with debt, but experts say more must be done to stop money worries spiralling out of control.

The UK's personal debt mountain stood at £1.57 trillion even before the Christmas splurge latest figures show, averaging £59,982 per household, including mortgages.

More people are reaching retirement with unaffordable debt, particularly women, where the

number of over 65s declaring insolvency has almost doubled in a decade, according to the Insolvency Service. On Monday, the Financial Conduct Authority (FCA) urged credit card companies to do more to help customers with persistent debt, many of whom pay more in interest and charges than they do to clear their balance each month, in a move it said could save vulnerable borrowers up to £1.3 billion a year.

Andrew Johnson, money expert at the Money and Pensions Service, urged borrowers not to panic if

Picture: GETTY



HELP: More can be done

contacted by their credit card company: "New rules mean they have to tell you when your repayments have been going more towards interest, charges and fees than the amount you actually owe."

If you cannot afford to increase your monthly payments, your provider now has to offer you help: "It should propose options that are reasonable and affordable, which may include the reduction, waiving or cancellation of interest and charges."

Last week, the FCA also upped the pressure on banks to clean up the "dysfunctional" overdraft market, where those with unarranged overdrafts can pay charges up to 10 times the cost of a payday loan.

Leigh Treacy, head of financial services advisory at BDO, said this is part of a broader campaign: "The FCA is also expecting lenders to help out interest-only borrowers who are struggling to rollover into another interest-only deal, and mortgage prisoners who are unable to move away from a high-interest deal."

The latest assault could have a downside BDO warned, as lenders

may be less willing to offer credit cards for customers with weaker credit histories.

[Moneyfacts.co.uk](https://www.moneyfacts.co.uk) finance expert Rachel Springall said credit card providers have cut their interest-free balance transfer offers: "Once the longest interest-free balance transfer introductory rate ran for 43 months, today the longest is 29 months."

Moves to cut the cost of unarranged overdrafts have backfired, as banks responded by ramping up costs for arranged overdrafts.

Rachael Griffin, tax and financial planning expert at Quilter, called for more financial education so that people know what questions to ask when offered a credit card, to build on the KickStart Money programme and lessons for financial education in primary schools, delivered by the charity MyBnk.

Citizens Advice, National Debtline and StepChange all offer free advice, or use the debt advice locator tool at [MoneyAdviceService.org.uk](https://www.moneyadvice.org.uk).

Those with multiple debts should pay the most expensive first and make minimum repayments on the rest.