

Debt Consolidation in Australia: What to Check Before Interest Rates Rise Again - Natloans

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Debt Consolidation in Australia: What to Check Before Interest Rates Rise Again

By Mary Nebotakis, Managing Director, Natloans, B. Eco, Dip. Financial Services

With interest rates still uncertain — and the possibility of further rate rises in 2026 — many Australians are reviewing their current debts and asking an important question:

Am I paying more than I need to?

If you're managing multiple debts such as credit cards, personal loans, car finance, or Buy Now Pay Later (BNPL), interest rate changes can quickly increase the pressure on your household cash flow.

This is where debt consolidation can be a powerful strategy — when structured correctly. It can simplify repayments, potentially reduce interest costs, and help you regain control of your finances before rates rise again.

What Is Debt Consolidation?

Debt consolidation means combining multiple debts into a single loan or structured facility, so instead of juggling several repayments, you have one streamlined repayment.

Depending on your situation, consolidation may involve:

refinancing into a home loan (if you have equity)

using a personal loan to pay off high-interest debts

consolidating car loans and asset finance

rolling credit cards into one structured repayment plan

using balance transfer strategies (in suitable cases)

The goal isn't just convenience — it's to create a structure that reduces long-term debt faster, with fewer surprises.

Why Australians Are Consolidating Debts Now

Debt consolidation often becomes more attractive during periods of economic uncertainty, particularly when interest rates are rising or unpredictable.

By consolidating strategically, many borrowers aim to:

- Lower overall interest costs

Credit cards often sit above 18%–25% interest , so restructuring can make a major difference.

- Lock in a more competitive rate

Some lenders offer significantly lower rates depending on the loan type and borrower profile.

- Simplify repayments

One monthly repayment can be easier to manage than multiple due dates and repayment amounts.

- Improve monthly cash flow

Better structure can reduce repayment pressure and help households stay stable as costs rise.

- Create a clear debt reduction plan

Debt consolidation can support a more disciplined payoff timeline instead of “minimum repayments forever”.

- Reduce financial stress

Clarity is underrated — especially when rates, expenses and economic conditions are changing.

What to Check Before You Consolidate Debt

Debt consolidation isn't one-size-fits-all. Done properly, it can be a smart financial move — but done poorly, it can increase the total cost over time .

Before consolidating, here are the key factors to review.

1) Your Current Interest Rates (Especially Credit Cards)

Start by listing each debt and its interest rate. Most Australians are surprised to find how expensive credit card debt really is.

If you're paying high interest on revolving debts , consolidation may offer substantial savings.

2) Whether You're Paying Off Principal or Mostly Interest

If your repayments are mostly servicing interest — and barely reducing the balance — consolidation may help restructure repayments so you can actually reduce principal faster .

3) Whether You Have Usable Home Equity

If you own property, you may be able to consolidate using a home loan refinance or equity release , which can provide a lower rate than unsecured lending (depending on circumstances).

This can be an excellent strategy — but it must be structured carefully, because it can convert unsecured debt into secured debt.

4) Loan Terms, Fees and the Real Total Cost

Many borrowers focus only on the interest rate. But the total cost of consolidation can depend on:

loan term length (longer terms can cost more overall)

establishment costs

ongoing fees

break costs if refinancing from another lender

balance transfer revert rates (in credit card strategies)

A good consolidation strategy balances cash flow relief with long-term savings .

5) Your Long-Term Financial Goals

Consolidation should match your bigger goals, such as:

becoming debt-free sooner

improving borrowing power before purchasing property

reducing repayment pressure for family budgeting

rebuilding credit history

preparing for higher rates or economic volatility

A structure that helps short-term cash flow but extends debt unnecessarily may not be the best option.

Debt Consolidation Options (Home Loans, Personal Loans, Credit Cards & Car Loans)

There are several ways to consolidate debt — and the right option depends on your debt type, income, assets and goals.

Common consolidation strategies include:

Home loan refinance / equity release

Often suited to homeowners who want to consolidate higher-interest debts at a potentially lower home loan rate.

Personal loans

Useful for consolidating debts without property security — especially when balances are moderate and repayment discipline is strong.

Credit card consolidation / balance transfers

A potential short-term strategy in certain cases, but requires careful planning to avoid revert-rate traps.

Car loan and asset finance consolidation

Useful when multiple vehicle loans or asset finance facilities are impacting borrowing capacity and monthly cash flow.

Will Debt Consolidation Affect Your Credit Score?

This is one of the most common questions Australians ask.

A debt consolidation strategy can involve a credit enquiry, which may cause a small, temporary impact — but over time, consolidation may improve your profile if it helps you:

pay debts consistently and on time

reduce credit card utilisation

avoid missed repayments

decrease overall financial stress

The key is choosing a structure that is sustainable.

How Natloans Helps Australians Consolidate Debt

At Natloans , we don't believe in one-size-fits-all consolidation.

We tailor debt consolidation strategies using:

home loan refinance and equity release

personal loans

credit card consolidation

car finance and asset finance consolidation

Because we compare 50+ banks and specialist lenders , we can help structure consolidation the right way — not just the easy way .

Why Clients Trust Natloans

Natloans is one of Australia's most trusted finance brokerages because we combine strategy with real lending access:

15+ years of experience

10,000+ clients helped

800+ 5-star Google reviews

award-winning service

specialists in home loans, personal loans, car finance & debt consolidation

Our aim isn't only to reduce repayments — it's to help you build a smarter structure that stays strong as rates change.

Ready to Get Ahead of Rising Interest Rates?

A simple review now could save you thousands over time.

Speak with the Natloans team for a personalised debt consolidation strategy:

■ 1300 955 791 ■ [natloans.com.au](https://www.natloans.com.au)

The right structure now can make all the difference later.

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