



Thinking of applying for a loan?

OUR guide to making a successful Application

Where does the money come from?

The Lincolnshire Credit Union differs from other financial organisations, and so our criteria for approving loan request also differs.

We use a proportion of our savers money as a 'loan pool' - money that is available to lend to other members. The small amount of interest made on these loans covers the costs of administering our members accounts. Any profits made are returned to our members via a dividend paid once a year.

As we lend our members money, we need to be sure that we keep the risk of the loan not being repaid to an absolute minimum. As we are not-for-profit we cannot mitigate this risk by charging fees or high interest rates.

Any failure to repay a loan results in a lower dividend to other members, reduction in the 'loan pool' available and ultimately could prevent us being able to provide safe savings and affordable loan products.

How are loans approved?

At the Credit Union we have designated Loans Officers which approve or decline all loans. All loans are approved using the members ability to prove a capacity to repay. This simply means that if we feel that the applicant has been honest, that the finances look stable and can demonstrate that they are able to repay the loan - we will approve the loan irrespective of previous financial history and employment status.

We provide loans of between £100 and £3000, over a period of up to three years. The interest paid on the loans is between 1% and 2% per month (12.68% - 25.7% APR) on a reducing balance. Access to these loans is purely based on capacity to repay basis.

Failure to repay a Credit Union loan may appear on your credit file and reduce your chances of gaining further financial services. We will pursue all bad debts through the courts process resulting in CCJs and ultimately a warrant of execution (bailiffs). Make sure that you are comfortable with the loan repayments before making a loan application.

How can members improve their chance of approval?

Give us the information we need. Make sure that you submit all of the information requested on the Loan Application form. Provide further evidence of income and expenditure if needed. Ensure that your income and expenditure figures are accurate and include everything - we will match these to your bank statements.

Always be honest. All loan applications are subject to a credit file check. If there are CCJs and Defaults on your credit record, make sure that you declare these on your paperwork. If you claim that you do not have a CCJ, and we find one on your record - it will reduce your chances of being successful. A poor credit history itself will not harm your loan application.

Only apply for the money you really need. Sometimes it's tempting to ask for a larger loan than is required, with a view of asking for a smaller amount if not accepted. If we decline a loan application, we will not make an offer to loan a lesser amount and further loan applications are unlikely to be successful.

Pay off existing creditors. If you already pay existing creditors and have a good repayment history, we are able to clear an existing loan directly out of your loan money. The creditor repayment can then be used against your income to help prove a capacity to repay.

Talk to us. Whilst the entire loan application process is undertaken using paperwork, if you feel there are special circumstances to take into account, you can submit a letter with your application explaining your situation. We may take your comments into account, and may request that you have an interview with a loans officer if further clarification is needed.

What if I am declined?

You have the right to appeal any decline decision made by a loans officer. Simply write to us stating your complaint and another loans officer will review your application. Further supporting evidence cannot be entered at this stage which is why it is essential that you submit everything with your application form.

If you are unable to prove a capacity to repay a loan, why not save the loan repayment amount with the Credit Union? This builds up a history with us, and this can be used as evidence for your next loan application.