

“Thrift was never more necessary in the world’s history than it is today”

All the current predictions point to the British economy sinking into recession at a time when there are signs that the real economy is beginning to feel the effects of the financial downturn.

Commenting, Phil Wood of chartered accountants and licensed insolvency practitioners, Barringtons said, “There is little doubt that businesses are really struggling to keep their heads above water with profit warnings coming thick and fast. We are currently seeing announcements of severe culling of workforces on a daily basis. This could culminate in 2 million people being unemployed by Christmas.”

The number of homeowners in England and Wales facing repossession is soaring with around 45,000 repossessions predicted this year as people struggle to pay mortgages. Additionally, the scourge of negative equity is back in full flow.

Mortgage lending has fallen dramatically as the lack of bank finance has made it increasingly difficult for first-time buyers to get a foot on the property ladder.

“Consumers are likely to be squeezed even further over the next few months as banks and building societies cut back on the amount of credit on offer. Unfortunately, there is absolutely no light at the end of the tunnel as the impact of the credit crisis on the real economy is likely to be here for many months if not years to come,” added Phil.