

Preparing For Your Loan Application

Part One - Top tips for getting your loan approved

Here are some top tips to increase the likelihood of your loan being approved. We encourage members not to request a loan within 6 months of your previous application.

If you have an IVA we will not be able to lend to you.

- If there is additional information to support your loan application when you apply then feel free to include an explanatory note/email.
- Be really specific as possible about the purpose of the loan.
- Remember to list all debts, including any that have been recently cleared.
- The longer you save with us and/or the less you ask to borrow the greater the chance that your application will be successful.
- The less frequently you borrow the greater your chance of success.

1/ Tell us about your credit history.

We use credit reference agencies. Having a poor credit history does not mean we decline the loan, but the member has to be 'up-front' about it. You can check your credit report easily. See our Your Money page of our website. If there is inaccurate information held there you can and should challenge and correct it. Be sure to tell us about any issues you have had with meeting payments in the past.

2/ If you owe any money elsewhere, make sure you declare all your debts.

A vital part of what the credit union does is to encourage members to take control of their finances. Take control by knowing how much you owe to whom, and how much the payments are. A member having lots of debt doesn't mean we decline the loan automatically, but the member has to be 'open and honest' about it. It is worth making a full list of who you owe money to.

3/ Try to evidence and explain that the repayments are affordable.

As a co-operative we're trying to help our members out of debt. You should try to explain how the additional borrowing is affordable: for instance, if you are clearing an existing high interest debt which will reduce payments and increase your income. Feel free to add a note with the application. Never apply for more than you need.

4/ It pays to have saved with us before applying for a loan.

You don't have to save before applying for a loan but the interest rates may be even lower if you do. When demand for loans is high it's only fair to give priority to those members who have been saving with us before applying for a loan. As a general rule, establishing any sort of savings pattern with us reduces the loan interest rate and greatly increases the chances of your loan application being successful. It is not how much you save but the regular pattern that counts.

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Part Two – Questions we will ask on the loan application form.

Make life easier for yourself by reading through this document. It will save time, avoid frustration, and increase the chance of your loan being approved, so get the information to hand before you start the application.

If you have an Individual Voluntary Arrangement (IVA) we will not be able to lend to you.

Do you have or are you considering:

- Relief Order (DRO)?
- Debt Management Plan (DMP)?
- Do you have any undischarged County Court Judgements (CCJs)?

Having a poor credit history not necessarily prevent us issuing a loan, but failure to disclose any will automatically lead to the application being rejected

Your personal details

Name, address and contact details. If you have lived at your current address for less than 3 years then you will need to list all previous addresses in the 3year period

Your employment details

- What is your employment status, occupation or if you are on sick leave?

Your loan details

We will ask:

- Over how many months would you like to repay the loan
- The amount you wish to save as you repay the loan (minimum £28pcm*).
- Repayment method (salary deduction, direct debit or child benefit)

** Minimum savings varies dependent on loan product. We encourage saving as it means you will rely less on credit in the future.*

Section D: Who do you owe money to?

Please consider all of your creditors (people you owe money to). Check your bank statement or credit file in readiness. You will need to list all loans, credit cards, overdrafts, catalogue accounts or any other sums owed including council tax arrears, mortgage or rent arrears, (best to include any recently cleared debts as they may still show on your credit file). Be careful with this section and the next, as failure to disclose information may lead to your application being declined.

Section E: Declaration

By submitting this loan application, you are agreeing to certain terms and conditions so be sure you understand them or check with us if anything is unclear.

END