

Buyers confused on home loan data

MOST first-home buyers do not understand the home loan to which they are signing up, a survey has found.

Online website HelpMeChoose.com.au polled more than 3000 first-home buyers over eight months.

It found 74 per cent of the buyers did not understand such things as fixed and variable rates, offset and redraw facilities, and types of loan repayments.

People refinancing also were confused, with 53 per cent not understanding benefits and drawbacks of different home loan products.

HelpMeChoose chief executive Nick Dalla Riva said: "Terminology needs to be explained far better than it is now - user friendly language is critical, as is a step-by-step guide to understanding the differences in loan types and the pros and cons of each."



GO FOR BROKE

Bankruptcies and insolvencies (September, 2008)

State	Number	Change
NSW	3391	+15.7%
ACT	84	+31.2%
VIC	2165	+10.4%
QLD	1943	+7.6%
SA	608	+7.9%
NT	45	+15.4%
WA	507	+25.2%
TAS	264	+13.8%
ALUS	9007	+12.6%

Source: ITSA

EMPTY POCKETS: Bankruptcy is rising as the economic downturn hits hard.

Bankrupts at all-time high

KARINA BARRYMORE

AUSTRALIANS are going broke at a record rate, with about 3000 people hitting the skids each month as they are swamped by growing debt.

Latest insolvency statistics show more than 9000 Australians went bankrupt during the September quarter, as total insolvencies jumped 12.5 per cent compared with a year ago.

The statistics are from the latest report by the government insolvency agency, Insolvency & Trustee Services Australia, and come ahead of the expected fallout from the heavy share market slump last month.

"The latest statistics show the total number of bankruptcies is at the highest level ever," Hall Chadwick bankruptcy trustee Paul Leroy said.

"All the tell-tale signs are there - high levels of debt, cost of living and the increasing concern with the share market.

"Looking right across the country the economy is balanced on a knife-edge and very vulnerable to any number of destabilising shocks that could spell truly significant hardship for many.

"The recent decrease in interest rates is an attempt to avert a severe

downturn in the economy and bears all the warning signs.

Mr Leroy said a higher number of bankruptcies was expected this financial year.

"It may all hold together if the economy and high employment levels can be maintained, but the likelihood of a downturn in the economy is becoming increasingly apparent," he said.

"More people are more critically dependent upon next week's pay cheque than at any time for the past 10 to 20 years."

The Australian Capital Territory had the dubious honour of having the biggest jump in insolvencies, up 31 per cent, while previous boom-time state Western Australia recorded a 25 per cent surge, in the three months to September.

South Australia had one of the smallest rises in personal insolvencies in the quarter - up 7.9 per cent to 608.

There are three types of personal insolvencies: Bankruptcies, Part 10 agreements and debt agreements, which are an option for people with unsecured debts of less than \$82,500 and with net incomes of less than about \$62,000 a year.