

TERM	DESCRIPTION
Agreed overdraft	An amount you can borrow from your bank beyond your available balance without having to apply for a loan each time you borrow.
APR	Annual Percentage rate. This tells you the cost of a loan, taking into account the interest you pay, any other charges, and when the payments are due.
Cash advances	This is when you withdraw money from your credit card, borrowed against your credit limit. You can use an ATM or get the cash transferred into your current account. This can be an expensive way to get cash because you might be charged a transaction fee and interest.
Conditional sale	The goods don't belong to you until you've paid the final instalment and the lender may be able to repossess (take back) the goods if you fall behind with payments.
Continuous Payment Authority	Also called recurring payments. It's when you give a company the long number on your credit or debit card, rather than your account number or sort code. It can be used instead of a Direct Debit or standing order. The company can take payments they like and change the amount without your permission
Cooling off period	When you take out a loan or get credit for goods or services, you enter into a credit agreement. You have the right to cancel a credit agreement if it's covered by the Consumer Credit Act 1974. You're allowed to cancel within 14 days
Credit licensing	It is against the law for someone to offer credit without having a credit licence. People that do operate without a licence are known as loan sharks.
Credit reference agency	Holds credit account information so that it can be shared with other lenders when a credit reference check is made on you. It can only be accessed by those lenders who provide the information and who are members of the credit reference agency's credit account sharing scheme.
Credit Sale	Under a credit sale agreement you buy the goods at the cash price. You usually have to pay interest, but some suppliers offer interest-free credit. Repayment is made by instalments until you have paid the whole amount. You're the legal owner of the goods as soon as the contract is made and the goods can't be returned if you change your mind.
Credit Union	A not for profit co-operative organisation offering its members saving, borrowing and sometimes banking facilities.
Default notice	An official notice that a creditor must send you before legal proceedings can take place if you haven't paid debts covered by the Consumer Credit Act 1974
Direct Debit	This is an instruction to your bank or building society that allows an organisation to collect payments from your account. The amount can be changed by the bank at the request of the organisation
Doorstep Loans	Where you borrow money and the lender calls at your home to collect the repayments. The loans are usually for smaller amounts, and you will be charged a high rate of interest for borrowing in this way.
Equity release schemes	A form of borrowing where a loan is provided based on raising money from the value of your home. You do not have to move out and the loan is commonly paid back once you pass away or move permanently into a care home.
Financial Conduct Authority (FCA)	An agency which regulates providers in the financial service industry and provides protection for consumers.
Fixed interest rate	This means the interest rate won't change during a set period.
Interest	The cost of borrowing money through a loan or credit agreement.
Guarantor	Someone who agrees to pay a debt in the event that the original borrower does not pay.

Hire purchase	You hire the goods and then pay an agreed amount by instalments. While you are still making payments, you aren't allowed to sell or dispose of the goods without the lender's permission
Loan Sharks	Money lenders not authorised by the FCA – they are breaking the law
Mail-order catalogues	Offers a way of buying goods by post, with payments being spread over a number of weekly instalments.
Pawnbrokers	Someone who lends money according to the value of goods you leave with them (pledge). The pawnbroker must keep the goods for at least six months but you can get them back at any time by paying off the loan plus interest.
Payday loan	Short-term loans for small amounts of money. They are available from high street shops and internet sites. They can be easy to get but interest rates are very high.
Personal loans	Borrowing a fixed amount, repayable by set monthly instalments over an agreed period of time, called the term of the loan. You'll usually be charged a fixed rate of interest and sometimes extra fees, especially if the loan is secured (see secured loan below). Interest on your loan may be fixed or variable.
Payment protection insurance (PPI)	When you take out a loan, credit card or store card, you're often asked to take out an insurance policy at the same time. This is meant to cover the loan or card repayments if you can't afford them yourself because of illness or unemployment or because you have an accident or become disabled.
Secured loan	Normally your house is used as security although it's possible to use other assets such as an insurance policy. The security offered may be at risk if you don't keep up with repayments on a secured loan.
Store card	Plastic card issued by a shop that lets you buy goods at that store (or range of stores) on credit. You must either pay the full amount or a minimum amount back each month.
Tracker interest rate	This interest rate follows a fixed economic indicator, which is usually the Bank of England's official borrowing rate, or 'base rate'. Your repayments will go up or down if the base rate goes up or down. Some lenders offer tracker mortgages
Unauthorised overdraft	If you go overdrawn without agreeing this with the bank first, could affect your credit rating, the bank will refuse any further payments made on your account.
Variable interest rate	The interest rate may go up or go down