

What Is Debt Consolidation? - Natloans

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Car Loans Personal Car Loans > Business Car Loans > Chattel Mortgage > Electric Vehicle Loans > Low Doc Car Loans > Finance Lease > Bad Credit Car Loans > Car Loan Refinancing > Sale & Leaseback Finance > Novated Car Lease >

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What Is Debt Consolidation?

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By Mary Nebotakis – Managing Director, Natloans

Debt consolidation is a smart financial strategy that allows you to combine multiple debts—such as credit cards, personal loans, car finance or even tax debts—into one single repayment, often at a lower interest rate and with a clear end date to become debt-free.

Instead of juggling multiple due dates and high-interest balances, consolidation allows you to replace financial stress with simplicity, structure and control.

As a trusted Australian finance and mortgage brokerage, Natloans has helped thousands of clients consolidate debt using different loan options tailored to their needs. With 15+ years of experience, 50+ lenders and over 750 five-star Google reviews, Natloans is recognised as a leader in responsible debt solutions.

How Debt Consolidation Works

Debt consolidation involves taking out a new loan to pay off several existing debts. From that point forward, you only make one repayment to one lender.

The new loan can be:

A home loan refinance (if you own property)

A personal loan

A balance transfer credit card

A specialised debt consolidation loan

A car loan restructure or refinance

The goal is to:

- Lower your interest rate
- Reduce your monthly repayments
- Simplify your finances
- Pay off debt faster with a structured plan

Debt Consolidation Using a Home Loan (Refinance / Equity Release)

For homeowners, refinancing your mortgage or accessing equity can be the cheapest and most effective way to consolidate debt.

How it works:

You refinance your home loan to include your existing debts (e.g. credit cards, personal loans, car loans). Because home loan rates are usually much lower than credit card or personal loan rates, you can dramatically reduce interest and free up cash flow.

Benefits:

- Lowest possible interest rate
- One easy repayment
- Long-term savings
- Option to fix or stay variable

Considerations:

- Spreading short-term debt over 25–30 years may increase total interest if not structured correctly
- Your home is used as security
- Discipline required not to re-spend on credit cards

Natloans specialises in structuring home loan debt consolidation the right way—so you save interest AND become debt-free faster, not slower.

Debt Consolidation Using a Personal Loan

Personal loans are a popular consolidation option for people without home equity.

How it works:

You take out a fixed-term personal loan (usually 1–7 years) and use it to pay off your credit cards, Buy Now Pay Later accounts, or smaller loans.

Benefits:

- Fixed interest rate and fixed term
- Clear end date to finish debt
- Often lower interest than credit cards
- No property needed as security (unsecured option)

Considerations:

- Interest rates vary depending on credit score

- May have establishment fees

- Monthly repayments may be higher than minimum card payments (but you get out of debt faster)

Natloans compares 50+ lenders to secure the most competitive personal loan consolidation options—including specialist lenders that banks may not offer directly.

Credit Card Debt Consolidation & Balance Transfers

High-interest credit cards can trap borrowers in a cycle of minimum repayments and rising balances. Consolidating credit card debt gives you a clear path out.

Options include:

- Transferring balances to a low or 0% interest card

- Rolling card debt into a personal loan

- Including card balances in a home loan refinance

Benefits:

- Potential 0% interest for 6–24 months

- One repayment instead of multiple cards

- Chance to close old cards and stop the cycle

Considerations:

- Balance transfer fees may apply

- Interest jumps after promo period

- Discipline is essential – old cards must be cancelled

Natloans helps clients choose the best structure to actually eliminate credit card debt—not just shift it around.

Car Loan & Asset Finance Debt Consolidation

Many people don't realise car loans, equipment finance or even novated leases can also be consolidated.

How it works:

- Refinance the car loan to a lower rate

- Roll it into a personal loan or home loan

- Include it in a full debt consolidation solution

Benefits:

- Lower interest

- One single repayment

- Option to extend or shorten term

- Improves cash flow

Considerations:

- Early payout fees may apply
- Car may be used as security
- Longer terms can increase total interest if not managed well

Natloans is one of Australia's most awarded asset finance brokers—so we know how to restructure car loans the smart way.

Advantages of Debt Consolidation

- One easy repayment
- Lower interest rate (often significantly)
- Improved cash flow
- Faster debt reduction with a clear plan
- Reduced stress and financial overwhelm
- Potential credit score improvement over time

Disadvantages of Debt Consolidation

- Extending loan terms may increase total interest
- Upfront fees or refinancing costs
- Securing short-term debt to your home adds risk
- Requires discipline not to build up debt again
- Not all debts are always eligible

Why Use a Broker for Debt Consolidation?

Banks only show you their own product.

Natloans compares over 50 banks and specialist lenders to find the best structure, rate, term and outcome.

A broker will:

- Analyse your current debts in detail
- Show you exactly how much you can save
- Recommend the best consolidation method (home loan, personal loan, car loan, etc.)
- Manage the entire application process
- Help improve your credit and long-term financial health

Why Natloans?

Natloans is one of Australia's most trusted finance and mortgage brokerages.

- 15+ years helping Australians consolidate debt
- 10,000+ clients across the country
- 750+ 5-star Google reviews (and growing)

- 50+ banks and specialist lenders
- Multi-award-winning brokerage
- Experts in home loans, personal loans, car finance, credit cards & business lending
- Tailored strategies, not “one size fits all”
- Ongoing support to keep you on track

Natloans doesn't just consolidate debt – they help clients get ahead and stay ahead.

Frequently Asked Questions (FAQ)

What is debt consolidation and how does it work?

Debt consolidation combines multiple debts into one loan or repayment—often at a lower interest rate—making it easier to manage and pay off faster.

Is it a good idea to do debt consolidation?

Yes, if it lowers your interest, simplifies your repayments and helps you get out of debt sooner. It's especially beneficial if you're juggling multiple debts or high-interest credit cards.

Does debt consolidation hurt your credit?

There may be a small temporary dip when you apply for a new loan, but over time, consolidation can improve your credit score if you make on-time repayments and reduce overall debt.

What are the disadvantages of consolidation?

Possible disadvantages include fees, longer loan terms, the risk of adding debt again if old accounts remain open, or securing short-term debt to your home.

Which is better, personal loan or debt consolidation loan?

A personal loan can be used for debt consolidation, but some lenders offer specific “debt consolidation loans” with tailored features. The best option depends on your situation, and a broker can help compare them.

Can I put all my debt into one payment?

Yes! That is the main purpose of debt consolidation—to replace multiple debts with one single, manageable repayment. This can be done through a personal loan, home loan refinance or specialist consolidation loan.

Take Control of Your Finances with Natloans

If you're tired of juggling multiple debts, high interest and financial stress, debt consolidation could be the solution.

Natloans will guide you every step of the way—comparing lenders, structuring the right loan and helping you become debt-free faster.

Speak with Natloans today – Australia's trusted debt consolidation experts.

■ 1300 955 791

■ www.natloans.com.au

The right structure today could save you thousands tomorrow.

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