



Aged Care, Estate Planning and Private Wealth Management Tax Accountant Financial Expert of TLK Partners Sydney Explains Credit Card Debt Problems

Dealing With The Challenge of Credit Card Debt in Australia: It isn't Going Away Says Expert

Credit card debt in Australia is a serious challenge as the Australian Securities and Investments Commission (ASIC) found in July this year. But although ASIC is working to tighten up credit card lending practices after its investigation found several questionable sales tactics at work among lenders, the problem won't just go away says Thomas Mousa, CEO of TLK Partners.

"It's good that we're taking steps to clean up the credit card industry," says Thomas, "but we still have 1.9 million consumers struggling with debt and a national total of in the region of \$31.7 billion in credit card balances on which interest is being charged. I doubt that's changed much for the better since July."

Consumers Do Not Have to Pay Credit Card Interest Rates TLK Partners specializes in wealth management, but many of its clients are only to get out of the red, says Thomas. He's often surprised to find high interest-bearing debt in the mix when he analyses struggling families' finances. "Credit card debt should be the first to go," says Thomas. "Nobody should pay such high rates for credit."

Judging from his interactions with clients, he believes people don't realize how high the cost of credit can be, especially when you're looking at a lengthy debt repayment period. "People feel overwhelmed. They know they're struggling to cope, but they don't think there's anything they can do about it, so they just try to roll with punches."

Consolidation Should Never Make More Debt Thomas warns against going directly to credit providers for more credit. ASIC found that some credit card companies were offering "balance transfer" cards, and says that 30 percent of consumers who took on such offers proceeded to make even more debt.

It's better to cut up your credit cards and refinance using lower interest-bearing loans. But you do need to analyse the consequences of refinancing before simply taking the plunge, warns Thomas. "Unless calculating compound interest, and charges stemming from a possible transaction is your favourite thing, I'd advise you to get an expert to generate some refinancing scenarios for you," he says.

It's a Current Issue, and if You're Affected, You Should Act The message Thomas wants to bring across is that, although there's no quick-fix escape from the debt trap without a windfall, restructuring debt can transform an unmanageable burden into a steady but affordable route towards financial security.

Many young people were taken in by clever credit card marketing strategies, and right now, Thomas says they're struggling to recover from the mistake. "It's stunting their ability to get the kind of start in life one would want to see – and in a lot of instances, they're struggling much more than is necessary."

Of the debts that bring people down, credit card debt is among the most costly – and among the prime candidates for refinancing. He believes his company can help. "At TLK Partners we don't offer loans. We don't take commissions. We don't promise silver bullets. But we will help you to look for responsible, long-term strategies for a sound financial future. Talk to us."

Thomas Mousa is a partner at TLK Partners, a company that takes care of the wealth management and accounting needs of ordinary folk, small and medium businesses, and high value individuals. TLK Partners, Chartered Accountants and Wealth Management Company website, or call (02) 8090 4324.

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