

Title:

Debt Consolidation - When Is It Right For You?

Word Count:

545

Summary:

Do you have many a loans and just can't handle them all? Then, the thing for you could be debt consolidation. This means that you take another loan, in order to pay all the rest off and manage your financial problems a lot easier. However, this doesn't always work for the best, as you could get in even bigger problems.

Before considering a consolidation loan

Before you go and make this step you should really try to find other alternatives, since this is just a temporary...

Keywords:

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Article Body:

Do you have many a loans and just can't handle them all? Then, the thing for you could be debt consolidation. This means that you take another loan, in order to pay all the rest off and manage your financial problems a lot easier. However, this doesn't always work for the best, as you could get in even bigger problems.

Before considering a consolidation loan

Before you go and make this step you should really try to find other alternatives, since this is just a temporary solution as you don't get off with less money to pay, but at the best, you can pay them all in one place. Other solutions could be:

- Rearrange your current deals with the lenders;
- Trying to make the best out of any options of credit you may have: store or credit cards, overdraft, an extension to your mortgage and maybe a personal loan;
- The all useful - borrowing from relatives or friends whom won't charge you with interest;
- You can look for advices in your country's counseling services.

Look around

If you must take a consolidation loan, first check to see where you can find the best terms for your loan and look only for reputable lenders. There are some banks and building societies that may be able to offer you a personal load.

Reasons to consider a consolidation loan

If you use it carefully, the consolidation loan is a winner, as it can put order in your financial life. Written below are a few advantages:

- Priority debts can be paid using the CL
- The interest in a CL is definitely lower than a normal loan. This happens because the long term of a CL, whence a regular loan spans on a short period.
- Sometimes it happens that the monthly payments of more loans can be longer than of on CL
- The end of the debt is easy to remember, since it is only one
- There will be just one payment/month
- You don't have to deal with more than just one lender

Reasons NOT to consider a consolidation loan

While any CL has its advantages, it also comes with a few disadvantages as well. I have noted down some of those below:

- At the end of the CL, you can realize you have paid more and it took you longer to pay
- Some extra charges could be paid for repaying and setting the new loan
- Some loans have the interest paid first and only after you start paying the real loan. In this case, using a CL could mean that you will be paying the loan from the CL and the interest at both lenders
- Since you will be dealing with only one lender, if you get in any troubles, making a new arrangement could be more difficult
- Since most of the CL are secured against your home or any of your properties, you could end up losing those if you can't keep up with the payments

These being said, you now know whether to get a Consolidation Loan or not. If you decide to do so, keep in mind that you thought you could pay your current loans as well, and you couldn't, so why will this be any different?