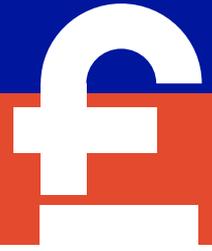


Be money ready

Safe borrowing



Borrowing from a credit union

Ever thought about joining a credit union?

Bristol Credit Union and Westcountry Savings and Loans are both credit unions based in the south west. If you're a LiveWest resident, no matter where you live, you can apply to become a member of one, or even both, of them. Once you're a member, you can save with them and they'll consider for you a loan if money's tight too.

Why join?

Credit unions are a cross between a co-operative and a bank. They're set up by people with a common interest, like where they live or work, and offer low-interest loans, savings and sometimes bank accounts.

They're community organisations, run on a 'not for profit' basis. Instead of paying a profit to shareholders, they use any money they make to reward their members and improve their services.

What if I want to borrow?

You'll need to be a member of a credit union before you can get a loan from them and some will require you to build up some savings first.

Credit unions try to make sure you don't take out loans you can't pay back, so they'll check your income and, sometimes, how much you've been able to save.

There's a cap on the amount of interest they can charge on their loans, which means they can't charge you too much. The current maximum is 3% a month or 42.6% a year APR. Some credit unions will lend at lower rates than this and they're likely to be much lower than borrowing from many other organisations or loan sharks.

What you'd pay if you borrowed **£500** from a credit union and repaid it over 12 months at **2%** a month or **28.6% APR**

£565 – that's the **£500** you originally borrowed **plus £65 in interest**

Safe borrowing



Borrowing from a credit union

Some benefits of borrowing from a credit union are:

- There are no hidden charges and no penalties if you repay the loan early
- They might include free life insurance at no extra cost – so if you pass away before repaying the loan, the balance would be paid off for you
- Most credit unions can lend for up to five years on an unsecured loan and up to ten years on a secured loan (where they will lend against something like your property or car). However, some can lend for up to 25 years on a secured basis.

Apply to your local credit union to find out what sort of loans and interest rates are available.

To find out more about credit unions you can join:

Bristol Credit Union
114 Cheltenham Road
Bristol BS56 5RW

www.bristolcreditunion.org

tel: 0117 924 7309

email: info@bristolcreditunion.org.uk



Credit Union

Also has drop in points in various parts of Bristol and one in Bath – check the website for details and opening times.

Westcountry Savings & Loans
Kestrel Court
Harbour Road
Portishead BS20 7AN

www.westcountry.org.uk

tel: 01275 390650

email: mail@westcountry.org.uk

Also has drop in points in Weston-Super-Mare and Portishead – check the website for details and opening times.

To check up on other credit unions in your local area you can put your post code in at www.findyourcreditunion.co.uk

Understand and improve your credit rating

Your credit score is a big deal. It affects your ability to get mobile phone contracts, car and home insurance deals, bank accounts, loans and energy deals. So it's worth getting to grips with what it means and what you can do to improve it.

For example, if you fail the credit scoring process for gas or electricity you may be asked to pay a deposit or be obliged to have a prepayment meter, which could be more expensive than the tariffs available on standard meter deals.

So, what is a credit score?

Credit scores, credit ratings and credit rankings are all the same thing, called by different names. They're someone else's assessment of your credit worthiness, a way of assessing how risky a borrower you might be.

Every lender will score you differently using their own criteria. They'll base their checks on your credit file, your application information and any past dealings they've had with you. They'll use this information to predict how well you are likely to handle a loan commitment based on what you've done in the past.

What affects your credit score?

- There are a few things that'll affect your score:
- Payment history – have you paid on time or been an unreliable payer in the past?
- Bankruptcy or judgments - these stay on your file for six years
- How much you already owe
- The length of your credit history – having no credit history will produce a low score
- Being registered to vote

How to improve your credit score?

- There are some things you can do to improve your credit score. Like:
- Check your credit reference files every year or before any major application. Errors can happen and have a huge impact on your credit score. Check all the addresses on your file – make sure they are linked to your current address
- If you have a credit card, always make the minimum monthly payment
- Show that you are settled and reliable, for example, by:
 - Getting a landline telephone
 - Registering to vote
 - Ideally stay at one address for at least a year
 - Try not to switch bank accounts more than once a year
- Pay back loans on time. If you've not always managed this, at least make sure the last 12 months show payments made on time
- Set up a direct debit to repay the minimum monthly repayment amounts on any loans or credit cards so you never forget
- Avoid being co-scored – if you're financially linked to someone else because you pay joint household bills, loans, or have a joint bank account your credit score maybe affected by theirs
- If you've split up from someone you've had joint finances with (or just moved out of a flat/house share) you should also write to credit agencies to let them know to stop their credit history affecting yours in the future
- Cancel unused credit and store cards – as access to too much available credit, even if it isn't used, can be a problem

What affects your credit score?

