

Press Release

April 6 2011

Debt charity warns of rise in mortgage arrears

National debt charity Consumer Credit Counselling Service (CCCS) has warned that many homeowners will struggle to keep the roof over their heads this year. CCCS says that budget pressures such as high inflation and wage freezes are restricting the ability of many to pay their mortgages. It says that an interest rate rise will push many homeowners into arrears.

Many homeowners are already struggling, with the charity counselling 90,000 homeowners last year, who owe an average of £30,160 in unsecured debt on top of their mortgage. While calls to CCCS's mortgage counselling centre were down almost 70 percent in 2010, CCCS says this reflects the generally low mortgage interest rates that have persisted over the past two years. It predicts that this trend will reverse once interest rates rise again.

To highlight the impact of an interest rate rise, CCCS undertook research on its homeownership clients which found that a two percent increase in mortgage rates will lead to a £307 rise in monthly mortgage payments by its clients across the country. As the average mortgage payment of a CCCS client is currently £561.61, this would be a 55 percent increase in monthly mortgage payments, meaning that homeownership clients would have to spend almost £3,700 more a year.

CCCS is also concerned that struggling debtors are using credit cards to pay their mortgages. If this is the case, interest rate rises in 2011 could have an immediate impact on homeowners' ability to pay their mortgage.

Delroy Corinaldi, CCCS External Affairs Director, says: “So many households are just managing to make ends meet, that even a small increase in the cost of their mortgage may push them over the edge. As far as possible, families need to think how they could pay such increases and seek help at the earliest opportunity if they feel that they cannot cope.”

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Notes to editors:

1. CCCS’s ethos is to help the “can’t pays”, not the “won’t pays”, and does not condone debt avoidance. CCCS always aims to help its clients pay back what they owe, in a realistic timescale and manner that is suited to each individual’s situation.
2. CCCS is self-funding. Lenders share with the charity the benefit they receive from its operation, making a donation from the money repaid to them. This allows CCCS to retain its independence and ensure that its advice is always in the best interest of the client.
3. The CCCS free phone helpline 0800 138 1111 is open 8am to 8pm, Monday to Friday.
4. *CCCS Debt Remedy* is available at www.cccs.co.uk
5. Follow us on Twitter: @CCCSPressOffice

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