

# MAIN TYPES OF BORROWING

Type	Key points	Who to contact	CHEAPEST
<b>Social Fund loan</b>	May be available if you are getting means-tested state benefits	<b>Jobcentre Plus</b> Tel 0800 055 6688 <a href="http://www.direct.gov.uk">www.direct.gov.uk</a>	
<b>Family and friends</b>	May be free, but can cause tension if you cannot repay		
<b>Bond committees and similar community schemes</b>	Usually you pay a set amount each week or month to a central fund and can borrow from the fund	Ask in your local community, for example, places of religious worship	
<b>Credit unions</b>	Community or work-based organisation – you're encouraged to build up savings before you borrow, but some let you borrow straight away	<b>Association of British Credit Unions</b> Tel 0161 832 3694 <a href="http://www.abcul.org">www.abcul.org</a>  <b>Ace Credit Union Services</b> Tel 0191 276 3737 <a href="http://www.acecus.org">www.acecus.org</a>  <b>Scottish League of Credit Unions</b> Tel 0141 774 5020 <a href="http://www.scottishcu.org">www.scottishcu.org</a>  <b>UK Credit Unions</b> Tel 01706 215082 <a href="http://www.ukcu.co.uk">www.ukcu.co.uk</a>	
<b>Life insurance loan</b>	With some types of investment-type life insurance, you may be able to borrow against the value of the policy	The insurance provider	
<b>Mortgage or secured personal loan</b>	If you don't keep up the payments, you may lose your home – watch out for fees as well as interest	To compare mortgages, call <b>0300 500 5000</b> or visit <a href="http://moneyadviceservice.org.uk/tables">moneyadviceservice.org.uk/tables</a>	

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<b>Credit card</b>	Can be a cheap way to borrow for short periods, but costly over long periods – watch out for fees as well as interest	See the money pages of newspapers, or comparison websites	
<b>Unsecured personal loan</b>	From banks and similar lenders – you don't have to borrow from your own bank – watch out for fees as well as interest	See the money pages of newspapers, or comparison websites	
<b>Community Development Finance Institution (CDFI)</b>	Lends money to individuals and businesses who may otherwise struggle to access high street banking	<b>Tel 020 7430 0222</b> <b><a href="http://www.cdfa.org.uk">www.cdfa.org.uk</a></b>	
<b>Overdraft</b>	Can be suitable for short periods. Moderate cost if you arrange it with your bank first, but costly if you don't (called an unauthorised overdraft). Watch out for fees as well as interest	Your bank	
<b>Store card</b>	Most are very expensive	Some shops	
<b>Pay-day loan</b>	Short-term loan (for one or two months) at very high cost. Don't fall into the trap of renewing these loans for longer periods.	High street money shops, websites	
<b>Door-to-door lending</b>	Convenient because you can pay in small amounts, but very expensive. It can also be difficult to work out the overall cost, and the information can be confusing	Lenders usually target you	<b>MOST EXPENSIVE</b>