Are you staying afloat financially?

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When prices are rising faster than incomes, staying afloat financially is a challenge - but it's a challenge people don't need to face alone. Commenting on the difficulties posed by today's economic environment, Insolvency Practice Freeman Jones (www.freemanjones.co.uk) stresses the importance of reaching out for help when necessary.

The comments come in response to recent research from Scottish Widows, which highlights just how much people are suffering financially at the moment. The figures indicate that almost 19 million adults in the UK 'admit to neglecting their finances'. Once they've paid for their essentials, 9.8 million have less than £50 left at the end of each month, while 8.2 million are left with nothing at all.

"It's deeply worrying to see so many struggling with so little spare income," a spokesperson for IVA specialists Freeman Jones commented. "What's even more worrying are the indications of more bad news ahead. From the ongoing uncertainty in the labour market to the recent return to recession, it's clear that households all over the country can expect more tough times ahead.

"What really counts at a time like this is making sure every penny counts. The obvious starting point for any household is creating a budget - and updating it to make sure it reflects changes to their financial situation.

"Armed with their budget, they'll be better prepared to spot any potential problems, making it more likely they'll find a way to tackle them before they get out of hand.

"In fact, a comprehensive budget can do much more than indicate future problems. It can also help people identify the best way of addressing them: by separating their costs out into clear categories, it can help people understand exactly where their money's going, and where they may be able to cut back."

The figures from Scottish Widows indicate that 47% have reduced their spending on luxuries, while 32% have put holidays on hold and 29% have had to stop putting money aside in savings.

"While many people see cutting back on non-essentials as a 'necessary evil'," the Freeman Jones spokesperson continued, "it's deeply regrettable that people are being forced to stop saving for the future, as a decent savings account is an excellent way of cushioning yourself against future problems, whether they're caused by a drop in income, an increase in expenditure, or both."

And in some cases, reducing expenditure simply won't be enough anyway. 21% of respondents to the survey said they had too much debt to be financially secure.

"When someone realises that no amount of cutting back will allow them to stay on top of their debts and their essential living costs, they shouldn't hesitate to talk to an expert about their options. As insolvency specialists, we've helped many people reduce their outgoings to a reasonable level, helping them stay in their home, keep up with their essential bills and repay their debts in a realistic way.

"That's not to say that an IVA [Individual Voluntary Arrangement] or bankruptcy will always be necessary. When they get some expert advice, many people will find that a different debt solution will be enough to help them get their debts under control - or that there are better ways of prioritising their finances so they can stay on top of their debts without entering any kind of debt solution.

"In general, the sooner they take action, the better. If, despite their best efforts, a borrower can see their finances deteriorating every month, they'd be well advised to reach out for professional help - before their problems reach the point where bankruptcy really is the only realistic way forward."

-ENDS-

Notes to Editors

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