



Tips and guidance for a 'Credit Clever' Christmas

There's no doubt that Christmas is going to be tougher for everybody this year.

Taking out loans or relying on credit to get you through the festive season may seem like the only option to cover the mounting costs.

But splashing out on food, booze and presents you can't afford could result in serious financial problems in the New Year.

So before you take on credit or a loan you can't afford to pay back, check out the following tips and guidance from Action for Children and high street bank, Barclays, which have been designed to help you stay 'Credit Clever' this Christmas.

Do you really need to borrow?

Taking out a loan or turning to credit to pay for Christmas should always be the last resort. Ask yourself whether you really need the things you are planning to buy or whether you just want them. It's not always easy working this out, but if the worst consequence of not taking out the loan is that people might not get as many presents as usual this year then you should have your answer. Being honest about what you 'need to spend' and 'want to spend' can help bring down your Christmas costs and reduce the need to borrow.

Strike a deal with friends and family

Everyone loves an expensive gift, but would your nearest and dearest really want you to go into debt to pay for something pricey when you clearly can't afford it? Remember that everybody is feeling the pinch at the moment so it's likely that friends and family will be only too happy to cut back on the price of presents and save themselves some money.

Keeping the kids happy

Friends and family may be sympathetic to your financial constraints but children can be a different matter! You can try to keep the cost of gifts down by buying presents that children can share and that the whole family can join in with such as interactive books, board games and computer games.

Save by being a sensible shopper

Decide what you can afford to spend on Christmas without taking out a loan or turning to credit. If you stick to this budget, leave your credit cards at home and only use cash to do your Christmas shopping you'll only ever spend what you can afford.

Before you go shopping make a list of the things you need and the people you need to buy for and resist the urge to impulse buy, go off-list, or overspend on individual presents. If you do spend more than you intended on one present, make sure you spend less on another so that you don't go over budget. And don't be afraid to haggle on prices. The current economic climate means that retailers can't afford not to listen to reasonable offers. You may be surprised at what you can save.

If credit is the only answer, do your homework

If you've exhausted all other possibilities and credit really is the only way through the festive season, then make sure you shop around before deciding how and where you go for the money. Make sure you know what the APR is and how much it is going to cost you to pay back. Try to avoid using the most expensive forms of credit such as store cards, catalogues and doorstep lenders. They may be convenient but will end up costing you the most in interest. Much cheaper borrowing options include the Credit Union which allows you to save as you borrow. For more details and expert advice check out the websites listed below.

Get expert financial advice from:

- The Financial Services Authority (FSA) – visit www.moneymadeclear.fsa.gov.uk or phone 0845 606 1234
- Citizens Advice Bureau (CAB) – visit www.adviceguide.org.uk/index/life/debt – this site includes a directory with contact details of the bureau's 3,000 local locations
- National Debt Line – visit www.nationaldebtline.co.uk or phone 0808 808 4000
- The Consumer Credit Counselling Service – visit www.cccs.co.uk or phone 0800 138 1111
- The Association of British Credit Unions – visit www.abcul.org or phone 0161 832 3694

Find further information at:

- www.moneysupermarket.com
- www.moneyfacts.co.uk
- www.thisismoney.co.uk
- www.moneysavingexpert.com