



## Borrowing money with a Post Office Money Loan

### About this Information

This is key information that will help you understand our loan products. This document does not contain all of the information about the credit agreement you will enter into with us. You should read this document and all of the other information we provide to you carefully so that you can decide whether this product is right for your needs and circumstances.

If after reading this information you require further information or have any questions we encourage you to get in contact with us – ways of contacting us for further information are detailed at the end of this document, our website and other documentation we will provide to you.

### Deciding whether you should be borrowing money.

There are some very important questions you need to answer before you borrow money. You should ask yourself if you need to spend the money, if you have other ways of financing the purchase and if you can afford to pay back the money you're planning to borrow. If you really don't need to spend the money today, then you should seriously consider saving some money each month rather than getting into debt. However, if you want to borrow money and pay back an amount every month, a personal loan is one option. If after reading this information you require further information or have any questions we encourage you to get in contact with us.

### What is a loan?

A loan is a legal agreement between a customer and a lender for the lender to lend an agreed amount of money over a pre-agreed term to the customer at a specified interest rate /APR. The customer is bound by the loan agreement to repay the loan by making specified regular repayments to the lender. The Post Office Money Personal Loan is an unsecured loan. Unsecured personal loans are loans that are not secured against any asset such as your home.

### How can the loan be used?

A personal loan provides you with a lump sum which can be used to spread the cost of more expensive items, such as home improvements or a new car, over a pre-agreed term. It is not suitable to fund day-to-day expenditure or for use as a deposit for other credit arrangements such as a deposit for a house.

### What are debt consolidation loans?

If you've got lots of different debts and you're struggling to keep up with repayments, you can merge these together into one Post Office Money Loan as a way of potentially lowering your monthly payments. With a consolidation loan you borrow enough money to pay off all your current debts and owe money to just one lender. Be careful though, as consolidation loans can lead to more debt. Debt consolidation only makes sense if you use it as an opportunity to cut your spending and get back on track, you can keep up the payments until the loan is repaid and you can afford to pay off any fees or charges to your old lender(s).

### Who may a loan be suitable for?

#### It may be suitable for anyone:

- Aged 21 years or over,
- With no County Court Judgements (CCJs) against them,
- Who has been a UK resident for at least three years,
- Who has a regular income above £12,000 a year.

## **Post Office Money Loans – features**

- You may be able to borrow more than with a credit card.
- Your personal loan repayments will be fixed amounts. That means you know your repayment amount is going to be the same every month, so it makes it easier to budget.
- You are able to choose how long you'd like to take to repay the loan. Remember that the length of the loan will affect the amount you are charged in interest.
- You can consolidate several debts into one personal loan, potentially reducing your monthly repayment costs. But be careful, as this may mean that you could pay more charges or a higher interest rate and if you extend the length of the loan you could pay more overall.

## **If you do decide you want to borrow money**

It's very important to work out how much you can afford to repay each month, as this will affect which borrowing option is best for you. Make sure you are realistic about how much you could pay if your mortgage or rent went up, if you had to spend more on things like energy bills or if your pay was cut. You should also make sure you choose the right type of credit or loan for your situation. Otherwise you could find yourself paying more than you need to.

Shop around and compare deals, looking at:

- the interest rate (APR)
- the cost per month
- how much you will repay in total, and
- any penalties for missed or late payments

## **How do we decide whether to lend you money?**

Before accepting you for a loan, we will assess whether you can afford to repay the loan and as part of this we will obtain information from Credit Reference Agencies.

Credit Reference Agencies collect information about your financial dealings, including information about other borrowings and missed payments as well as County Court Judgements (CCJs) where applicable. This way they build up a financial picture of you and this is then shared with banks and building societies, with your permission, to help them decide whether to lend to you. Once you're 18 or over, you can request your own credit report from any of the three Credit Reference Agencies for a small charge.

Each time you apply for credit, a 'footprint' is created on your credit file. While credit application footprints are not themselves negative, if you collect a lot of them over a short period it can be a cause for concern. This is because a rush of credit applications very close together can be a sign of fraud, or can indicate that you are experiencing financial difficulties. Therefore, applications should be spaced out where possible. If you're simply comparing the market and shopping around for the best deal, you shouldn't submit a full application until you've made up your mind which is the best deal for you.

As part of deciding whether or not to lend you money, fraud prevention agencies are also consulted to ensure the person making the application is who they say they are, i.e. someone else isn't pretending to be you.

We will also use any information you have given us; information we already hold about you; information we get from enquiries we make about you; and information we get from your dealings with us or our Group.

## **Post Office Money Loans – keep in mind**

Personal loans may have higher rates of interest than some other forms of borrowing, particularly if you want to borrow a smaller amount, such as £1,000.

Because the interest rate may reduce the more you borrow, you may be tempted to take out a bigger loan than you need and this should be avoided.

Before you sign our personal loans agreement you must read it carefully. If you are having difficulty understanding any part of the loan agreement, you should contact us, or alternatively you may wish to speak with family and friends.

## **Making payments**

Repayments to your personal loan will be on a monthly basis by direct debit from your current account (or an account that accepts direct debits). The amount and number of repayments will be detailed in your loan agreement. Before signing the loan agreement, you should make sure you are comfortable that you'll be able to make the monthly repayments and you are able to leave enough money in your account to do so.

### **What interest rate will I be charged?**

The interest rate you are offered will be a personalised rate based on your current individual circumstances including credit information held about you by credit reference agencies, the loan amount you borrow and length of time you borrow for. Details of your interest rate and repayments will be detailed on your loan agreement form and it is essential that you read this carefully before deciding whether or not to accept the terms of the loan agreement.

### **How will I know how much I have to pay back?**

Your loan agreement will state clearly the monthly repayment amounts, number and frequency. The date of your repayments will be communicated to you in your 'Welcome letter'.

### **Early Repayment**

You can repay all or part of the credit borrowed at any time. If you wish to do this you can do so by contacting us on 0800 169 2000. This is outlined in the loan agreement form. If you make a partial repayment, we will reduce the term of your Agreement unless you request otherwise.

### **What would happen if I were to miss a loan repayment?**

If you fail to make your monthly payment when it is due it can affect your credit rating. This may have severe consequences on your ability to obtain future credit. It may make future credit more expensive or may result in legal proceedings including court action and associated costs against you. Failing to make your repayments will mean that you have broken the terms of the Loan Agreement and could result in us taking legal action against you which may include us obtaining a charging order against a property you own. It could lead to you having to pay additional costs and make it more difficult to obtain credit.

Full details of the consequences of missing a repayment are outlined in the Loan Agreement form.

### **Fees & Charges**

Any fees and charges applicable to your personal loan will be laid out in the Pre-Contract Information and loan agreement form you will receive before you sign up to the credit. You should make sure you read this carefully and if you are unsure about anything, speak to us before you sign the loan agreement form.

### **If I change my mind, what is the Post Office Money Loan cooling-off period?**

You will have a 14-day cooling-off period during which you can cancel your Post Office loan agreement. This will start from the date you sign your loan agreement or when you receive a copy of the agreement, whichever is later. If you cancel, you have up to 30 days to repay the capital and interest.

### **If you have any further questions?**

Please call the contact centre on 0800 169 2000. We are open Monday to Saturday, 8am – 8pm and Sunday, 9am – 5pm. Please note we are closed on Bank Holidays.

**0800:** All calls to 0800 numbers are free of charge whether made from a landline or mobile phone. Calls may be monitored or recorded for training and compliance purposes.