

## MEDIA COVERAGE

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## Financial woes hit locals



*The bills never go away. Picture supplied.*

The coming months are crunch time for many people who will find themselves strapped for cash and up to their ears in credit card debt. After weeks of Christmas shopping, post-Christmas sales and holiday fun - and now back-to-school expenses - many Geelong people, especially families, are set to feel the financial pressures of paying bills, loans and credit card and mortgage repayments on time.

Roger Mendelson, CEO at Prushka Fast Debt Recovery, said February to April was "when the chickens come home to roost". "This is the time of year when families can easily find themselves in strife, and potentially sued," he said. "The problem is people receive holiday pay and leave loading to cover the holidays so they have more cash in their pockets than they've had in a while. Many don't get paid again until maybe the second half of January which they haven't budgeted for. People get carried away with Christmas and the holidays and don't think of the consequences - then things can spiral out of control quicker than they think."

Roger said if a consumer gets out of line with a creditor and is sued, the process can take as little as six weeks. "This will go on their credit file which means they will find it very hard to get credit after that, apply for a rental property, car loan, or other credit cards. Bad credit ratings stay on a credit file for five years. It's a fine line that people don't quite understand."

Geelong financial counsellor Jocelyn McMillan said it was common for locals to find they were unable to catch up on mortgage repayments, utilities and credit card payments that were neglected over the holidays to fund Christmas shopping. "Many people face difficulties when the credit card statements begin to arrive in January and February, and this is compounded by back to school expenses which occur at the same time. The costs are always much higher if a child is commencing high school," she said. "The rapidly increasing costs of utilities, particularly electricity, are of major concern. Sometimes it helps to pay the utilities each fortnight, rather than have a big bill arrive once every three months. For example, payments of \$40 per fortnight would be required to pay an electricity account of \$260 every three months. Most utility providers offer flexible arrangements that allow their customers to pay fortnightly."

Jocelyn advised those in financial hardship to revise their budget and prioritise spending, not to use credit cards and concentrate on paying debts with the highest interest first. "Even small amounts can make a huge difference to the amount of interest you are paying," she said. "As you pay off one debt, put the extra money towards the next debt, or spread it over those remaining. Don't ignore your debt situation - it doesn't make it go away."

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