

Main types of borrowing

(listed from cheapest to most expensive)

Type	Key points	Who to contact
Family and friends	May be free, but can cause tension if you can't repay.	
Bond committees and similar community schemes	These are informal local schemes. You usually need to pay a set amount into a central fund each week or month and can then borrow from the fund.	Ask in your local community – for example, in places of religious worship.
Credit unions	These are community or work-based organisations that may lend to you – you're encouraged to build up savings before you borrow, but some let you borrow straight away.	Association of British Credit Unions Tel 0161 832 3694 www.abcul.org Ace Credit Union Services Tel 0191 276 3737 www.acecus.org Scottish League of Credit Unions Tel 0141 774 5020 www.scottishcu.org UK Credit Unions Tel 01706 215 082 www.ukcu.co.uk

Type	Key points	Who to contact
Life insurance loan	Possible with some investment-type life insurance policies. The loan is secured against the value of your insurance policy, which you would lose if you failed to repay.	The insurance provider.
Mortgage or secured personal loan	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 0300 500 5000 or visit moneyadvice.service.org.uk/tables
Credit card	Can be a cheap way to borrow for short periods, but is costly over long periods – watch out for fees as well as interest.	You could use a current credit card or see the money pages of newspapers or comparison websites to choose a new one.
Unsecured personal loan	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.
Community Development Finance Institution (CDFI)	Lends money to individuals and businesses who might otherwise struggle to access high-street banking.	Tel 020 7430 0222 www.cdfa.org.uk

Type	Key points	Who to contact
Overdraft	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.
Store card	Most are very expensive.	Some shops.
Pay-day loan	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.
Door-to-door lending	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 in person or by post or phone.

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