

# A review of personal loans commerce essay



**ASSIGN  
BUSTER**

If you already have a personal loan, the chances are that it is costing you more than it should. Even though there are a number of great opportunities to make your money work harder, most people don't bother changing their loan and stick with a loan rate that doesn't reflect the best deal.

By using our search tool to compare loans, you can compare offers available from loan providers in the UK including both personal loans and homeowner loans.

A loan is an amount of money you borrow from your bank or any financial institution, usually over a fixed period of time, which is repaid at regular intervals. Interest is charged and added to the original loan amount, and other charges, such as an Administration Fee, may apply to the loan as well.

Generally, there are 2 types of loans secured and unsecured loan. Secured loans are secured against the mortgaged property. Secured loans usually ranges from £3, 000 to £50, 000, although some lenders will consider lending up to £100, 000. The amount borrowed is repaid monthly over a term agreed at the outset, ranging

between three and 25 years. Unsecured loans can be taken out without offering the lender any security. Unsecured personal loans are available for a range of different amounts and repayment terms. Larger loans such as those for over £10, 000 can usually be taken over longer terms, for example between seven and 10 years, and the maximum you can borrow is about £25, 000.

Payday loans are short-term borrowing solutions aimed at those facing an immediate financial difficulty. If you find yourself short of cash towards the end of the month, you can apply for a same-day payday loan, usually lasting for 31 days and are generally available for amounts between £100 and £1,000. The interest rates on payday loans are much higher than those on most other types of borrowing.

The most common personal loans are fixed, which means repayments are set at a certain amount over a set period of time. Variable loans are also available, although this means that your interest rate is dependent on the bank base rate and could fluctuate.

When choosing a loan you should pay careful attention to the APR, the Annual Percentage Rate, this is important because it tells you how much you are paying back.

## **Secured loans**

Secured loans are secured against the mortgaged property. Secured loans usually ranges from £3,000 to £50,000, although some lenders will consider lending up to £100,000. The amount borrowed is repaid monthly over a term agreed at the outset, ranging between three and 25 years. Unsecured loans can be taken out without offering the lender any security.

## **Payday Loans**

Payday loans are short-term borrowing solutions aimed at those facing an immediate financial difficulty. If you find yourself short of cash towards the end of the month, you can apply for a same-day payday loan, usually lasting for 31 days and are generally available for amounts between £100 and £1,

<https://assignbuster.com/a-review-of-personal-loans-commerce-essay/>

000. The interest rates on payday loans are much higher than those on most other types of borrowing.

Payday loans are intended only as a short term arrangement. As with an overdraft, payday loans should not be seen as a long term solution.

## **Mortgages**

A mortgage is a large loan secured against your home, usually for a standard term of 25 years. Remember that a mortgage is a secured loan, which means that the lender could take your home away if you do not keep up with payments.

There are two main ways you can repay your home loan, either through a Repayment scheme or an Interest Only scheme.

Repayment: This means that you pay back the capital and the interest of your mortgage on a monthly basis.

Interest Only: This means you pay off the interest on your mortgage, but not the actual lump sum or capital you owe.

## **What is Remortgaging?**

This is the process by which a mortgage on a property is moved from one lender to another. The new mortgage is used to repay the existing lender and at the same time additional funds may be raised for other purposes. Remortgaging has become an increasingly popular way to take advantage of the competitive deals offered by lenders to attract new business. If a remortgage is being considered then careful attention should be paid to the costs associated with arranging the re-mortgage as well as the savings to be

<https://assignbuster.com/a-review-of-personal-loans-commerce-essay/>

made on the monthly repayment (the costs can sometimes erode any savings to be made). A check should also be made with the existing lender to ensure that there are no early redemption charges.

### **Credit Cards:**

If you already have a credit card with an outstanding balance, the chances are that it is costing you more than it should. Even though there are a number of great opportunities to make your money work harder, most people don't bother changing their credit card and stick with a credit card that doesn't reflect the best deal.

By using our search tools to compare credit cards, you can compare the best offers available from all credit card providers in the UK including the leading 0% balance transfer credit cards and 0% purchase credit cards.

