

Debt Consolidation



FPM
Advice Centre

Treating you fairly

You may have a number of Loans or Credit Cards or Hire Purchase arrangements (or a combination of Financial commitments). If you have sufficient equity (the difference between the value and your Mortgage) in your home, you may consider merging these in to your mortgage in order to make some savings.

However:-

**Have you considered all of your options ?
Is this action the best for you ?**

- **Advantage** - It is very likely that the Interest Rate on a Mortgage will be lower than most other Loans and Credit Cards. You will therefore be trading down to a less expensive product.
- **Disadvantage** - Although there are many flexible Mortgages available, where you can have different repayment periods for different parts of your Mortgage, it is likely that you will 'stretch' your payments over a longer period.
- **Consideration** - Be aware that there may be a penalty to pay off some financial arrangements early. Please check with your financial institution before proceeding. Ask for a redemption statement.
- **Advantage** - If your total outgoings are more than you realistically want to pay, this action can often make some significant savings on a monthly basis.
- **Disadvantage** - Your total overall cost for finance can be a lot higher in the long run, if you are taking your commitment over a longer period.
- **Consideration** - If you have Loans or Credit cards, these are likely to be unsecured. A Mortgage is secured on your home. Remember that your home may be repossessed if you fail to maintain payments on a Mortgage or other loan secured on it.

Other considerations:

- A consolidating Personal Loan
- A Secured Loan
- Sale of an Asset
- Trading down to a less expensive property

If your reason for considering Debt Consolidation is more serious financial difficulties, then you should also consider the following:

- Can you afford the resulting Mortgage on an ongoing basis. Avoid creating a short term solution to a long term problem
- Have you spoken to your existing creditors? It may be possible to renegotiate the terms of your commitment.
- You may wish to take advice from a professional such as an Insolvency practitioner.

You may benefit from:

- a. A Debt management plan
- b. An Individual Voluntary Arrangement (IVA)
- c. Bankruptcy

These can be real solutions in some cases, and better than simply borrowing more money

Aged 55 or over

'Lifetime' Mortgages (sometimes known as 'Equity Release') may also be a viable option. We have advisers with the necessary qualifications and experience. We can make an appointment to discuss this subject in more detail.

At FPM ADVICE CENTRE,

we will consider these options with you. We will always outline all of the actual costs and the potential costs.

Remember, for some this can be a very positive course of action.

If you need more specialist advice,
we work with fully qualified Insolvency Practitioners,
to help give you the best available options.



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