

Summer Newsletter  
2009

**Confusing Credit?**

**Looking for a good deal?** Using your credit card to purchase a late deal in the sun or to buy a fridge freezer? It is always helpful to have an understanding of what the APR means so you can find the best deal for you; APR means the **Annual Percentage Rate** charge and you can use it to compare many different credit cards (and loans). The APR highlights information such as:

- The interest you must pay.
- How you repay the loan (the length of the loan and frequency of repayments).
- Fees associated with the lending.
- Premiums for payment protection insurance that the lender makes compulsory.

**ALL** lenders have to tell you what their APR is before you sign any agreements. It will vary between lenders and generally, the lower the APR the better the deal.

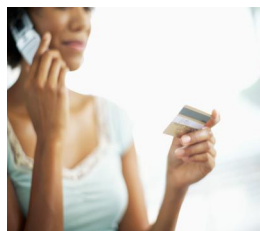
If you think you have found a deal with a low APR, make sure to ask the lender the following questions:

- *Are there any charges not included in the APR?*

This could include charges for services such as optional payment protection insurance.

- *What are the conditions of the loan or credit and do they suit me?*

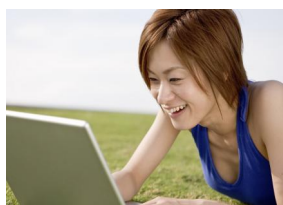
For example, do you have a choice about how and where you make repayments? If you have some spare money, can you pay the loan off early without penalties?



**Coming Soon!**

**SCML are always working hard** to make the loan application process as quick and easy for clients as possible.

We are currently working on an online application and we will update all of our clients as soon as the process is up and running.



**Helping to tackle Loan Sharks**

**One of the things that has become apparent is that there are lots of myths around loan shark activities:**

**MYTH – Unlicensed money lending is not illegal**

**FACT** – It is illegal for anyone to operate a money lending business if they do not have a license from the Office of Fair Trading

**MYTH – You have to pay back what the loan shark says you owe**

**FACT** – A loan made by an illegal money lender (without a license) is unenforceable without a validation order from the Office of Fair Trading. This means that you cannot legally be made to pay it back.

**MYTH – Loan sharks provide a reasonably priced service**

**FACT** – The average cost of borrowing from a loan shark can be around three times the price of the highest cost of legal credit. The highest interest rate the illegal money lending team have come across so far was 117,000% APR.

A loan shark is someone who lends

money without the licence required by the Consumer Credit Act 1974. These licences are issued by the Office of Fair Trading to individuals or companies whom they believe are "fit and proper".

**Typical characteristics displayed by loan sharks are:**

- No credit agreements given – "you owe me this much today"
- No receipts for payment or payment books
- Violence or intimidation if repayments are missed
- Loans to young people (under 18's)
- They can take illegal securities e.g. a cash card

If you or someone you know is a victim of a loan shark operating in your area, contact Trading Standards in strictest confidence:

**Call the 24 hour confidential hotline- 0300 555 2222.** Or text 'loan (space) shark (space) + your message' to 60003



SCML would like to thank all our supporters



## Our Home Loan scheme is growing.....

**South Coast Moneyline (SCML)** has worked in partnership with five local authorities since 2003 to provide home owners with financial assistance in order to carry out essential home improvements to make their homes safe, secure and warm. Over recent months SCML has worked hard to improve and expand this service and we now work with 15 local authorities across Hampshire, Surrey and Sussex. SCML have been working on re-branding the home loans product and organised a launch event in July for local authority members across Woking, Guildford, Rushmoor, Elmbridge and Hart. Simon Frost, Chief Executive of SCML explained: "The scheme offers more than just financial assistance. Home owners benefit from the help and support of a dedicated Home Trust Loans Officer, providing guidance throughout the entire process. The scheme can also help by providing advice on how to choose a reputable contractor and our local authority partners will also arrange an inspection to ensure works have been completed to a satisfactory standard."



Whilst increasing the number of local authorities that we work with, SCML have also been working with Fareham based marketing company LCM. In recent months we have reviewed the

branding and now also have a new Home Trust Loan website. If you know a home owner who is looking at getting essential works done but concerned about the cost, tell them to visit our website:

[www.hometrustedloan.org.uk](http://www.hometrustedloan.org.uk) for further details about assistance that could be available and how to apply.



## Thinking about borrowing for a business start up?

**We have recently carried out research** to establish what is happening in "the High Street" and have found business lending is currently very tough. For start up business we have found that there is virtually no money available. For existing businesses we have found that some banks may offer a lesser rate but you are likely to only get 50% of the monies required and the onus is on you the client, to find the balance. We have also found that you will be given various conditions which will lock you into a fixed period. Whilst there appear to be government schemes available, you will also be expected to match fund the amount you can loan. South Coast Moneyline will consider lending up to 100% of your requirements subject to the business plan, the affordability of the loan and how viable the business is.

SCML will also provide clients with business advice and support for the entire period of the loan. Dependant on the loan size and purpose, SCML rates start at 16% \* and an admin fee is payable upfront, but only if the loan is approved and you choose to proceed. As long as you pay the agreed monthly payment you may pay more at any time to reduce the interest, without penalty. If you know of anyone thinking of starting a business or expanding their current business and they need some financial assistance, our business loans advisor can be contacted on 02392 826180. (\* business rates from 16 to 22%)



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