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Credit crunch divorce

It would seem that the credit crunch is having an impact on all our lives. This is particularly the case with couples who are separating or taking divorce proceedings.

Many couples are forced to continue with their present living arrangements owing to financial constraints. Of particular concern is whether it will be possible for the parties to re-house themselves following a divorce. With house prices falling and stagnation in the property market, the home can spend a long time on the market and often has to be sold for less than hoped. Pensions and other assets can also be worth less than the value put on them only a few months earlier. Up to date information is essential.

Due tightening lending restrictions, it is not always possible for one party to buy out the other's share by remortgaging or additional borrowing.

Meanwhile unhappy couples are forced to live under the same roof leading to a "pressure cooker" environment with both parties becoming increasingly unhappy. This is not good for the parties or children.

From our experience the credit crunch is affecting separating couples in different ways. Some view this as the best possible time to divorce and reach a financial settlement, particularly if they are in business and the value of the business has fallen. A lump sum payable to a former spouse for their share in a property or a pension is now likely to be less than it would have been even a few months ago. For others the added worry of unemployment or debt can make a difficult situation seem impossible to resolve.

The credit crunch can also contribute to the break-down of the marriage. Families are struggling to make ends meet and the stresses involved can push couples to the edge so that divorce seems the only option.

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When thinking about separation or divorce it is imperative to obtain appropriate legal advice.

If thinking of purchasing your partners share of the home consider how this can best be achieved. When remortgaging, affordability is the key. If you sell the home can you get back on the property ladder? Government backed schemes previously only available to key workers have now been extended to separating couples and this can help with the deposit.

For more information on finding a way forward on separation or divorce contact Tony, Rachel or Anne or visit www.gardandco.com.

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