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FOCUS INSOLVENCY GROUP

NEWSLETTER

A third of home owners would struggle if interest rates rise

Recent research by the Institute of Credit Management (ICM) has shown that around a third of Britons would struggle with their mortgage payments if rates were to increase to 2%.

For example, someone with a £100,000 mortgage paying 2.5% variable rate would see an extra £100 on their mortgage bill each month if interest rates increased to 2%.

The poll of 2,050 Britons taken between the 5th and 6th of November also showed that those in the south east of England were the most worried voicing serious concerns that they would not be able to cover the extra costs of an increase.

The Bank of England has kept the current rate at a record low of 0.5% since 2009 but it is expected that this could be increased as soon as June 2015.

It is predicted that the Bank with begin to make gradual increases from the middle of next year due to faltering growth and weak wage increases as well as underlying risks from the Eurozone.

Bank of England officials have been keen to stress however that any increase would be gradual indicating that the rate would likely rise in increments of 0.25%.

ICM poll is not the first to draw the conclusion that a rate rise would be a struggle for home owners due to many securing 90% mortgages on modest incomes.

Shareamortgage.com stated that Britons can barely afford the cost of living let alone money to spend on mortgages and rent meaning it is near impossible for many to get on the housing ladder at all.

A YouGov poll surveyed 3,500 privately renting tenants and discovered that 24% of them expected to always be renting, a further 15% said they expected to be in the sector for further 5 or more years.

In order to ensure that homeowners could withstand a rate rise the Bank of England capped mortgage lending on 1 October while the Financial Conduct Authority installed new affordability checks.

The Latest UK Personal Debt Statistics

- **The average total debt per household including mortgages was £55,223 in September**
- **Total credit card debt in September 2014 was £58.5bn**
- **Outstanding consumer credit lending was £165.1bn at the end of September 2014**
- **Every 5 minutes 20 seconds someone is declared insolvent or bankrupt**
- **Every 20 min 15 seconds a property is repossessed**
- **1,033 people become redundant every day between June and August**
- **1,893 Consumer County Court Judgements (CCJs) are issued every day, with an average value of £2,278.**
- **£210,000 is the average house price paid by first-time buyers**
- **£17.8bn was the value of gross mortgage lending in September 2014**

Stats from The Money Charity

HMRC begins to monitor card payment business income

HMRC have receive their first batch of data from Merchant Acquirers after legislation issued in 2013 gave them new powers to request it.

The Merchant Acquirer data will be used to compare to tax payer records to identify those who fail to report or deliberately under report their business income.

Merchant Acquirers are financial institutions that process all debit and credit card transactions on behalf of UK businesses. There are eight major Merchant Acquirers operating in the UK.

Here are just a few reasons we should be your first choice for debt and cash flow problems

- **Service – not only a great service, but an unrivalled one. Qualified and experienced staff with a 'can do' approach to getting the job done. A single point of contact for both introducer and client**
- **Cost Effective – higher targeted performance, free meetings and fewer costs**
- **Reciprocal Work – we believe in supporting those who support us and we do not compete**
- **Full range of financial, insolvency and restructuring solutions available**
- **Big enough to cope with the large jobs but small enough to care for everyone**
- **Experienced and qualified board of directors who care passionately about what we do and how we do it**
- **Focus Business Club – regular corporate events, newsletters, updates and blogs**

HMRC will begin checking the data in order to ensure that businesses are declaring all of their income, to increase their understanding of the behaviours and compliance profile of businesses that receive debit and credit card transactions and improve fraud detection.

HMRC have stated that if businesses are confident they are already declaring all of their income then they need not take any action. However if a businesses that takes debit and credit card transactions is not confident that all income is being declared they should check their processes and contact their business advisor or agent for advice.

FCA announces payday loan fee cap

The amount that payday lenders can charge their customers in fees has been capped by the Financial Conduct Authority.

The maximum interest that lenders can now charge has been limited to 0.8% interest per day on the amount borrowed.

There have also been limits placed on default fees of £15 and no one will now pay back more than double what they have borrowed.

The new restrictions will come into effect in January 2015 and are in addition to other changes proposed that limit extensions to loans, rollovers and affordability checks.

"For people who struggle to repay, we believe the new rules will put an end to spiralling payday debts," said FCA chief executive Martin Wheatley.

"For most of the borrowers who do pay back their loans on time, the cap on fees and charges represents substantial protections," he added.

Contact Focus Insolvency Group

If any of your clients have been affected by the stories in our newsletter or need advice on any other matters, please feel free to contact us on 01257 257030 or email a.fisher@focusinsolvencygroup.co.uk

"We pride ourselves on being the experts of choice for anyone struggling in business or with debt."

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