

Title:

Helpful Hints On Personal Loans

Word Count:

546

Summary:

Are you thinking of taking out a personal loan! If the answer is yes then you have to ask yourself some questions first. This will make sure that the loan you choose is the right one to suit your needs.

Keywords:

Loan, APR, interest, rate, repayments, credit, lender, penalties, borrow, rating

Article Body:

Are you thinking of taking out a personal loan! If the answer is yes then you have to ask yourself some questions first. This will make sure that the loan you choose is the right one to suit your needs.

Below are some of the most common questions you should be asking.

Do I really need a personal loan?

You have to ask yourself if the purchase you are about to buy is necessarily, as you may have this debt for a year or two.

Can I afford to takeout a personal loan?

This is properly the most important question you will have to ask yourself, debt advisers says that a non- mortgage monthly repayment debt should not be anymore than 5% of your net income. This is the total you walkout with after tax, say you take home £2000 a month then the most you should be paying back is about a £100 a month.

How much should I borrow?

Most lenders offer a cheaper APR on a larger loan; each lender has their different levels of interest rates and will change them with accordance to how much you borrow. Sometimes it's best to up your loan just a small bit to get the best interest rate.

For example maybe you only want a loan of £4.500 your APR maybe 10.5% but if you go for a £5,000 loan the APR drops to 9.6%. So over all you may end up saving by taking out a bit more just something to watch out for.

Where do I go for a personal loan?

Most people think of the bank first nothing wrong with that, but know there are so many places to look. Everywhere you turn you see adverts for loans including the newspapers, TV, mail, supermarkets and the Internet. The competition at the moment from the lenders is great; they all want your business so there are some great deals on offer. You just have to look for them take your time and you are sure to get the best deal around

Will I be covered if I become ill or unemployed?

Most lenders will have PPI (payment protection Insurance) please check the policy carefully and ask questions. As not all these policies will cover you and they can be expensive, sometime it's best to shop around for a different policy.

Can I pay my loan off early?

Yes you can and unbelievably 60% of people do, again check with your lender as some add on penalties for paying off your loan early. Some lenders charge two or three months interest unbelievable but true.

What happens if I get turned down for a loan?

First check why is it because your credit rating is poor or is it because you're asking for too much money. If your income is low you may be asking for too much, if this is the case reduce your request. If it's poor credit rating check out why and try and sort that out first, before you reapply

Hopefully these answers will help you, just remember workout what you need the loan for first, then make sure you can afford to make the repayments. Take your time when looking for your personal loan, as there are some great deals out there at the moment.