

GETTING MONEY EASIER



'I got cash needed'

JONATHAN Barker runs a computer repair business called SimpleTek, but when he approached his bank for a loan to help him with the costs of marketing his services it was a case of: 'Computer says No. "I know my credit record isn't perfect, but I'm sure I'm not the only one in this position," says Jonathan, 27, from Norwich.

"It was really frustrating being turned down just because of a handful of late credit card payments from a couple of years ago."

"My parents said they would help me out with the money but I was going to stand on my own two feet, so I thought the guarantor loan was the perfect answer."

It meant that, I could borrow the money in my own name with my mum acting as guarantor. I know if I don't repay the loan then the debt will have to be paid by my

mother, but I'm determined that this won't happen because I want to repay the faith that she's shown in me."

Jonathan borrowed £3,000 from Amigo Loans to give his business a boost. He says: "It was a pretty painless process, although it was made very clear to both of us what would happen if I failed to keep up the repayments – so we both knew exactly where we stood."

"Since I borrowed the money, I haven't looked back. My business is busier than it has ever been and I'm hoping to pay my loan off sooner than I'd originally planned."

And it is good to know that I'm not going to be charged any early repayment penalties for going so.

"Before I heard of the guarantor loan option, I was tempted to use a local payday lender but I'm so glad I didn't go down that path now."

always be bad with money – often it is down to circumstances beyond their control, such as a job loss. Amigo Loans is currently one of the biggest names in the guarantor loans market lending to more than 65,000 personal and small business customers.

The interest rate charged is 49.9% APR, similar to the rates charged on credit repair cards above, but you can borrow more – in most cases between £500 and £5,000 and at a fraction of what it would cost from a payday lender.

It's also another way to get your credit rating back on track as Amigo will report your repayments back to all the major credit reference agencies, including Experian, Equifax and Call Credit.

CREDIT UNIONS

There are currently more than 400 credit unions scattered across the UK and they have more than one million members.

These local money co-operatives are owned by the people who use them and will encourage you to remain control of your money.

Credit unions aim to get their members saving but they also offer loans at affordable rates too.

Although you're unlikely to be able to borrow too much from a credit union until you've proved your ability to save, they are an excellent way to get to grips with your money for

those who find themselves shunned by the high street banks. Some credit unions also offer the Credit Union Current Account which comes with a Visa debit card with ATM access, or prepaid cards which can have your savings or loans loaded onto them.

Only last week the London Mutual Credit Union (LMCU) opened its newly refurbished premises in Peckham. Its 16,000 members had built up savings of more than £9million between them.

The LMCU gives people access to great value financial services including a Cash ISA that pays 3% AER and an alternative 'payday' loan product that costs a fraction of the rate of commercial providers.

Their repaying payment details offer short-term loans, over up to three months, at 26.8% APR, and has drawn nearly 2,000 people away from the clutches of payday and doorstep lenders since its launch in February last year.

To find a local credit union and what's on offer, visit www.findyourcreditunion.co.uk or phone 0161 832 3694.

In some instances credit union loans will cost you no more than 1% per month (12.7% APR) on the reducing balance.

So if you borrowed £1,000 you'd repay £88.15 per month over 12 months and a total of £1,066.20 – a mere pittance in interest compared to a payday advance.

Just because your bank says no it doesn't mean you have to pay crippling amounts of interest to borrow money. There are genuine and money-saver options available – check them out for yourself and avoid extortionate interest rates and years of debt misery.

Bad history? You can still get loans

BY ANDREW HAGGER
money@mirror.co.uk

BANKS, building societies and credit card firms may be offering rock-bottom borrowing rates, but if you haven't got a decent credit history, there's every chance you'll be turned down for best buy deals.

However, don't assume this means a payday loan is your only hope if you need to borrow as there are other much cheaper alternatives.

With more than seven million people currently unable to borrow from banks because of their credit score, Mirror Money looks at some more affordable finance options.

CARDS

Although most lenders will turn you down flat if you have a history of missed and late credit payments or a County Court judgement, there are specialist credit cards out there for people who fall short of the credit score high street banks demand.

Credit cards including Luma, Aqua and Vanquis can help people who have struggled with debt previously or who have a limited credit history and offer

them a chance to turn their finances round and repair credit ratings.

The interest rates are quite a bit higher than standard credit cards but well below those charged for short-term payday loans.

For example, Vanquis charges a representative APR of 39.9%, Luma 35.9% and Aqua 34.9%.

The maximum credit limit available when you first apply for these cards is much lower than with standard credit cards, starting at around £1,000.

Borrowing £400 on a credit card at 39.9% APR will cost you £13.55 in interest for one month, whereas the same sum borrowed from payday lender Wonga will set you back £125.48 in monthly interest and fees at a representative APR of 421.4%.

The Aqua Advance credit card comes with a great incentive to manage your card well as the interest rate reduces from 34.9% APR by 5% each year for three years if the account is run well.

That means your rate could be down to 19.9% APR in three years, similar to a typical bank credit card.

To rebuild your credit status, you need to demonstrate a history of using

a credit card in a responsible manner. If you use the card and make payments on time EVERY month then gradually your credit score will improve.

Even better if you clear the whole balance every month as you'll be improving your credit score without paying any interest charges.

You won't turn round your credit rating overnight, but it's an opportunity to prove that you are financially responsible and in time could give you the ability to once again borrow at some of the best rates.

GUARANTOR LOANS

A less well known option is to borrow money with the help of a friend or relative acting as a guarantor.

A guarantor loan means you borrow the money in your own name, but on the understanding your guarantor will pay up any shortfall if you fail to make the payments.

Although the loan isn't secured, the guarantor needs to have a good credit rating, be able to prove that they can afford the repayments, and be a homeowner in the UK.

Just because someone has a poor credit rating, it doesn't mean they will

There are genuine and cheaper options available to extortionate payday loans

SUPPORT
Jonathan had a guarantor