Credit Cards offer an easy and flexible way of borrowing for our everyday needs and pay it back in monthly payments. Credit cards offer a safe and convenient way to pay for goods and services both in the UK and abroad, particularly if you are purchasing over the internet, phone or by mail order. Credit Cards can be very handy when you are visiting another country, but it could cost you. The exchange rate used by Credit Card companies for transactions overseas will probably range from 0% to 2.75% above the standard exchange rate.

Cash back credit cards pay you a percentage rebate on the money you spend on the card. Cash back credit cards are most profitable if you pay your card balance in full every month. If you intend to keep a balance on your card, you might prefer instead to find one that offers a low interest rate.

<https://assignbuster.com/a-review-of-personal-loans-commerce-essay/>

Most cash backs are calculated in the region of 0.50% to 1.00% of card spend.

A prepaid card looks like a credit or debit card, and gives users the ability to purchase products and services with a card but with a crucial difference - you can only spend the balance that has been preloaded onto the card. This means there is no risk of running into debt as it has no credit or overdraft facility. Money can be loaded on to a prepaid card by cash at a bank, Post Office, at Payzone or PayPoint terminals, bank transfer, through your employer or even by another credit card.

## **Car Insurance**

Insurance is now available for nearly anything, covering the most important - and probably the most expensive - possessions in your and your family's lives: your home and its contents, your vehicle and your holiday.

Depending on what you're insuring, policies and premiums will differ greatly - some will be short-term and cover only emergencies, while others like motor or house and contents insurance will be more long-term in nature and will likely adapt to your changing circumstances during the term of your policy.

Car insurance is a legal requirement because cars have the capacity to seriously damage property or injure people and you need to be insured to pay for any accidents you cause.

There are three common types of car insurance and each offers a varying level of cover. They are: third party, third party: fire and theft, and comprehensive.

Third party insurance covers the minimum required by law. It pays compensation to anyone else who was injured or had their car and property damaged.

Third party: fire and theft insurance offers all of the protection that a standard third party policy does but also pays out compensation for damage done to your car by fire or theft.

Comprehensive insurance offers the same level of protection as fire and theft but also protects you against accidental damage. Comprehensive cover usually covers personal belonging in the car as well.

## **Home Insurance**

Insurance is now available for nearly anything, covering the most important – and probably the most expensive – possessions in your and your family's lives: your home and its contents, your vehicle and your holiday.

Depending on what you're insuring, policies and premiums will differ greatly – some will be short-term and cover only emergencies, while others like motor or house and contents insurance will be more long-term in nature and will likely adapt to your changing circumstances during the term of your policy.

Home insurance are of 2 main types: buildings insurance & contents insurance. Buildings insurance are those policies that cover the actual  
<https://assignbuster.com/a-review-of-personal-loans-commerce-essay/>

building you live in & Contents Insurance are those policies that cover the contents of your property. You can buy a single policy that covers you for both, but treat them as two separate policies.

It is very important for you to let your insurers know the complete details of your property, even if the policy ends up costing you more. It is important for you to have a policy that meets all your requirements while taking on your home insurance including fire, burglary, frozen pipes, extensions, storms, floods, etc.,

### **Bike Insurance :**

Insurance is now available for nearly anything, covering the most important – and probably the most expensive – possessions in your and your family's lives: your home and its contents, your vehicle and your holiday.

Depending on what you're insuring, policies and premiums will differ greatly – some will be short-term and cover only emergencies, while others like motor or house and contents insurance will be more long-term in nature and will likely adapt to your changing circumstances during the term of your policy.

Bike theft is one of the most common type of vehicle theft and as such it is a wise investment to insure your bike. However bike insurance does not just cover you against theft, it also covers any damages that an accident (or delinquency) may cause to your bike or to yourself.

Insurance companies tend to offer three main types of cover for your bike.



- 1) Third Party Only Bike Insurance - This is the most basic level of motorcycle insurance cover available and covers you for third party death, third party injury and third party property damage.
- 2) Third Party Fire and Theft Bike Insurance - This cover covers all of the above plus fire and theft cover and miscellaneous damage to your bike/motorcycle (subject to policy conditions).
- 3) Comprehensive Bike Insurance - This insurance covers both of the above plus accidental damage to your bike/motorcycle.

