

CAERPHILLY COUNTY BOROUGH COUNCIL
DIRECTORATE OF THE ENVIRONMENT
TRADING STANDARDS SERVICE

What is the best type of credit for me?

This will depend on what you need the money for. Consider whether you need to borrow a fixed sum e.g. a bank loan for a car, or a credit agreement for a new television, or whether “rolling account credit” like a credit card would suit you better. Each type of credit has its own pros & cons e.g. Some allow you an interest free period if you settle on time, others allow a rebate if you settle your loan early.

How much can I afford to repay?

Always calculate carefully how much you can afford taking into account all your current commitments. Consider whether you could still make the repayments if your income was to drop or worse still disappear. Think about how long the loan should last. Whilst it is not advisable to take loans for short-term items such as Christmas or holidays, they should be for 12 months or less, whilst those for larger items such as a fridge freezer maybe up to 3 years and a car perhaps even 5.

I get paid weekly can I pay weekly too?

It is always advisable to be wary when repayment figures are quoted as weekly. They may seem more affordable but in the majority of cases you have to make monthly payments. This means having the willpower to put the money aside each week and not touching it.

What are secured and unsecured loans?

A secured loan is when an item, which you own, is offered to the lender as security, usually your home. The lender has rights, which mean that if you do not make the repayments they may be able to take possession of the security. It is therefore even more important to be completely sure you are able to make the payments on any secured loan.

If you have an unsecured loan the lender cannot repossess the goods you purchased with the money but can take you to court for non-payment. It is possible for the court to allow bailiffs entry to your home and take those and other goods.

Remember in some cases the goods you have bought can be repossessed if you fail to make your payments, even when it isn't actually called a “secured” loan. These can include Hire Purchase Agreements & Conditional Sale Agreements

Should I take out payment protection?

You may wish to consider taking this insurance, which can make the payments for you if you are sick or lose your job. Always read the small print carefully as often they do not cover you for any illnesses or conditions you already have, or for pregnancy. There may also be a maximum time period they will pay for.

What is the interest rate, and can it change?

The rates of interest vary hugely from 0% (interest free) upwards. Even reputable lenders may charge an annual percentage rate (APR) of as much as 140% so it is worth shopping around. Lenders vary and can offer fixed or variable interest rates. Remember if you choose a variable rate loan the amount you pay can go up as well as down.

Are there any benefits if I buy on credit?

In some circumstances when you buy something on credit and it proves to be faulty you may have extra rights. This includes when you have paid by credit card, or the trader has introduced you to the company lending you the money.

NO! What can I do if I'm turned down?

If the lender used a credit reference agency when considering your application, by law they have to give you its name. You can then contact them for a copy of your file to see, whether there is information on there which may prevent you obtaining credit. If there are any errors it may be possible to have them removed or a note added. There is a charge of £2 for a copy of your file.

? Where else can I get a loan?

A more affordable way of borrowing is from a Credit Union. You can save with them and borrow from them. Credit Unions are run by their members for their own benefit and so interest rates for borrowers are very low. To find out if there's one near you ring 0161 832 3694.

REMEMBER – Don't sign anything until you've had time to think, and always be sure to get a copy of anything you do sign.

Caerphilly County Borough Council
Directorate of the Environment
Trading Standards Service
Council Offices
Pontllanfraith
Blackwood
NP12 2YW
Tel: 01495 235291
E-mail: tradingstandards@caerphilly.gov.uk