

Loan Stacking Putting Small Businesses at Risk

With half of all small businesses failing to secure full funding through a single loan, many turn to the dangerous practice of loan stacking.

HOUSTON, TEXAS, UNITED STATES OF AMERICA, October 24, 2023

/EINPresswire.com/ -- Leading invoice funding company Charter Capital says small businesses that fail to secure full funding through a single loan are turning to loan stacking and putting their companies in precarious positions. Additional coverage of the topic can be found in "Why Loan Stacking is Business Suicide & What to Do Instead," which is now live [on charcap.com](https://on.charcap.com).



Loan Stacking Putting Small Businesses at Risk

The new report draws on research from the latest [Small Business Credit Survey](#), concluding that around half of all small businesses applying for funding don't receive the full amount needed.

“

They can only make minimum payments or pay interest, which makes it impossible to get out of debt and exponentially increases the cost to borrow.”

Gregory Brown

While loan stacking is not illegal in most situations, it dramatically increases financial strain on the business and puts it at risk. Business loan marketplaces are increasing the practice because business owners can get approved for and accept multiple loans at once, notes Gregory Brown, Co-founder and Executive Manager at Charter Capital.

“When a lender doesn't fund a loan in full, it means it thinks the business may not be able to manage the debt,” Brown explains. “That's a warning sign that businesses

should heed.”

Brown says that when a business is approved for a loan but doesn't receive the requested amount, it's often due to a lack of cash flow or existing debts. It means the business may be unable to repay the loan if it faces financial hardship. When the business secures a subsequent loan from another provider, it increases the risk of default, potentially violating the terms of the

original loan agreement and often paying significantly more for the subsequent loans.

“Businesses often get trapped in a negative cycle of debt through loan stacking,” Brown continues. “They can only make minimum payments or pay interest, which makes it impossible to get out of debt and exponentially increases the cost to borrow.”

Brown says that businesses can avoid this situation or address it by asking their current lender for help, exploring refinancing options, and through [invoice factoring](#). Whereas the first two solutions involve creating or maintaining debt, factoring provides debt-free funding by accelerating payment on B2B invoices.

Those interested in learning more about invoice factoring or who would like to request a complimentary quote may do so by calling 1-877-960-1818 or visiting [charcap.com](#).

About Charter Capital

Headquartered in Houston, Texas, Charter Capital has been a leading provider of flexible funding solutions for the B2B sector for more than 20 years. Competitive rates, a fast approval process, and same-day funding help businesses across various industries secure the working capital necessary to manage daily needs and grow. To learn more, visit [charcap.com](#) or call 1-877-960-1818.

Keith Mabe

Charter Capital - Factoring Made Simple

+1 713-960-1818

[email us here](#)

Visit us on social media:

[Facebook](#)

[Twitter](#)

[LinkedIn](#)

[Instagram](#)

[YouTube](#)

This press release can be viewed online at: <https://www.einpresswire.com/article/662968098>

EIN Presswire's priority is source transparency. We do not allow opaque clients, and our editors try to be careful about weeding out false and misleading content. As a user, if you see something we have missed, please do bring it to our attention. Your help is welcome. EIN Presswire, Everyone's Internet News Presswire™, tries to define some of the boundaries that are reasonable in today's world. Please see our Editorial Guidelines for more information.

© 1995-2023 Newsmatics Inc. All Right Reserved.