You can check your own credit rating. Three main credit reference agencies hold information which lenders use to compile your credit score. These are Experian, Equifax and Call Credit.

You can get a copy of your credit reference report directly from them for a small charge of around £2.

Or, you can get a credit report for free by registering with one of the following credit reference agencies for a free subscription service (usually 30 days), but make sure you cancel the subscription once you've got your reference to avoid subscription fees after the free subscription date has expired:

Experian Credit Expert: www.creditexpert.co.uk

CheckMyFile: www.checkmyfile.com

Equifax Credit Report: www.equifax.co.uk

Callcredit's Noddle service: www.noddle.co.uk

Safe borrowing



Do you need to borrow money

Sometimes the unexpected happens and we need to buy things we haven't budgeted for. Like when the washing machine suddenly stops working, or the fridge packs in.

So what should you do if this happens to you? Some options are better than others...

The first thought may be to borrow ready money from a pay-day lender, or a store that offers hire-purchase. These seem quick and easy. But they are expensive: they charge a lot of interest and you'll have to pay back much more than you need to.

There are much better options for you – which are cheap, or free. Get free replacements instead of buying. Try internet sites which offer free items, like Freecycle, Preloved, or Snaffleup. Do a Google search to find them.

Or pick up second hand bargains instead of new.

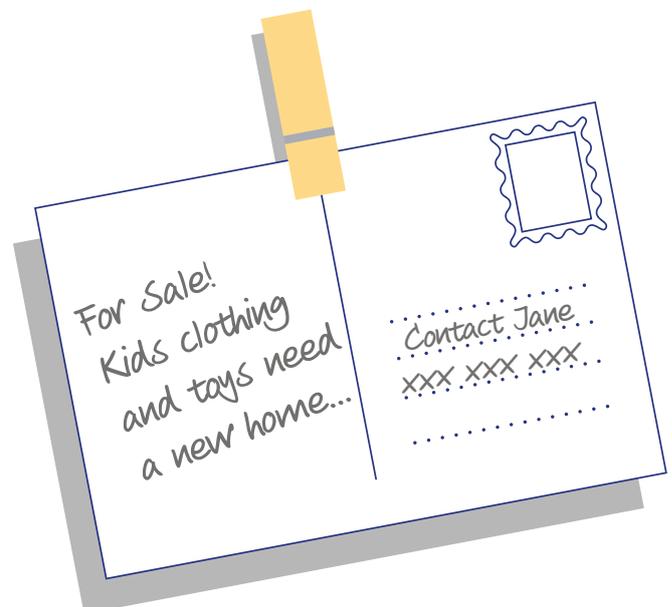
Have a look on websites that offer cheap, maybe second-hand items. Try Gumtree, Madbid, Ebid, Facebook and Ebay – one of them might have just what you're looking for.

And don't forget to check those postcards in shop windows, at the supermarket, or in your local paper.

For larger items look in your local furniture charities, and furniture recycling centres.

There are loads of them: try Sofa Project, Emmaus, the British Heart Foundation, YMCA and local hospice furniture recycling projects

Getting cheap or free household items will save you lots of money. Shop cleverly and you'll see your money go so much further!





Safe borrowing



A resident's story

How our Individual Empowerment service can help you BE Money Ready

Mrs Peters is a mother of three children from Taunton. When she faced court action for high rent arrears, she contacted our Individual Empowerment Team for help.

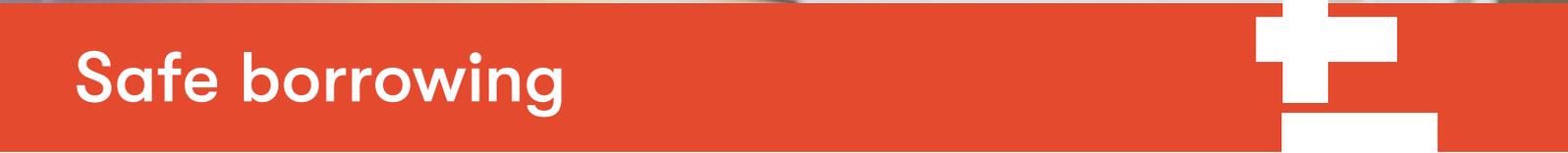
Her situation, like many others, was complicated. She wasn't just behind with the rent. She was also really struggling on her limited budget, was behind with payments as well and could see no way to improve her situation.

One of our Individual Empowerment Officers helped Mrs Peters apply for Discretionary Housing Payment, which reduced her rent arrears by £500. They helped her work out a realistic budget, looking at her income and every penny she spent.

