

# Access to affordable credit

## Toolkit for staff and volunteers

### What affordable credit is

Affordable credit refers to financial products, such as loans, offered by organisations that understand the risks of lending to people on low incomes or with poor credit ratings. Interest rates will depend on individual circumstances, but the maximum rate that can be charged by a Credit Union is 3% per month (42.6%).

### Why affordable credit is important

Credit offered by high street banks may not be an option for everyone. This could mean that people who want a loan turn to door step lenders, pay day loan companies or other high cost credit providers. Some people may also turn to illegal money lenders (or loan sharks) who will charge even higher rates of interest.

### The different affordable credit options in Newcastle

#### Moneywise Credit Union

Moneywise Credit Union offer a range of loan options depending on how long people have been saving. Credit unions such as Moneywise rely on members' deposits to provide loans so part of the commitment when joining a credit union will be to save regularly. This not only helps other members but also starts a regular saving habit.

Website: [www.moneywise.org.uk](http://www.moneywise.org.uk)  
Email: [admin@moneywise.org.uk](mailto:admin@moneywise.org.uk)  
Phone: 0191 276 7963  
Fax: 0191 276 7957

#### Five Lamps

Five Lamps offer affordable personal loans through their trading company, Conduit, with repayments that suit people's individual finances. Five Lamps can also refer people experiencing debt problems to trusted and free organisations for advice and support if needed. The representative APR charged is 99.8%.

Website: [www.conduit.org.uk](http://www.conduit.org.uk)  
Email: [loans@conduit.org.uk](mailto:loans@conduit.org.uk)  
Phone: 0300 111 0556

## **Fair For You**

Fair For You offers an affordable alternative to weekly payment stores. They provide low cost loans for new branded white goods, furniture such as beds, mattresses, sofas and sofa beds, pushchairs and prams at fair prices for low income households. Unlike other weekly payment stores, Fair For You do not penalise customers who choose to repay their loan early or charge expensive missed payment fees. Fair for You's loan calculator tool lets customers check how much the loan will cost in total. After people have found what they are looking for, they can play around with the loan calculator to see what the overall cost will be over the course of a range of weeks or months. The price shown will include delivery charges and installation charges (if selected), so there are no hidden fees or charges. The representative APR for loans is 42.6%, in line with the maximum interest rate charged by credit unions.

Website: [www.fairforyou.co.uk](http://www.fairforyou.co.uk)

## **Budgeting tools**

It is important for people to think about the financial commitment involved in repaying a loan. Affordable credit providers will carry out a budget check with all clients as part of their loan application process. A number of organisations also offer free budget planning tools. For more information about budget planning, visit the following websites:

### **Citizens Advice (formerly known as Citizens Advice Bureau)**

[www.citizensadvice.org.uk/debt-and-money](http://www.citizensadvice.org.uk/debt-and-money)

### **The Money Advice Service**

<https://www.moneyadviceservice.org.uk/en/tools/budget-planner>

### **National Debtline**

[www.nationaldebtline.org/EW/steps/step2/Pages/Step\\_2\\_02.aspx](http://www.nationaldebtline.org/EW/steps/step2/Pages/Step_2_02.aspx)

## **Debt advice**

If you are working with someone who is worried about money, there are people who can help. Debt and money advice is available on the Newcastle City Council website at:

<https://www.newcastle.gov.uk/services/welfare-benefits/welfare-rights-and-money-advice/debt-and-money-advice>

## **Further information**

Financial inclusion information for professionals and volunteers:

<https://www.newcastle.gov.uk/services/welfare-benefits/welfare-rights-and-money-advice/information-professionals-and-volunteers>

For queries relating to the support available to promote financial inclusion, contact the Active Inclusion Newcastle Unit at Newcastle City Council:

Email: [financial.inclusion@newcastle.gov.uk](mailto:financial.inclusion@newcastle.gov.uk)

Phone: 0191 277 1707

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