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## Kiwis struggling to meet loan payment deadlines

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**By Dan Parker**

Continued access to easy credit has contributed to more than 10 percent growth in New Zealanders defaulting on payments.

At least 220,000 people have defaulted on payments in the last year, according to figures supplied by credit recording bureau Veda Advantage.

“It makes it very difficult for those people to obtain future credit, because any potential future credit lenders would see there has been a historical default,” says managing director John Roberts.

Veda Advantage holds the credit records of 2.2 million New Zealanders – 97 percent of what it calls the “credit-active” population.

Its figures show 10.8 percent growth in defaults has been coupled with a decrease in loan and credit applications, which were down 3.3 percent on the last year.

Credit card applications have also taken a hit – down 8.4 percent.

“People who take out loans tend to start to blow out about 18 months down the track,” says Mr Roberts.

“Especially when you are doing interest free, no deposit, payment-holiday type deals. When the first payment anniversary comes due, that’s when people are normally going to default.”

Family Budgeting Service is helping over 30,000 families, according to chief executive Raewyn Fox.

“We are seeing more people with higher income levels than we used to,” she says.

“We are seeing more people with mortgage problems and more people with quite complex problems, which are sometimes hard to find a solution to.”

Ms Fox says people need to be careful not to over-extend themselves. Especially when personal circumstances, in these uncertain economic times, can change overnight.

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