

## Useful Contacts

If you need any further help, there are a number of other organisations that may be able to help:



**Action Fraud**— The UK's national fraud and internet crime reporting unit.  
Report fraud to Action Fraud and receive a police crime reference number.  
**Tel:** 0300 123 2040

**Advice NI** - Offers advice and information through member offices.  
**Tel:** 028 9064 5919  
**www.adviceni.net**

**Christians Against Poverty** - Offers free face to face debt advice through home visits across Northern Ireland. To find your local CAP Debt Help visit: **www.capuk.org/i-want-help** **Tel:** 0800 328 0006

**Citizens Advice** - Gives advice on a range of matters and has offices throughout NI. To find your local Citizens Advice visit:  
**www.citizensadvice.co.uk/en/Where-We-Are/Bureaus**

**Money Advice Service** - Offers free and unbiased information to help you manage your finances.  
**www.moneyadviceservice.org.uk**

**Scamwise** - Scams are Fraud - Fraud is a Crime - Report the Crime!  
**www.nidirect.gov.uk/campaigns/scamwiseni**

**StepChange Debt Charity** - Provides free debt advice.  
**Tel:** 0800 138 11 11  
**www.stepchange.org**

The Consumer Council offers a range of resources to help consumers manage their money.

**Telephone** 0800 121 6022

**www.consumerCouncil.org.uk**

**Email** [complaints@consumerCouncil.org.uk](mailto:complaints@consumerCouncil.org.uk)



@ConsumerCouncil



Consumer Council Northern Ireland

# Borrowing Money?



Your guide to the different types of loans available in Northern Ireland.

**choice**

**NIFHA**  
NORTHERN IRELAND  
FEDERATION OF HOUSING ASSOCIATIONS

# What Loan is Best for You?

If you are thinking about getting a loan it will be no surprise to know some loans are more expensive than others. This leaflet is a short guide to the pros and cons of some of the different loans available. Before undertaking any borrowing always make sure you can afford the repayments.

Low weekly or monthly payments may not be the cheapest option. Always weigh up the long term cost. The following are representative examples of different loans currently available to consumers. Depending on your credit rating and personal circumstances the offer you receive may vary. Always look out for hidden charges such as penalties for not making payments on time and going into your unauthorised overdraft.

## Short Term Loans (0-3 months)

Loan Type	Initial Loan	Interest Paid	Days to Repay	Total Loan Cost	APR *
Credit Union	£500	£10.03	91	£510.03	12.68%
Credit Unions can be a low interest rate option but they may require you to be a member to borrow.					
Payday Loans	£500	£257.08	90	£757.08	1286%
Often has a simple process with quick access to money but is a very expensive form of borrowing.					
Bank Overdraft	£500	£40.08	91	£540.48	59.3%
Interest charge on this example consists of £7.36 in interest and £6 in overdraft charges. Bank overdrafts can have low interest rates if you keep within your agreed limits but can have hidden charges.					
Doorstep Lending	£500	£215	91	£715	1557.7%
Can be convenient and simple but also very expensive.					
Credit/Store Card	£500	£29.36	91	£529.36	34.9%
If balance is paid by monthly payment date then no interest is charged but debt can build up quickly causing the overall cost of loan to be high.					

## Medium Term Loans (3 months - 5 years)

Loan Type	Initial Loan	Interest Paid	Months to Repay	Total Loan Cost	APR *
Personal/Bank Loan	£1,000	£230.96	24	£1,230.96	22.9%
Interest rates can be low but you can get turned down if you do not have a good credit rating.					
Buy now pay later	£1,000	£340.67	24	£1,340.67	29.9%
Offers an interest free period but if you cannot pay within that time then you have to back pay the interest on the 'free period' plus interest on the unpaid balance.					
Hire Purchase	£955.51	£690.81	24	£1,646.32	69.9%
Example based on the purchase of a product valued at £955.51 repaid over a period of 2 years. You receive the product straight away but you do not own it until the final payment. Interest rate is often high.					
Credit Union	£1,000	£137.40	24	£1,137.40	12.68%
Credit Unions can be a low interest rate option but as stated in the short term loan example they may require you to be a member to borrow.					
Catalogue Credit	£1,000	£289.36	24	£1,289.36	25.7%
Easy to order and repayments can be in small affordable amounts but the overall cost of the loan can be high.					
Illegal Loan	Any loan that is not from a regulated lender is an illegal loan! Illegal loans can end up putting you and your family in danger of financial demands that you cannot meet and physical violence. All legal lenders are regulated by the Financial Conduct Authority (FCA). If you are not sure your lender is regulated always ask to see some ID.				
If you are not sure if your lender is regulated check at <a href="http://www.register.fca.org.uk">www.register.fca.org.uk</a>					

\*APR stands for 'Annual Percentage Rate' and it's used to describe the true cost of money borrowed on loans. All figures are accurate as of September 2017.

You are not guaranteed to get these rates if you apply for these loans, however they are realistic real life examples available from lenders.