

Scotdebt – Debt Consolidation

You may only have a few debts, which could be settled if you borrow more money for example by increasing your mortgage. This would allow all of your debts to be turned into one liability and you would only be required to make one payment.

Main advantages	Main disadvantages
<ul style="list-style-type: none">▪ Gathers all debts together in one place▪ You only have one creditor to deal with▪ Could possibly offer a lower interest rate, dependant on the type of credit facilities currently used▪ Provides a definite outcome and timescale if you are able to maintain payments	<ul style="list-style-type: none">▪ Does not reduce the overall debt burden▪ It may be difficult to obtain more credit▪ Self control is required to ensure that once credit cards are cleared they are not used again▪ It may be difficult to organise if there are multiple debts▪ It can be time consuming to organise and it is likely you would have to do so yourself▪ There may be a high interest rate on the consolidation loan▪ If your circumstances change you may be unable to maintain payments

Debt Consolidation FAQ

1. What is debt consolidation?

Debt consolidation means obtaining one loan in order to settle two or more existing debts, such that the number of creditors is reduced. Instead of making multiple monthly payments to individual creditors you make one payment to cover all debts.

2. Do I have to own a house to apply for a debt consolidation loan?

No, you can apply for an unsecured loan to consolidate your debts as opposed to a loan that is secured over your property.

2. How do I get a debt consolidation loan?

To get a debt consolidation loan you would need to first calculate the amount you required to borrow (ie. the total of your debts) and what you could afford to repay per month. You would then need to contact a debt consolidation loan company who would assess your circumstances and decided whether to lend to you.

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