



Credit
Unions

Information from your Credit Union

Credit Choices

Need a loan? Where should you go? What is your best choice if you want to borrow money?

There are many different choices for borrowing money – here are some of them:

Credit Unions

If you join a credit union, you can have access to affordable credit – the maximum interest rate is 12.68% APR and loans are available for small or large amounts.

“I am a member, you are a member too, they are very friendly people and help you out when you are in trouble, they are approachable. It was the low interest rate that attracted me”.

Home Credit

Home credit companies collect repayments from your home – some offer vouchers to spend in certain shops whilst others make cash loans. The repayment amounts are often quite low for small amounts. However the repayment periods can be quite long and therefore the total cost of the loan can be very high. As home credit can be easily available and convenient, many people find themselves falling into a cycle of never ending debt.

“Because the collector calls, I don’t like saying I haven’t got it (the repayment), I have to go without other things”.

Pawnbrokers

Pawnbrokers lend money against the value of property left with them. They must give a receipt known as a ticket. Pawnbrokers agree to keep your property for at least six months but you can get it back at any time during that period by paying off the loan plus interest. The period can be extended by paying the interest only and re-pledging the property.

"A Citizens Advice Bureau in West Sussex reported the case of a client who borrowed £150 by providing his stereo valued at £500 as security on the loan. The loan amount has to be repaid within 28 days at an interest charge of £42. This equates to an APR of 1834.3%."

Retail Shops

Many retail shops offer easy credit. However, as with home credit, the weekly amounts to be repaid often seem low but the repayment periods are lengthy, so the total cost of the loan can be very high. Extras may often be added to the total cost of the loan.

"A fridge freezer was bought from Crazy George's in Halton, Merseyside. The appliance cost £351.11 cash to which a credit charge of £154.33 (29.9%APR) was added, also service cover insurance at £273.00 and damage liability insurance cover of £78.00. The total cost of the freezer was £856.44. The customer had to pay 156 instalments of £5.49 per week".

Take care when choosing credit – a loan that is easily available can often be expensive. Don't just think about whether you can afford the weekly repayment – ask how much you will have to pay in total and how many payments you have to make and find out what would happen if you miss a payment.

Quotes taken from research carried out by Liverpool John Moores University and the National Association of Citizens Advice Bureaux.

**Talk to your Credit Union about how
we are different from other lenders.**



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