

A Quick & Easy Guide To Debt Consolidation Loans



Quite a number of us have more than one credit or debt card running concurrently or have several credit or loan agreements in place.

It can be an arduous task to keep up to date with all these accounts and if you missed payments because you were unable to keep track of your repayments, it may lead to a big problem.

A [debt consolidation loan](#) can help to resolve this problem. What is a debt consolidation loan? It's a process that combines all your debts into one loan so as to facilitate an easy single payment per month.

This method of streamlining your accounts can stop the potential stress that will likely surface when you have to manage several debt accounts.

Below you will find more details of how a debt consolidation loan works and how it could help you.

How do debt consolidation loans work?

What a debt consolidation loan does is to simply move all or a sizeable amount of your existing debt into a single loan. You can then close down the previous credit cards and loan agreements that you may have. This consolidates all your debt into one debt; rather than making several payments to different lenders, you now only need to make a single monthly payment to the consolidation loan provider.

For every existing loan to be paid off, make a check if there are any penalties for early payments, if there are any, factor them into your payment calculations.

Most debt consolidation loans are usually offered without any security, consequently, the lender cannot lay claim to your home in event that you were unable to keep up with the repayments. However, this is no excuse to be lax with repayments as the lender can issue legal

proceedings through the courts to recover their debts.

You should be aware that utilising a secured loan to consolidate your debt puts your property at risk as the loan is backed by your property value. If you miss payments the lender has the right to seize your property to cover the full loan amount.

Pros and cons of debt consolidation loans

The fact that all of your debts are consolidated in to a single debt profile is the biggest advantage of this type of loan; a single interest rate to keep track of and a single payment to make each month. This makes your debt easily manageable as you will no longer need to remember to make several payments to your various creditors in a month.

With this loan, you can simply close down all your credit card and loan accounts and in essence, your credit score will receive a boost as your various debts are converted in to just one. Having a high credit score is a signal to lenders that you are credit worthy.

However, it's not all good news; your interest payments may end up being higher on some of your debts. If you have the option you may like to consider transferring your debt instead, via balance transfer, to a new credit card offering a 0% interest introductory period over a number of months. Not everyone qualifies for a new credit card and if your debts are particularly bad it's likely you will be turned down by the new credit card company.

Things to note about a debt consolidation loan

It's important that you do a preliminary check of your various debts with a view to determining how big a loan you will need to consolidate them all. You should also take note of the interest rate because rates are issued based on the size and term of the loan. The rule of thumb is that higher loans attract lower interest rates, so you may consider borrowing more if the amount to be consolidated falls within the lower tier in order to make lower interest payments.

If you think you might be able to pay off your entire debt consolidation loan early, you should also check if there are any penalties associated with doing that. Also bear in mind that the longer it takes to pay off the loan, the higher the interest paid on it is going to be.

Finding the right debt consolidation loan for you

There are quite a number of consolidation loans to choose from while trying to consolidate debts. It's therefore expedient to take time to do preliminary research before applying in order to make sure you get the best possible deal.

By taking action now and consolidating your debt you can be better prepared to withstand the uncertain financial future we are all facing. Consolidating your debts will free up cash that may well be needed sooner than you think.

Quick & Easy Loans search 95% of the UK loan market, so you don't have to, to find the best and most appropriate debt consolidation loans for you and your particular circumstances. We offer a quick application with no obligation whether you have good or bad credit we can help. Get your [Quick & Easy debt consolidation loan](#) now.