

Budget planner

The Money Advice Service recommends creating a personal budget plan as a first step to taking control of your money. You can access their easy-to-use budget planner at: www.moneyadviceservice.org.uk/ccabudget

Having a simple weekly or monthly budget plan, as shown below, can also help you keep track of your spending and borrowing, and ensure you can manage any loan repayments.

A: Money coming in each week/month

Wages (after tax)	
Overtime	
Pension	
Income Support	
Child Benefit	
Tax Credit	
Other benefits	
Child maintenance	
Other income	
Total	£

B: Money going out each week/month

Mortgage or rent	
Council tax	
Gas	
Electricity	
Insurance	
Telephone	
Rentals - TV, video	
Car - petrol, tax, MOT, insurance	
Food	
Clothes	
Entertainment	
Holidays	
Other items	
Total	£

Organisations that can help you



If you would like information or advice about a home credit loan provided by a business displaying the CCA membership logo, you can contact:

Consumer Credit Association

www.ccauk.org Tel: 01244 312044

The CCA also has a formal procedure if you have a complaint about the way your lender has dealt with you.

All the services listed below offer free, confidential debt advice. You can also use a commercial debt management company, but they do charge their customers for help:

The Money Advice Service

www.moneyadviceservice.org.uk/cca

StepChange Debt Charity

www.stepchange.org Tel: 0800 138 1111

Citizens Advice

www.citizensadvice.org.uk (see local telephone directory)

Money Advice Scotland

www.moneyadvicescotland.org.uk Tel: 0141 572 0237

National Debtline

www.nationaldebtline.co.uk Tel: 0808 808 4000

Payplan

www.payplan.com Tel: 0800 280 2816

Other sources of information and help with complaints include:

Financial Conduct Authority

www.fca.org.uk Tel: 0800 111 6768

Financial Ombudsman Service

www.financial-ombudsman.org.uk Tel: 0300 123 9123

Consumer Credit Association

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Managing your Borrowing

Important information for home credit customers



Produced by the Consumer Credit Association

People take out loans for all sorts of reasons: to purchase a high value item such as a washing machine, buy treats at Christmas, or pay for a holiday.

Used wisely, a loan can help finance major items of spending or pay for unexpected bills by smoothing out the peaks and troughs of income and expenditure that inevitably occur.

Choosing the right loan

It's important to choose the type of loan that meets your needs. Key questions to ask yourself are:

- How much do I need to borrow?
- Over what period of time do I want to repay the loan?
- What will be the total cost of the loan?
- Do I want to make the repayments on the loan each week or each month?
- How much can I realistically afford to repay each week or each month?

The UK has a large consumer credit market which includes banks, building societies, credit card companies, retail credit, home credit, savings clubs and credit unions. If you only want a small amount, an unsecured loan with fixed weekly repayments and no extra charges might be the right option for you.

For general advice about borrowing money, visit www.adviceguide.org.uk

Some lenders may not lend to you if you have a poor credit history. To check your credit rating, you can contact credit reference agencies such as:

Equifax – www.equifax.co.uk Tel: 0844 481 0800

Credit Expert – www.creditexpert.co.uk Tel: 0844 481 0800

Call Credit – www.callcredit.co.uk Tel: 0113 244 1555

Or you can contact www.checkmyfile.co.uk Tel: 0800 612 0421 to get access to your file from all three credit reference agencies.



The cost of borrowing

Whatever type of credit you choose, there are three key things to ask:

How much am I borrowing?

This might seem quite simple to answer but many credit products include insurance, set-up fees and other charges. It's important to know the total amount you have borrowed, because this may be more than the amount you will be given.

How much do I have to pay back?

This is the total of the amount you are given plus the total cost of the credit and must be shown on your credit agreement. Just looking at the headline annual percentage rate (APR) is not necessarily a good guide to the total amount you will actually pay back.

For a home credit loan, there is a fixed, all-in charge for the credit, which is set out clearly in the contract.

Are there any penalties if I don't pay in full and on time?

With home credit, extra interest does not build up and each repayment brings down the amount you owe by the amount of the repayment. Also, it is normal for home credit companies not to charge penalty fees for late or missed payments. All the terms and conditions are set out clearly in the loan agreement. Ask about anything you don't understand before you sign the agreement.

Repayment options

Lenders offer a range of payment options, including making direct monthly repayments through your bank account or by post.

Many home credit customers find that the weekly collection of repayments from their home by an agent of the home credit company helps them to plan and manage their money. Another benefit is that the agent can assist if you need to reschedule payments.

Paying off your loan

When you take out a loan, you agree the amount of time over which you will repay it. If you choose to pay off the loan early, you may not always get the best value from the loan. There may also be an administration charge for paying off your loan early. Home credit lenders apply the statutory formula when they work out the rebate, and are not allowed to make any other charge.

Dealing with repayment problems

Many people face debt problems at some time in their lives. These are most often caused by a temporary difficulty, leading to a fall in income or a serious and long term change in personal circumstances, again causing income to fall.

Whatever the cause, if you have problems repaying loans it is important to act quickly so that things don't get out of control.

- Contact your lender and explain the problem. For home credit customers, this can easily be done when your agent comes to collect your next repayment.
- Be totally open about your difficulties and be prepared to discuss the options. Your lender may agree to freeze repayments for an agreed time, or allow you to extend the repayment period.
- If your debt problems are more serious, again you need to discuss the situation with your lender. Ignoring the problem will not help, and you could even end up facing legal action.

There are a number of independent organisations that can give you free and confidential advice on dealing with debt. Contact details are listed on the back of this leaflet. They can also assist if you have a complaint about the way your lender has dealt with you.

Debt advice organisations can help you:

- work out a plan for paying off your debts.
- draw up a budget and negotiate a payment plan with your creditors.
- respond if a lender takes legal action against you.