

Cheques and balances

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Finances More New Brunswickers turning to experts for help in paying their bills as debts rise and credit tightens

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FREDERICTON - With personal debt on the rise and uncertain economic times ahead, more and more New Brunswickers are turning to experts to help pay off their bills.

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Noel Chenier/Telegraph-Journal

Rob Boulanger, director of counselling at Credit Counselling Services of Atlantic Canada, says the number of New Brunswickers seeking help with their finances from his organization is rising.

Business jumped by 12 per cent in the final quarter of 2008 at Credit Counselling Services of Atlantic Canada, a non-profit advisory group, as consumers sought guidance to help pay down debt.

"We've been seeing that for years, but the last couple of months the numbers have been climbing up," said Rob Boulanger, director of counselling at the organization.

Boulanger said consumers with a heavy debt load have a lot to worry about in 2009 - including possible layoffs, reduced pension income due to falling stock markets, and the inability to consolidate debts or acquire further financing because of tight credit markets.

The impact is already starting to be felt. The number of bankruptcies filed by New Brunswick consumers rose slightly from October 2007 and to October 2008, up 3.9 per cent to 2,546 from 2,451. Across Canada, personal bankruptcies were up 8.8 per cent in the same period.

High interest rates on credit cards can make it difficult for consumers to climb out of debt. For example, it would take 10 to 11 years of making only minimum payments to erase a \$2,000 credit card balance at an 18 per cent annual interest rate.

"We're trying to encourage consumers to take a good look at their financial situation to make sure they are on the right track before they run into problems," Boulanger said.

Most people never get that far. Currently, 73 per cent of Canadian households pay their credit card balance in full each month, according to the Canadian Bankers Association. And those consumers who do carry a balance pay one-third of their balance each month on average.

Meanwhile, with credit markets tightening, loans and mortgages could become more difficult to for individuals to get in the New Year.

Federal Finance Minister Jim Flaherty said Monday the government and the country's banks have agreed to form a group to work on ensuring adequate availability of credit and financing in Canada.

Terry Campbell, vice-president of policy for the Canadian Bankers Association, said it is difficult to predict to what extent the criteria for loans would change, but stressed that credit is still available for "credit-worthy" individuals.

"Banks look at the business, or the individual, and if it's credit-worthy, loans are available," Campbell said.

Campbell added there would likely be a decrease in the demand for individual loans as Canadians try to save more money.

- with files from The Canadian Press