



A measure of the interest and other charges you have to pay, ON TOP of the amount you borrow.

It is shown as a percentage. You can use it to compare loan offers- lower is better.


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Insurance added to loans or goods that pays your repayments if you are sick or unemployed.


It can be often added but is optional: you do not have to take it out!

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A fee that some lenders will charge if you want to pay back the loan early


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When you go into debt (e.g. on a bank account) without permission

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A score awarded to you by lenders to indicate how high a risk you are to lend to.

A low score means you are more of a risk but it doesn't mean no-one will lend to you!

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A type of credit where you pay over a fixed period to 'hire' an item.

Only at the end of the period, once you have paid in full for the item plus interest, it belongs to you.


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When you authorise a company to take regular payments from your credit or debit card, such as for a pay day loan.


When you owe money to your bank through your current account

Money you pay, on top of the money you owe, for borrowing money.

This can be 'fixed rate' (ie will stay the same throughout your loan) or 'variable rate' - the lender can change it if they notify you.


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**A loan taken out against a big possession e.g. a home or car.
If you do not keep up the payments the lender can repossess that possession and sell it to get its money back**


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A loan given without being secured on any possession.

If you do not keep up repayments the lender can try to get their money back e.g. bailiffs or a county court judgement.


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An instruction to your bank/building society to allow someone else to collect varying amounts from your account, as long as you have been given advance notice (usually 10 days). Often used for things that vary month-by-month, e.g. phone bills.

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An instruction to your bank/building society to make regular fixed payments to someone. The amount and date it leaves is fixed but you can amend or cancel it at any time.

Often used for things that are fixed month-by-month, e.g. rent payments.


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An order made by the county court saying you must repay a debt.


It does affect your credit score but does not mean you have a criminal record.

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Something you can apply for if you have less than £20,000 debts but can't afford to pay them. It costs £90, and clears your debts after 12 months - but does affect your credit score long term.

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An alternative to bankruptcy, this is a formal arrangement between you and your creditors. It allows you to pay back all or part of your debts over a fixed period of time, typically five years.

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