

PAYDAY LOAN APPLICATION

Personal Information			
Name (Last)	(First)	(State)	Middle Initial ()
Address (Mailing Address)		(City)	Home Telephone () -
E-Mail Address			Other Telephone () -
Services needed			
(GED) Test Passed? Yes No			Degree & Year

Content:

- ✓ What are pay day loans
- ✓ Shopping around for the best pay day loan
- ✓ Apply for a pay day loan
- ✓ Frequently asked questions about pay day loans
- ✓ Where to get more help and further information about pay day loans



What are pay day loans?

Pay day loans are also known as short term cash advanced loans. They are short term loans designed to see you through until the next pay day. This is particularly useful when faced with an unexpected bill or an emergency for example.

With standard personal loans it is common for the application procedure to take up to a few days, whereas a pay day loan can be applied for online and authorised within minutes. Even people with slightly tarnished credit ratings can apply for these short term loans as the lenders are more concerned with proof of regular earnings than past credit history.

Pay day loans can offer a quick fix if you are needing funds for an emergency and have no other way of sourcing the money.





Shopping around for the best pay day loan

With the aid of the Internet, shopping around for a pay day loan is incredibly simple. There are numerous finance companies who offer pay day loans along with a variety of high street lenders, most have the facility to apply on line. This speeds up the application process, meaning you will often receive approval within minutes of submitting your application and funds could be deposited into your account as quickly as the same day.

To qualify for a pay day loan the general criteria is:

- ✓ Must be a UK resident
- ✓ Must be 18 years of age or over
- ✓ Must be in full time employment
- ✓ Must have a regular salary
- ✓ Must have a bank account

Lenders tend to concentrate less on past credit ratings and more on the current ability of the applicant to repay the loan. Repayment is usually made 30 days after the funds are deposited.

When shopping around for the best pay day loan it is important to consider certain key features:

Features of the pay day loan	Comments
Administration costs	<ul style="list-style-type: none">• Are there any costs to start the loan?
Interest charges	<ul style="list-style-type: none">• What is the loan going to cost? It is common for this to be stated as an annual percentage rate (APR). This is the percentage of the loan you would be charged if the loan was taken over a 12 month period. Some Lenders list the costs as £X per £50 borrowed. I.E: a charge of £8 for every £50 borrowed, so if £100 was borrowed, £116 would be repaid in 30 days time.
Term of the loan	<ul style="list-style-type: none">• How long is the loan term? Some companies will lend money for as little as 8 days. Most pay day loans are expected to be repaid in full at the end of 30 days. An extension is sometimes available if required.• If an extension is required, what is the charge for this?
Penalty charges	<ul style="list-style-type: none">• Are there any charges if the loan is paid off early?• Are there any charges if you decide to extend the term of the loan?



Make sure you fully understand all aspects of the loan before proceeding





Apply for your pay day loan

Once you have decided that a pay day loan is the right type of loan and you have chosen a suitable lender it is time to apply. As pay day loans are generally sourced for their fast turn around, online applications lend themselves to this. However, the application process can be done by fax, telephone or in person.

For the purpose of the application you will be required to provide information such as:

- ✓ Full name
- ✓ Residential address and length of time spent living there
- ✓ Age
- ✓ Name of employer
- ✓ Contact details for employer
- ✓ Salary amount
- ✓ Frequency of pay
- ✓ Date of next pay
- ✓ Position held in company
- ✓ Amount of loan required

You may also be asked to tick a box which allows the Lender to perform certain checks to prove identity, employment and past credit rating.

Once this application has been submitted it is possible to receive a reply within minutes. Once approved the funds may be deposited into your account that very same day or early the day after.

Most pay day loan companies will have a facility which allows you to repay the loan over the next two pay days, if this is more convenient. However, you should remember that interest will accrue, making the cost of borrowing the money more expensive than if the loan was repaid within the first 30 days.



Frequently asked questions



Are companies who offer pay day loans regulated?

Unfortunately there isn't a great deal of regulation for lenders who offer pay day loans. However, any lender who provides pay day loans must first have a Consumer Credit License which is issued by the Office of Fair Trading, this really is the only requirement.

Some Lenders are members of British Cheque and Credit Association (BCCA). This organisation has a set code of practice must be adhered to by their members. One thing that they do discourage is the rolling over of pay day loans. This is mainly due to the high interest rates which are charged on these short term loans.

If a pay day loan can not be repaid over the short term it may be advisable to consider alternative [personal loan](#) options.



What is APR?

APR or Annual Percentage Rate, refers to the amount of interest which is charged, assuming that the interest was charged yearly. So, on a loan of £100 with an APR of 6%, the interest payable per year would be £6.

Most pay day loan companies tend to focus on actual amounts, ie; for every £50 borrowed, £57 is repaid at the end of the loan which means the loan cost £7.



What is the difference between a personal loan and a pay day loan?

The main differences between a personal loan and a pay day loan are:

- ✓ Application time for a pay day loan is often much quicker.
- ✓ Funds can become available the same day in many cases with pay day loans. Whereas personal loans can take a few days or more.
- ✓ The lenders are more concerned with the applicant's ability to repay the pay day loan, whereas lenders for personal loans place more emphasis on the applicant's past credit history.
- ✓ Interest rates are often much higher for pay day loans.



Where to get further help and assistance with pay day loans

To assist you further, below are some links which may provide further information:

- ✓ You can check your credit rating online at [experian.co.uk](https://www.experian.co.uk)
- ✓ The [citizens advice bureau](https://www.citizensadvice.org.uk) can offer help and guidance on issues relating to debt management.
- ✓ For further information on the code of practice which was introduced by British Cheque and Creditors Association visit their site www.bcca.co.uk/
- ✓ Take a look at the protection which you are offered as a consumer at the [Office of Fair Trading](https://www.gov.uk/government/organisations/office-of-fair-trading).

