

Detox Your Debts

Fosuah Poku, Chief Executive of Merton & Lambeth CAB, is urging people to start the New Year with good resolutions to manage their money, saying:

"Start the New Year with a debt detox."

Last year Citizens Advice dealt with over 1.7 million new debt problems and people are paying a high price for being ill-informed and unconfident when it comes to crucial financial decisions. That debt hangover from Christmas could turn into a nightmare if people ignore it. Fosuah Poku says:

"All too often we see people when they've already reached crisis point or can no longer cope with their problems. Yet by carrying out a regular financial overhaul and taking some preventative measures many problems could be averted before they become crises. Traditionally people make New Year's resolutions to change bad habits and we're just urging people to do the same with their finances."

So here are a few tips from Merton CAB:

- Be wary of consolidating your debts, get advice and be wary of loans for home owners which can put your home at risk unnecessarily
- If you are considering taking out a loan make sure you shop around and get the best deal
- Be wary of low interest credit card transfers. Check the terms and conditions carefully.
- Don't automatically renew your car/holiday/house insurance without comparing prices.
- Check that you are not missing out on money that you should be getting in benefits or tax credits, tax rebates or allowances. The CAB can help check this for you.
- Plan to build up an emergency savings fund.
- Shop around for the best savings rates and check regularly that it is still the best deal.
- Check out tax efficient ways to save money like cash ISAs or open a special building society Christmas account.
- You may be losing money by sticking with your existing bank, shop around, it's simple to change.
- Join a Christmas Hamper or Voucher scheme. Following the problems with Farepak, these companies have agreed with the Government to set up safeguards for your money and are working to put arrangements in place - ask them about their current position first.

Merton CAB has more information about saving for next Christmas and can advise on debt problems.