

## What if I need credit.....?

If you are in a situation where you really need credit to get you through an emergency consider these options:

- Will your bank give you a temporary overdraft?
- If you are on certain benefits you may be able to get a Budgeting Loan
- Your best option may be to open an account with your local Credit Union. They can give low interest loans as well as open savings accounts for you. In typically takes three days for the money to reach your account but the earlier you go, the earlier things can be resolved. Contact us for more details on local Credit Unions

**...and we are always here to help you should you find yourself getting into any difficulties again.**



## About Us:

### Money Facts...

This leaflet was developed by Rainbow Money in Scarborough, a debt support project working as part of The Rainbow Centre. For more information please go to [www.rainbowcentre.org](http://www.rainbowcentre.org)

Please Note.... this leaflet aims to provide helpful and accurate information. However this document is a guide only and we ask that you consult with a professional before making significant decisions about your finances.

### Money Facts...

### Payday Loans...

Understanding and  
managing



## What is a Payday Loan...?

A payday loan is a type of cash loan, normally paid into your bank account. They are called 'payday loans' as they are intended to be short-term loans, meant to be paid back when you next receive your wages or benefits.

### The facts.....

- Payday loans are not priority debts
- The interest rates are usually very high
- It can be easy for the debt to spiral out of control
- You CAN stop payments to the lender

## Should I "rollover" the loan...?

Some companies may offer you a loan "rollover". This means that your loan is rolled over for another month to give you extra time to pay. If you are struggling to pay it is tempting to use this solution, however, it will usually mean that you make a new agreement with the company which will result in more interest and charges being added. By rolling over a loan you will owe more than you did before. It is vital that you only consider this if you are SURE you will be able to clear the loan in full the following month

## What if I can't afford to pay...?

Stop the payment being taken

Get independent advice from a free advice agency like Rainbow Money, who will help to negotiate a repayment plan

Take action NOW! If you ignore the problem you will discover that the debt rapidly spirals out of control.

## Can I cancel my payment...?

Most payday loans are paid by a Continuous Payment Authority (CPA). This means that you give the loan company your card details and permission for them to take payments to repay the loan.

It can be difficult to cancel a CPA but it can be done and the Financial Conduct Authority has made it absolutely clear that you have the right to cancel a CPA by asking your bank or card provider to do so.

You can telephone, write to or go into your local bank to do this.

You must do this at least 24 hours before the payment is due to come out of your account

Ensure you keep a note of the date and time that you asked the bank to cancel the CPA. If the money still comes out of your account, your bank MUST refund you this money IMMEDIATELY.

Remember that cancelling a CPA only stops the payday lender taking money from your account—you still owe the debt and need to sort out another way to pay

## What next...?

Contact Rainbow Money and we will:

- Look at all the debts you have
- Do an income and expenditure budget with you
- Contact your creditors on your behalf
- Negotiate a repayment plan with them for you

Also:

If you need help cancelling the CPA or getting money refunded please come and see us for help with this

Remember using Payday loans can jeopardise your chances of getting a mortgage in the future as some lenders will not even consider a potential borrower who has taken out a payday loan in the past.