

### Questions to ask before taking out credit

*Here are some questions you might want to ask yourself, friends or family members if you think you might need credit*

- How much is it going to cost?
- When and how do I have to make repayments?
- Can I afford the repayments?
- Will I, or my family, have to make any sacrifices to meet repayments?
- Do I really need the item that I'm taking out credit to pay for?
- Will the benefits of owning this item outweigh the extra costs of buying it with credit?
- Is there anything I could sell to raise the money for this good?
- Could I qualify for an interest free budgeting loan from DWP (or a community support payment from my local authority)
- Am I prepared to wait to buy this item and to save up for it instead?
- How much will the credit cost compared with other similar deals?
- Where else could I borrow the money and how much would it cost?
- Is the interest rate fixed or will change over the course of your loan? *(a rise in interest rate will mean that you repayments might rise or that you will have to pay over a longer period of time.)*
- Would the loan be any cheaper if I were to pay more each month for a shorter amount of time?
- What will it cost me if I go overdrawn and/or go over my authorised overdraft limit?
- Are there extra charges if I repay the debt early?
- Is my home or anything else being used as security?
- What happens if I miss a payment?
- Do you really need Payment protection insurance (PPI)?