

# Financial Wellbeing

## Payday lenders



Short-term lenders, often known as payday lenders, are financial companies that can lend applicants small amounts of money quickly and generally over a shorter period of time. You may have heard of a few infamous short-term lenders such as Wonga, Sunny, Lending Stream and Quick Quid. You may also be aware that some of these lenders have ceased to exist due to their inability to cope with compensation claims and complaints.

Short-term lenders are most commonly used by people who need cash urgently, or struggle to access finance through other companies due to their poor credit history. One short-term lender advertises that they can have cash in your bank within 10 minutes, but the quick availability of cash doesn't come without a cost. The interest rate an applicant is charged usually depends on their credit file. [Wonga](#) once charged up to 5,853% on their loans, before interest rates were capped!

In 2014 the FCA took over the regulation of short-term lenders. They brought in rules to stop the lenders being able to charge customers more than double what they originally borrowed. Whilst this did reduce the cost of borrowing for many people, an interest rate of up 1,500% can still be charged. In comparison, the highest APR that can be legally charged on a credit union loan in Great Britain is 42.6% APR. Many charge a lot less.

More people now appear to be turning to their credit unions for financial help. ABCUL reported that from 2010 to 2019, credit union loans had increased by a huge 98% and membership had grown by 60%.

There is no denying that sometimes people need to borrow money quickly. Credit unions may be able to help those who would once have turned to these types of lenders by potentially offering cheaper credit options and promoting regular saving.

No1 CopperPot offer a [Revolving Credit](#) facility to members. Revolving Credit is designed to allow you to borrow funds as and when you need them. It's a flexible way of borrowing because as you make repayments and reduce your balance, you have the option to keep withdrawing extra funds up to your pre-approved limit. If you found yourself short of cash or facing an unexpected bill, you could withdraw funds from your Revolving Credit to help top up your bank

account. With the recent upgrade to our member's area, you can now withdraw your savings, or Revolving Credit funds, in an instant via Faster Payments\*.

This product also aims to encourage regular saving and help improve financial resilience. During the months when you have no outstanding balance, your monthly agreed payments are placed into your Member Account to build your savings. In the event of an outstanding balance, the payment will be used towards repayment of this. You can overpay at any time with no fees to save money in interest.

**All loans are subject to affordability and our lending criteria.**

**\*Normally a Faster Payment will arrive within minutes, although sometimes they can take up to two hours.**