ndr nationaldebtrelief

# DEBT CONSOLIDATION FACTSHEET

## WHAT IS DEBT CONSOLIDATION?

Debt Consolidation is a way of reorganising or clearing your debts by means of obtaining a loan to pay them off. In a loan, you are replacing credit with another form of credit. You can do this by obtaining a loan that is unsecured or secured against an asset. Before obtaining a loan you should seek independent advice about whether this would be in your best interests.

You need to consider if you will be able to manage the loan repayments for the term of the loan and you should shop around for the best deal from high street and internet lenders. If you have a poor credit rating you may not be able to get a loan, or you may only be entitled to a high interest loan which could further aggravate your financial situation.

A consolidation loan will only help if:

- You can afford the repayments.
- It is used to pay some or all of your existing debts.
- The repayments on the new loan are no more than the amount you are paying towards your existing debts.

If none of the above applies, then it is likely the new loan will simply add to your debt burden and make your problems worse.

You will also need to look carefully at:

- How long the loan will take to repay.
- What interest you are going to pay compared with what you are currently paying on your debts.
- What penalties or charges there are, for example if you miss a payment.

## DO NATIONAL DEBT RELIEF OFFER DEBT CONSOLIDATION?

We do not offer Debt Consolidation Loans as a solution for addressing your debts.

We are happy to assess your situation and provide you with advice on your debts and inform you of what solutions might be suitable for you. It is then up to you to decide what you feel is your best course of action for addressing your debts.

If you think Debt Consolidation is your best option, it is entirely up to you to source your own loan.

Free and impartial debt advice, guidance and information is available from MoneyHelper.

## CONSOLIDATION ADVANTAGES

- Combines multiple debts into one, making them easier to manage and keep track of.
- One monthly payment instead of several to different creditors.
- Your monthly payment may be lower than the combined total of your current repayments, which could free up some of your monthly budget.
- Depending on the rate you're offered, you could pay less interest than on your existing debts.
- Less pressure from dealing with multiple creditors.
- You'll have a clear end date for when the loan will be repaid, provided you keep up your repayments.
- Making regular, consistent repayments on the consolidation loan could help your credit rating over time.

## CONSOLIDATION DISADVANTAGES

- Consolidation doesn't clear your debt. It moves it into a new loan with new terms. You still owe the money.
- There may be fees involved in arranging the new loan.
- Interest rates may be fixed or variable. A variable rate can change over the loan period, making it harder to know the total cost. Check which type you're being offered.
- Consolidation loans often have longer repayment terms than your original debts. Even if the interest rate looks reasonable, the extended term could mean you pay more in total.
- If you have a poor credit rating, you may struggle to secure a loan or be offered a high interest rate, making it less affordable.
- If the loan doesn't clear all your existing debts, or if you run up new debt on the cards you've paid off, you could end up owing more than before.
- May not be suitable if you have low-interest debts or if you're in severe financial difficulty. It's worth getting impartial debt advice before taking out a consolidation loan.

> **Contacting NDR is without a doubt one of the best things I have ever done. From my very first phone call every single person I have spoken to has been so lovely to me and has made this whole process so much easier with their amazing kindness. They have never made me feel embarrassed or judged for the situation I had got myself into. I really urge anyone who is struggling with debt to make the phone call to NDR. It has changed my life for the better.**
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> **I was at a point where I could no longer afford my repayments because they had got so out of hand. NDR only encouraged me to make payments that I can definitely afford and now I am half way through my plan and am still able to enjoy nice things in my life.**
>
> **Leah | TrustPilot**
>
> ★★★★★

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National Debt Relief is authorised and regulated by the Financial Conduct Authority. Financial Conduct Authority Number : 671114

A fee is only payable where further services are requested. All fees will be explained in detail and discussed prior to commencement of any debt repayment plan. Repaying debt over a longer period may increase the total amount to be repaid. Creditors must deal with us for all aspects relating to your debt, but may still contact you with promotions.

Phonecalls: Calls from a landline are normally free. Please consult your provider if you are unsure. Calls from a mobile may be subject to charges.

National Debt Relief Limited, 101 Spencer Road, Derry, BT47 6AE, 0800 888 666 0