They also referred Mrs Peters to the St James' Debt Advice Team, who helped her renegotiate her debt repayments to an affordable level that was within her budget. We have partnerships like this with specialist debt advice agencies in many places.

Mrs Peters is much happier now. She knows that the roof over her family's head is secure again, she's not being harassed by people chasing unpaid debt and she is managing her money much better. All in all, a pretty good outcome.

If you'd like to speak to an Individual Empowerment Officer for confidential help and advice, get in touch and ask for our Individual Empowerment Team.



Safe borrowing

How to work out the true cost of borrowing money

How much will I really have to pay back? – working out the true cost of credit and loans.

Sometimes borrowing money is unavoidable, but there are things you can look out for to make sure you don't end up paying over the odds.

When you're looking to borrow money, make sure you find out how much interest you'll have to pay and if there are any sneaky extra charges. You could end up paying back far more than you thought.

Interest on loans

First, interest, which is measured in APR. APR stands for Annual Percentage Rate – this works out how much you will pay back on top of the amount you borrow. It also helps you see how much one lender will charge compared to another for the same amount. One may have an APR of 25% while another may charge an APR of 270% or even 1000%!

It's not an easy calculation to do yourself unless you're really good at maths. The good news is there are a lot of free online calculators that help you work out what an APR means in pounds you'll have to pay back. Just do a quick Google search for APR calculator. Usually, the lower the APR, the cheaper the loan. BUT, there are other costs to look at too...

Look out for:

- Personal protection payment insurance or PPI
- Delayed repayments. Putting off your first repayment for a month or two will add to the total interest you'll pay back
- Fees for getting the money to you straight away

So here's the hot tip – the safest way to find out what you'll pay back is always ask what the total amount payable will be.



Safe borrowing



Understanding and dealing with debt

Most of us have debt of some sort – we have mortgages, credit cards, store cards or loans. Sometimes though we borrow more than we can really afford to pay back or an emergency means that we can't afford the repayments or skip other important payments like the rent.

Facing up to debt is important – understanding it means we can start to deal with it and get things back under control.

If debt has become a problem, think about how it happened. Then you can decide how to deal with it.

Here are some tips for tackling debt:

- Don't take on any new debts and avoid taking more loans to cover the debts – this could cost you much more in the long term
- Look at what's coming in and going out and see if there is a way to reduce your spending, especially on non-essential items
- Contact the people you owe money to and see if you can agree a more realistic repayment plan
- Prioritise your debts – some are more serious than others. For example not paying your rent or mortgage could result in you losing your home. Other debts like council tax, utility bills like gas and electricity, fines and maintenance payments also need to be treated as a priority
- Talk it over with someone who can help. If you're a LiveWest resident, you can contact our Financial Inclusion Officers for advice, or speak to money advice experts such as the Citizens Advice Bureau
- Think about how you might avoid sudden expenses in the future. We have some great tips on saving on a low income and reducing the big costs associated with Christmas and children.
www.bemoneyready.co.uk/safe-borrowing

Understanding and dealing with debt

And please don't be embarrassed. You are not alone - most of us get into difficulties at some point. It's how we deal with the situation that matters. If you don't know what to do, ask for help.

A couple of other agencies who should be able to help are:

The Money Advice Service is free and independent.

Go to their website www.moneyadviceservice.org.uk or give them a ring on 0300 500 5000.

National Debt Line is also free. They've helped millions of people with their debts. They'll talk you through options and give clear advice on how to take back control.

www.nationaldebtline.org.uk or phone 0808 808 4000





Safe borrowing



Borrowing money cheaply and safely

When we need to replace a broken cooker or telly, many of us have to borrow money or get credit. And we know there's no such thing as free money!

We usually have to pay back extra on top – this is called interest. Some options for borrowing are much safer and cheaper than others. Interest free credit is a great option – you pay back exactly what your cooker or telly cost, over an agreed number of months or years. Some shops offer this.

If you can't get this, then a good option is to apply for a personal loan from a credit union. They're great if you want to borrow a small amount. The interest you'll pay will probably be much less than with other lenders and there are no hidden fees or charges.

Expensive interest options you should avoid hire purchase schemes, catalogues, credit and store cards all charge interest. If you pay for a cooker costing £300 over a year, at an APR of 30%, you'll actually pay back £390. Hire purchase shops often charge more than this. What can seem like an easy option can be a much more expensive one.

Doorstep lenders can cost you even more!

That £300 cooker could cost you nearer £550 if you borrow that way and pay it back over a year! And the most expensive options include payday lenders. If you don't repay straight away their interest rates rocket. And illegal money lenders, or loan sharks, will charge the highest interest rates of all.

