

### FACILITATOR CHEAT SHEET

## Pros & cons of different types of credit

The point about this exercise is really to sum up and reflect on all the information they have received in this session. It's a good chance to repeat information if people are still unclear on what types of credit are. It's also so that people can express their own thoughts and feelings on credit and hear other people's views.

**The main point is to stress that if we choose to take out credit, we need to find out what it involves before we borrow – so we can make informed choices and ensure we can pay it back.**

- Ask the group to order the cards, from best to worst type of credit, with reasons why. They must work as a group to do this, as this encourages discussion
- Assure the group that there is **NO RIGHT OR WRONG ANSWER**. What one person finds a good way of getting credit, may not necessarily suit another.

For example, for one person, borrowing from friends and family might be the best way to get hold of money, because they have good relationships. For another it might be a complete no-no!

Similarly, someone may prefer a doorstep lender, as it's all done in cash weekly, to a bank loan, even if the interest rate is much greater with the doorstep lender.

- Jump in and help if group are still unsure of what different types of credit involve. Use 'types of credit' cheat sheet if you need definitions.
- Then, if time, get the group to explain the order they have put the cards in and why to each other.

Note: **Community support payment or Budgeting loan/advance** – grants and loans that used to be available under the social fund system have now changed. Someone who might have applied for a grant/loan under the general social fund heading now has the following options:

- apply for a budgeting loan (once person is on Universal Credit this will be called a budgeting advance) - an interest free loan repayable as a deduction from benefits and administered by DWP
- apply for a crisis advance (essential costs after an emergency) or community support payment (what used to be community care grant but with more restrictions) from the local authority. You will need to find out how this is administered in your own local authority area(s).