

PayDay Lending

WARNING

What you need to know

Right now there are a number of payday lenders advertising that they can give you “fast cash loans”, “smart little loans” or “short term loans” within minutes. They claim that your credit history is not important and that their loans can help you out when times are tough.



iwant
payday



Discovery
Credit

payday247

myaustralia
payday.com

Max Finance
max approval, min hassle

Before you make a decision to use a payday lender it's important that you are fully aware and understand what you may be getting yourself into.

THE COST

Payday lenders often advertise that they can lend you money to go on a dream holiday, get your car fixed or even start up your own business. But the costs for a payday loan are extremely high. Maximum fees for a loan of up to \$2,000 include an **establishment fee of 20%** and a **monthly fee of 4%** of what you borrowed. On a loan to be repaid over 12 months:

If you borrow **\$250**, you could end up repaying **\$420**.

If you borrow **\$500**, you could end up repaying **\$840**.

If you borrow **\$1,000**, you could end up repaying **\$1,680**.

If you miss a repayment you may be charged a maximum of **200% of what you borrowed**, including fees for missing a repayment, fees charged per day you are in default, and even an additional debt management fee. Before you decide to borrow from a payday lender, you need to carefully consider whether you will be in a position to repay the loan and meet these large fees in such a short period of time.

YOUR CREDIT FILE

Many payday lenders claim that it's better to apply for a loan with them because the banks will list an inquiry on your credit file. However, payday lenders also have the right to list an inquiry on your credit file and just because you borrow from a payday lender does not mean that your credit file is safe.

A loan from a payday lender is treated just like any other loan. If you miss a repayment, the payday lender may list a default on your credit file which will be listed for **5 years**. And if you are made **bankrupt** because you cannot pay back the money you borrowed it may be listed on your credit file for **7 years**.

IF YOU NEED HELP

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If you are in financial distress you may want to get free advice from the National Debt Helpline on 800 007 007.

If you are currently experiencing hardship paying off a payday loan please contact the Consumer Credit Legal Service on (08) 9221 7066