

GOOD PRACTICE
CUSTOMER CHARTER

Payday and Short-term Loans

This Charter is for customers who have or who are considering applying for a payday or short-term loan with a lender who is a member of the Consumer Finance Association, the Consumer Credit Trade Association, the BCCA, or the Finance & Leasing Association.

It will be implemented by 26 November 2012.

This Charter gives customers enhanced protections when taking out a payday or short-term loan. Copies of this Charter are available on our website or at our business premises (where appropriate).

A payday or other short-term loan is an agreement allowing you to borrow a small amount of money (usually between £50 and £1,000) and then repay it over a short period (typically one or two months).



Payday and Short-term Loans

Keeping to this Charter

We are committed to complying with this Charter and we will be independently monitored to make sure that we do so.

Key Commitments by Lenders

When providing payday or short-term loans, we will:

- Act fairly, reasonably and responsibly in all our dealings with you.
- Not pressurise you to enter into any loan agreement or to extend ('roll over') the term of your existing loan agreement.
- Tell you that a payday or short-term loan should be used for short-term financial needs and is not appropriate for long-term borrowing or if you are in financial difficulty.
- Tell you how the loan works and the total cost of the loan (including an example of the price for each £100 borrowed, together with fees and charges) before you apply.
- Check whether the loan is suitable for you taking account of your circumstances.
- Carry out a sound, proper and appropriate affordability assessment and credit vetting for each loan application and before the loan is extended (rolled over), to check you can afford the loan.
- Explain in general terms what types of information we will consider in making a decision, if you ask us to.
- Explain how we will communicate with you during the term of the loan, how payments will be deducted from your bank account and how you can contact us by phone, email or online.
- Set out clearly how continuous payment authority works (if we use it) and your rights to cancel this authority, so you can decide if this type of repayment is acceptable to you. We will remind you that if you cancel, you will still owe any outstanding debt and will need to provide an alternative method of repayment on the due date to avoid going into default.
- Always notify you by email, text, letter or phone at least 3 days⁽¹⁾ before attempting to recover payment using continuous payment authority on the due date. This notice will ask you to contact us if you are in financial difficulty and cannot repay.

If you are having problems repaying your loan, we will:

- Deal with cases of financial difficulty sympathetically and positively and do what we can to help you manage what you owe.
- Freeze interest and charges if you make repayments under a reasonable repayment plan or after a maximum of 60 days of non-payment.
- Tell you about free and independent debt-counselling organisations who can also help you. For example:

Citizens Advice
www.adviceguide.org.uk

To find your local office, look in your phone book

Consumer Credit Counselling Service
www.cccs.co.uk
0800 138 1111

National Debtline
www.nationaldebtline.co.uk
0808 808 4000

Money Advice Service
www.moneyadviceservice.org.uk
0300 500 5000

If you want to make a complaint, we will:

- Tell you about our complaints-handling procedure when you take out a loan or whenever you ask us to. We will also include details about our complaints procedure on our website or make them available at our business premises (where appropriate).
- You may be able to refer your complaint to the Financial Ombudsman Service at:
www.financial-ombudsman.org.uk
0800 023 4567

Further Information

If you want more information about this Charter and the new rights and protections for customers it contains, you can find this at:

Consumer Finance Association www.cfa-uk.co.uk

Consumer Credit Trade Association www.ccta.co.uk

BCCA www.bcca.co.uk

Finance & Leasing Association www.lendingcode.org.uk

(1) Where contact is being made by telephone, this timeframe will be influenced by the customer actually receiving the call