

The Dangers of PayDay loans – is there an alternative?

Are You Feeling the Pinch??

The 'pay day loan' controversy has highlighted the plight of people who need a quick loan becoming vulnerable to extortionate interest rates, plus shouldering their stress of trying to repay this debt by the next pay day.

Yes, it's all too easy to overlook an imminent council tax bill, underestimate a winter fuel bill or come across bad luck such as a car repair or health scare perhaps.

The problem with pay day loans is that they are temptingly advertised, often on TV, and when you're in a difficult situation, a quick loan, even at a representative APR of 5853%* - seems a welcome solution.

Downward Spiral

The scenario that tends to follow is that repaying the loan for the things you needed the money for will leave you short the following month for essentials such as groceries, petrol and repairs.

If you don't pay by the due date, that's when the massive interest rates start to hurt and you slide further into further debts. Obviously, this is only an example – the gradual descent isn't inevitable – but you see our point don't you?

Back in the summer, the Archbishop of Canterbury spoke out against the pay day lenders and called for credit unions to meet the needs of people who

would otherwise have to resort to pay day loans.

Police Credit Union has done just that and PCU members in **Sussex Police** now have an alternative through the ease of payroll deduction.

A "HELPER" in time of need

It is for these every day crises that your Police Credit Union has developed a loan for modest amounts, which is quick and simple to take out with a target turnaround of 24 hours on receipt of application and credit agreement.

It's not a pay day loan but it is our 'fair alternative' and it's aptly named "The Helper".

It reflects all of the key pillars of the 'mutual society' operation. It's designed to meet a real need of responsible people; it's offered to serving and retired police officers and staff on payroll deductions and it's on a rate that's fair to the borrower and fair to the other PCU members whose savings have provided the capital.

Slightly higher risk, slightly higher rates

At 25% pa APR representative, for amounts from £250 - £1000 over terms ranging from 6 months to 12 months, The Helper is a more "expensive" loan than our others such as the Starter at 12.7% pa and Resourcer from 6.7%pa – 7.7% pa APR representatives but offers a sensible alternative to pay day loans.

Our loan rates are calculated to reflect the amount of the loan and the duration as well as the level of the risk undertaken by the Credit Union on behalf of its savings members.

Take your time

Remember, The Helper is not itself a pay day loan – it's designed to save you having to resort to one but, by offering a small, quick loan with funds in your account quickly, we hope it'll meet your immediate needs.

Unlike a pay day loan, you can borrow money for a longer period, designed to ensure you can pay it off steadily without getting deeper into debt with no roll-over interest or charges and no penalty for early redemption.

Log onto www.policecu.co.uk to take a look at the amounts you can borrow and over what period or phone 0845 241 7507.

You can be an existing member or you can become a member so that you may borrow.

All members up to the age of 65 are covered with life insurance that wipes off any loan and doubles savings to a maximum of £25,000, in the event of a claim.

If a crisis happens or you receive a sudden unexpected bill, we hope this helps. That's what Police Credit is here for.

* source Wonga 23/09/13.
Conditions apply for Helper and life cover – please see the Police CU website