



8 June 2019

NEWS RELEASE

Local families can now borrow up to £500 instantly with a **NEW** Child Benefit loan from Norwich Credit Union (NCU)

Previously, credit union members had to save for 3 months first before applying for a loan. But now parents and carers needing funds in a hurry can apply immediately for a maximum Child Benefit loan of £500. It allows families to pay for a big ticket item, such as a new washing machine or rent deposit, at a much lower rate of interest than other types of instant credit *[see comparison tables attached]*.

All applicants who meet the credit union's eligibility criteria must agree to have their Child Benefit paid directly into their new account. The credit union will then deduct the loan repayments. The member can choose to have any remaining balance loaded onto a convenient Allpay cash card or added to their NCU savings account.

“I would 100% recommend Norwich Credit Union’s Child Benefit loan to anyone who is struggling to find money urgently”

Charlotte Crowe needed cash to secure a flat for her family in Norwich. She was able to pay the landlord the rent deposit immediately by arranging a Child Benefit loan:

“We would have been homeless without the credit union’s help. They took a chance on me at a time when I really needed help... I have this flat now, and in a year I will have paid off my loan. I’m paying £15 off each week, and the other £5 is going into my savings account...[full story attached].”

President Jon Warne explains:

“The Child Benefit loan is an ethical way of making Child Benefit go further. We will interview everyone who applies. If successful, they must first become



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a NCU member and then authorise payment of their Child Benefit into their new account. We'll do the rest."

Norwich Credit Union's Child Benefit loan has a fixed interest rate of 3% per month (42.6% APR) on the reducing loan balance. Free life insurance is included and there are no set-up or early repayment fees.

Jon continues:

"Our experience is that often, once a member has repaid their loan, they get into the habit of saving and borrowing with the credit union. We also offer junior savings accounts for children and young people up to the age of 18."

Norwich Credit Union has introduced the instant Child Benefit loan as part of an ongoing drive to increase membership and expand its range of services. The credit union's Allpay cash cards can be used widely in shops, at ATMs and for online shopping and services.

Child Benefit loan benefits – at a glance

- Borrow up to £500
- Fixed loan interest rate – 3% per month on the reducing balance (42.6% APR)
- Repayments made straight from Child Benefit
- The quicker the member repays, the less interest they pay
- No hidden fees, charges or repayment penalties
- Free life insurance (terms and conditions apply)
- Encourages a savings habit

-ENDS-



Notes for editors

Child Benefit rates:

Who the allowance is for	Rate (weekly)
Eldest or only child	£20.70
Additional children	£13.70 per child

Child Benefit is usually paid every 4 weeks on a Monday or Tuesday. You can have the money paid weekly if you're a single parent or getting certain other benefits, such as Income Support. You can only get the money paid into one account.

Source: Gov.uk

Norwich Credit Union was established in 1989. Since then it has lent more than £1.5 million to members and now has more than 1,000 members. Membership costs £1 (plus a £1 annual admin fee thereafter) and offers anyone living or working in a Norfolk area postcode access to FCFS-protected savings and affordable loans. The standard interest rate is 1.5% per month or 19.6% APR.

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Sample repayment schedule - £500 Child Benefit loan

Child Benefit paid	Repayment	Term	Interest	APR	Total payable
Weekly	£12.00 per week	50 weeks	£91.95	42.6%	£591.95
4-weekly	£50.00 per 4-weekly	12 x 4-weekly installments	£93.58	42.6%	£593.58

£500 Child Benefit loan, compared to other lenders

Lender	Pay weekly	Weeks	APR	Total payable	Life insurance include	Option to save & borrow
Norwich Credit Union	£12	50	42.6%	£591.95	Yes	Yes
Brighthouse	£14.51	52	69.9%	£754.52	No	No
Provident	£18	52	299.3%	£936.00	No	No

Figures correct at May 2019

Child Benefit Loan - terms and conditions

1. To apply for an instant Child Benefit loan, applicants MUST attend an interview to check they can afford to repay the loan. If successful, they need to join Norwich Credit Union (see eligibility criteria below) and organise to have their Child Benefit paid directly into their credit union account.
2. Membership costs £1 and is open to any individual receiving Child Benefit who lives, works or studies anywhere within the county of Norfolk or in an NR postcode area. This covers the postal areas NR1 to NR35, PE14, PE30-PE38, IP20-IP22 and IP24-IP27.
3. Members can apply for the Child Benefit loan on the same day they join – subject to affordability checks and by appointment only – see above.
4. To be eligible, members MUST telephone the DWP (0300 200 3100) from Norwich Credit Union office and authorise payment of their Child Benefit into their credit union account.
5. As soon as the member's first Child Benefit loan payment has been received, the remaining Child Benefit will be loaded on to an Allpay cash card and available for withdrawal. Alternatively, the member can choose to have some or all of the balance transferred into their credit union savings account.
6. Norwich Credit Union will charge a fixed loan interest rate of 3% per month (42.6% APR) on the Child Benefit loan.
7. The maximum loan repayment term is 12 months.
8. Members who default on their Child Benefit loan will be subject to Norwich Credit Union's debt recovery procedures, as outlined in our policy manual (https://www.norwichcreditunion.org.uk/NCU_Policy_Manual.pdf) – available on our website.