Top tip

So the top tip is, before you borrow or seek credit, contact your local credit union and see if they can help. If you must take out a loan or credit, find out what the total repayment will be, including any charges, and try to repay it as quickly as possible to keep the interest down.



Safe borrowing



Getting help with debt

Many of us need to borrow money to get by. Sometimes when times are tough or there's an emergency, we borrow more than we can pay back, miss a repayment or two or get behind with really important payments like the rent or mortgage.

This can be really stressful. If you're struggling, don't bury your head in the sand as it really won't help and could lead to more difficulties. There's always a way out of debt and there are lots of people who can help if you need it.

If you're a LiveWest resident, you can speak in confidence to one of our Individual Empowerment Officers, who'll help you open those unopened bills and support you to work out what debts you have. We can help you make offers of repayments you can afford. We'll even work with you on a personal budget, to see what money you have coming in and going out.

If we need to we can refer you to specialist organisations that can help you get your money under control, like Talking Money in Bristol or the Citizens Advice Bureau.

If you're one of our residents and would like some support, get in touch www.bemoneyready.co.uk/contact-us and ask to be put through to the Individual Empowerment support line or fill in our online form www.kha.livewestco.uk/supporting-you/individual-support/individual-support-online-form/. We'll arrange to visit you and talk through how we can help.

There are also other independent money advisers out there, including:

The Money Advice Service is free and independent. Go to their website www.moneyadviceservice.org.uk or give them a ring on 0300 500 5000.

National Debt Line is also free. They've helped millions of people with their debts. They'll talk you through options and give clear advice on how to take back control.

www.nationaldebtline.org.uk or phone 0808 808 4000



Ten top tips to avoid a christmas debt hangover

Christmas is a time of giving but you don't want to give yourself a headache in the new year with debts and bills you can't afford. It's easy to overspend – there are tempting offers and pressures to buy, but you must decide how much you can afford before you start spending. Here are some top tips for avoiding getting into debt at Christmas.

Plan early

Be realistic and budget sensibly. Work out how much you're going to spend on each person and stick to it. Don't be tempted by seemingly great deals – if you weren't going to spend the money before you saw the deal, don't spend it when you do.

Avoid dipping into your overdraft

If you do need more money than you have in your account, don't just run up an overdraft without talking to your bank first – it will work out much more expensive. Think about other options, like taking out a small loan from a credit union www.bemoneyready.co.uk/borrowing-credit-union

Pay upfront where you can

If you can afford to pay for your gifts outright by cash, cheque, or debit card, don't be persuaded to take out extended credit agreements unless they really do work out cheaper. You might think you're saving money at the time, but it's no use if you end up paying more in the long run.

Ten top tips to avoid a christmas debt hangover

Read the small print

If you're taking out a credit agreement to pay for gifts, make sure you check for hidden costs. Always work out the total amount you'd need to pay back and make sure you can afford the monthly repayments before you sign anything. Interest free credit can be tempting, but if you don't pay on time, or miss a payment, you could end up paying a whole lot more.

Do you own checks

If you're going to use a credit card, shop around and compare terms. Some cards charge high interest rates, but give you interest free periods or discounts. Make sure you work out what's the right card for you. Moneysavingexpert.com has some useful info on this, so make sure you check it out before taking the plunge on a card www.moneysavingexpert.com/credit-cards/

Stay on top of payments

If you do borrow money, make sure you budget for all the costs, put the payment dates in your diary and set a reminder on your phone, so you can't miss them. Pay on time, even if it's only the minimum payment, or you'll end up having to pay more.



Safe borrowing



How to spot a loan shark

There may be times when you need to borrow money. If you have bad credit or need money in a hurry, you might be tempted to borrow from someone who'll give you the money quickly, without too many questions.

Sometimes there are people down the pub or in your community who give out informal cash loans. They don't give you any paper work or receipts and they'll probably collect repayments from you in cash.

These people are loan sharks. To start with they'll probably seem really friendly, helping you out during a difficult time. But they're there to make money, taking advantage of you to do so.

A loan shark is anyone who lends money without a licence and can't provide you with a credit agreement setting out the terms of the loan.

Loan sharks actually don't want you to pay off the loan and will keep lending you more money. They probably won't be very clear about the interest rate, but it will be very high so you pay back a lot more than you borrowed.

They move the goal posts by changing how often and how much they want you to pay back, so you can never keep up. They may start intimidating or threatening you if you struggle to repay them.

Remember these lenders are acting illegally – they should not be lending you money.

There's help out there if you get involved with a loan shark. Please speak to us or get in touch with the Illegal Money Lending Team direct on 0300 555 2222. They'll be able to help you and they can prosecute loan sharks too.

