

5 Tips for Those Struggling with Debt after Christmas

Submitted by: Key Loans & Mortgages Limited t/a KIS Finance

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Holly Andrews, Managing Director at KIS Finance (<https://www.kisbridgingloans.co.uk/>) and finance expert, outlines her tips for people who are struggling with debt after relying on credit over Christmas.

Get organised and keep track

The first thing you need to do to get on top of your debt is to sit down and work out exactly how much you owe and to who.

You may find it beneficial to create a spreadsheet so you can list each loan/credit card/BNPL, the total balance, and either the minimum payment amount or any set monthly repayments. Set monthly repayments would be applicable if you've used one of Klarna's instalments or financing options, for example.

Again, it may be difficult to look at your debts in black and white, and this might make you feel more stressed in the short term if the total is more than you thought. But trust me when I say that you are now already in a better financial position than before.

Start by focusing on minimum payments

If you have a considerable number of loans and credit cards, then it can be quite daunting to look at the total amount you owe.

To make things feel more manageable, start by just looking at the minimum payment amount on each debt. This is the amount that you have to pay each month to avoid missed payment fees being added. It's important that you avoid these fees if you want to prevent the debt from building up more quickly, and missing payments can also have a lasting negative impact on your credit score.

You should also set up a direct debit for the minimum amount each month for each credit card/loan that gives you this option. Doing this means you will never be charged missed payment fees even if you forget one month as the minimum payment will be made every month automatically.

Once the minimum amount is paid, you can then pay whatever you can afford on top. Only paying the minimum amount each month means it will take a long time to repay the debt, so you really need to pay as much as you can over this. Not only will it bring down the debt faster, but it will also save you money in interest.

Prioritise

When you're working out your debt repayment strategy, you need to organise and prioritise which debts are the most important to repay. These may be the loans or credit cards with the biggest balances, or the ones that charge the highest interest rate.

Then you need to decide whether you want to try and pay off everything together, or to focus one debt at a time until each one is repaid. If you choose this method then you should start with the loan/credit card that you've put at the top of your priority list, putting as much as you can towards this each month, and then work down the list after each one is cleared.

Remember though to keep paying at least the minimum amount on each other loan/credit card to avoid missed payment fees. You will also still need to keep paying any set monthly repayments if you've used Buy Now Pay Later services.

Consolidate

If you're struggling to manage your debts, then it might be worth looking into a consolidation loan or credit card.

Consolidating your debts means paying off all of your loans and credit cards with one single credit facility. This will make managing your debts much easier as you'll only have one loan, and therefore one monthly payment, to think about.

If you can find a lender that is offering a loan or credit card with 0% APR introductory period, then you could save a lot of money on interest too. This means that if you pay off the full amount within the offer period, you won't pay any interest. Just make sure you know what the APR will be after the offer period though, as you need to ensure that this is better than the interest you're currently paying.

Seek help

Admitting you're in debt can be difficult, but there's no need to struggle in silence. The past couple of years have been very difficult and financially demanding for many, and you are definitely not alone.

If you can't speak to close family members or trusted friends about your problems, then there are organisations and charities that can help if your situation is particularly bad and you don't know what to do. This may be if you are consistently in debt and struggling to meet repayments.

These are some organisations available:

-Citizens Advice

-StepChange Debt Charity
-National Debtline

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Comments provided by Managing Director at KIS Finance (<https://www.kisbridgingloans.co.uk/>), Holly Andrews. If you would like to use these comments then a link back to KIS Finance is required to credit the source.

About KIS Finance:

KIS Finance are an independent finance broker specialising in bridging finance, development finance, commercial mortgages, equity release, and secured loans. Their team of advisors have considerable experience across multiple different areas of the finance sector, as well as insurance and compliance.

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