



**BUSINESS**  
**DAY**

## Shoppers more cautious over interest-free deals

By KATIE CHAPMAN - The Dominion Post    Last updated 05:00 26/07/2010

Consumers are becoming wary of interest-free deals as past mistakes come back to bite, despite the lure of longer time periods.

Federation of Family Budgeting Services chief executive Raewyn Fox said it was seeing a surge of people needing help, after they committed to interest-free deals a year or two ago. But there were also signs people were learning from past mistakes.

"There's less of those deals being transacted ... the facts we're being told is that people are being more cautious."

That was despite retail chains extending the interest-free period for many deals, she said.

Harvey Norman topped four years interest-free when it offered a 50-month period last month, and it has a 48-month offer on at the moment.

A spokeswoman for Harvey Norman would not say how many people were taking advantage of the longer periods.

Ms Fox said it appeared people had learnt to become more aware of the potential pitfalls of interest-free deals.

"What I think we're seeing is a year or two ago a lot of people were signing up – and it's a year or two down the track that it goes wrong."

Many people were attracted by the buy now, pay later idea, and got stung by the fine print, she said. "It's so unreal."

The service was collating statistics at the moment, but anecdotally it appeared many people's circumstances had changed after they had signed up, leaving them unable to meet payments.

Interest-free deals could be a good idea for big purchases – so long as people did not over-commit themselves, and made regular payments so the whole price was paid off by the time the interest-free time ended, she said.

"Only ever take things on one at a time."

People had to make sure they could keep managing the payments, even if their circumstances changed, she said.