## **Travel Insurance**

Insurance is now available for nearly anything, covering the most important - and probably the most expensive - possessions in your and your family's lives: your home and its contents, your vehicle and your holiday.

Depending on what you're insuring, policies and premiums will differ greatly - some will be short-term and cover only emergencies, while others like motor or house and contents insurance will be more long-term in nature and will likely adapt to your changing circumstances during the term of your policy.

Home insurance are of 2 main types: buildings insurance & contents insurance. Buildings insurance are those policies that cover the actual building you live in & Contents Insurance are those policies that cover the contents of your property. You can buy a single policy that covers you for both, but treat them as two separate policies.

It is very important for you to let your insurers know the complete details of your property, even if the policy ends up costing you more. It is important for you to have a policy that meets all your requirements while taking on your home insurance including fire, burglary, frozen pipes, extensions, storms, floods, etc.,

## **Life Insurance**

Insurance is now available for nearly anything, covering the most important - and probably the most expensive - possessions in your and your family's lives: your home and its contents, your vehicle and your holiday.

Depending on what you're insuring, policies and premiums will differ greatly - some will be short-term and cover only emergencies, while others like motor or house and contents insurance will be more long-term in nature and will likely adapt to your changing circumstances during the term of your policy.

A life insurance policy is a long-term commitment. Life assurance is a policy provided by an insurance company that pays your family either a lump sum or a series of smaller sums in the event of your death.

There are several types of life insurance:

Level term insurance - designed to pay out a sum of money if the policyholder should die during the policy's term. The sum assured is guaranteed and remains unchanged throughout the term.

Decreasing term life insurance i. e. mortgage protection cover - where the sum decreases during the policy. It is regularly used to protect capital and interest repayments on a mortgage.

Renewable term insurance - On the expiry date there is an option to continue without a health review.

Convertible term insurance - Level term insurance with the option to revert to whole life or endowment insurance.

Increasing term insurance - Due to inflation the value of money declines each year. Consequently, this form of insurance combats that with an escalating sum assured.

Index linked term insurance - Some insurers provide the option for the premium to be increased each year in relation to the Retail Price Index.

### Income Protection

Income protection insurance is taken out against the payment of a debt - ie it promises to cover your repayments (whether it is a loan or credit card debt) in the event that you lose your income due to unemployment, illness or an accident.

### Accident, Sickness and Unemployment

You can be covered for accidents, sickness or involuntary unemployment. This cover does generally have exclusions for sickness and unemployment. Exclusions for accident and sickness can include: Any existing physical or medical condition of which you were aware on the date of signing the <https://assignbuster.com/a-review-of-personal-loans-commerce-essay/>

application form. Any disablement for which you had received treatment or advice during the 12 months immediately preceding the start date of insurance. Any disablement for which medical evidence has not been provided by a registered medical practitioner. Exclusions for unemployment can include: Unemployment resulting from industrial action, misconduct, voluntary unemployment or redundancy, and resignation. Unemployment which you were already aware of when signing the application form. If you are not registered as unemployed or not seeking alternative employment. Any unemployment which is a normal incident or seasonal occurrence in your occupation.

#### Accident & Sickness

You can choose to be covered incase you have an accident or become ill and you are unable to work. You should remember that policies will exclude cover for the following: Any existing physical or medical condition of which you were aware on the date of signing the application form. Any disablement for which you had received treatment or advice during the 12 months immediately preceding the start date of insurance. Any disablement for which medical evidence has not been provided by a registered medical practitioner.

#### Unemployment Only

You can choose to be covered in case you become unemployed. This cover is generally only available if you have been employed/self employed continuously for a set time period. Exclusions can include, unemployment: Resulting from industrial action, misconduct, voluntary unemployment or <https://assignbuster.com/a-review-of-personal-loans-commerce-essay/>

redundancy, resignation. Which you were already aware of when signing the application form. If you are not registered as unemployed or not seeking alternative employment. Which is a normal incident or seasonal occurrence in your occupation.