Debt Consolidation

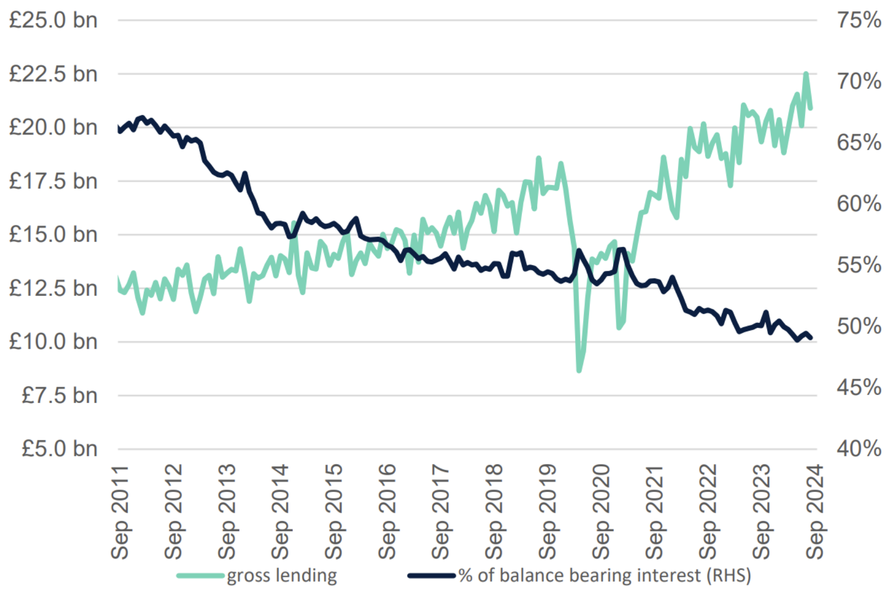
According to UK Finance Consumer usage on credit card lending continues on an upward trajectory. This could be due to the fact customers continue to leverage cards to mitigate the impact of the cost of living crisis.

The latest figures from the Insolvency Service for England and Wales shine a light on the worsening state of household finances, with personal insolvencies reaching 117,947 in 2024—an increase of 14% compared to 2023. Debt Relief Orders (DROs) also reached their highest annual number on record. However, this is likely to have been influenced by the removal of the £90 administration fee in April and the expansion of eligibility criteria in June 2024.

These are concerning statistics, but they represent an opportunity for brokers to provide potentially life-changing advice for customers, with support on managing and restructuring their debts effectively. Proactively addressing debt issues before they reach a critical point, like insolvency.

Debt consolidation may not be the right option for everyone. A comprehensive assessment of every customer's financial circumstance is essential, and you can play a pivotal role in this process. By thoroughly understanding your customers' circumstances and future aspirations, you can help to build a path that helps them manage their current debt and build for the future.

Chart 8: Credit card lending and interest-bearing balances



Source: UK Finance

Broker top tips –

Criteria to look out for, which may be useful for your debt consolidation customers:

- No credit scoring
- No debt-to-income ratio
- Up to 100% of variable income such as commission, car allowance and bonuses accepted for affordability
- No cascading & unsecured credit never affects the product tier

Limited Edition remortgage only products, is now available with no upfront fees across both our Pepper 48 and Pepper 36 ranges on 2-year and 5-year fixed rates at 75% and 85% LTV.