

SAFETY COUNTS

CASHFLOAT'S GUIDE TO ONLINE LOANS SAFETY

Cashfloat Educational Channel



Guide Disclaimer

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Because the information in this guide is based on our writers' personal opinions and experience, it should not be considered professional financial advice. The ideas and strategies included here should never be used without first assessing your own personal and financial situation, or without consulting a professional financial advisor.

THIRTEEN WAYS TO STAY SAFE WHEN OBTAINING PAYDAY LOANS

You walk through the front door of your home following a stressful day at work. Just as relief sets in, you suddenly remember that you have no food in the fridge. Not even a microwave meal! You pause at the door, then make a U-turn and head to the chain of restaurants a block away. The first eat-out is dirty and unkempt. The waiters are grumpy and frumpy, and the food doesn't seem fresh – you make a run for the door. The next place you try is neat, clean; the service is cheerful and friendly, and the food seems fresh. You may not be confident that dinner will be tasty, but at least there's a better chance of avoiding food poisoning.

When you take out a loan, you need to employ the same logic of following your gut feeling as you would when trying to find a safe place to dine. In fact, since you are entering a binding agreement with the lending institution, it is extremely important to make sure that the company you are using is a secure, responsible and reliable lender who will not leave you feeling queasy. Although you can never be entirely sure, here is a short guide on how to sniff out a fishy loan provider.

1 SERIOUS-LOOKING WEBSITE

The website badly designed and hard to use? Keeping in mind that the lending business is a serious one. You should expect the website to look more like your bank's website than that of an amusement park. Although some authentic companies may have sloppily-designed websites, that may be a sign that their business practices are sloppy too. Is this really the type of company you want to entrust your personal details to?

2 SECURE CONNECTION

It's child's play for a hacker to see what you are doing online when there is no secure connection. If you are doing financial transactions over an insecure connection, you may as well be standing in Hyde Park yelling out your card details to anyone who walks past. How can you tell if a connection to a website is secure? Look up – next to the URL, to see if you find a padlock. Companies pay to get this sign. It means that they have been checked out first to make sure they're real and will take good care of your details. If you see a padlock next to the URL, you can relax.



3 REAL ADDRESS AND LICENSE

Does the company have a real address, with offices and real people working for them? Or is it some virtual, anonymous company? If a company does not have a real address somewhere on their website, be wary.

It is also very important to always check that the license mentioned on the website is valid and belongs to the company. Many scams use licenses that actually belong to other people or companies and hope that no one will check. To check if a lender has FCA authorisation, make sure that the authorisation number on the footer of their website is clickable and leads you to the FCA's website. If the link is not clickable or is a picture, *stay away from that 'lender'*.

4 CONTACTABLE OR ANONYMOUS?

Again, check out who the people behind the company are. Do they have a phone number and/or email address, and are they happy to communicate with you? Or are they hiding behind their website? When dealing with your finances, you want to make sure that you are very clear who is on the other side of the agreement.

5 LACK OF INFORMATION

There's been plenty in the news about payday lenders charging exorbitant fees and interest rates that customers didn't know about before. Before deciding to use a short term loan company, make sure that they give clear and specific information about *everything*, including how much you'll have to pay, when, what happens if you pay early and what charges and interests apply if you can't pay.

If you see vague references to 'a small fee' or some other charges 'that sometimes apply', stay far away. You only want to deal with companies who are clear and upfront about their costs.



6 COMPLICATED LANGUAGE

A good, reputable company cares for their customers. They want you to understand what happens when you sign up for a loan, and want to rule out any possible misunderstandings. If the information is written in a long and complicated fashion and is full of jargon, I would think they've got all sorts of hidden costs and T&Cs up their sleeves. Try to give them a call and see if they answer your questions to your full satisfaction.

7 ILLOGICAL PROPOSALS

"If it seems too good to be true, it probably is" – there is a good reason this saying is famous. If a deal seems too wonderful, either there's a catch in the small print or they're just completely illegal, and don't bother warning you that they're about to empty your bank account.

A good example of an illogical proposal is if a lender guarantees that you will be approved. No FCA-authorized lender can make such a promise. If you are told that you will be approved unconditionally or with no credit check, it's time to make a hasty exit.

8 GOOGLE

Google is a very useful tool when you're checking for scams. For example, let's say you've found a company called NeedSomeCash (as of now, no such company exists). Everything looks fine but you want to be sure. Type into Google: "NeedSomeCash problems" and repeat with a few other keywords, such as 'scam' or 'terrible'. If nothing negative comes up, you're ok. Remember though, there'll always be one or two customers who have had bad experiences and want to tell the world, but you will get this even with the best companies. It's if you have a whole list of people complaining that you need to beware – do you want to become one of those people?

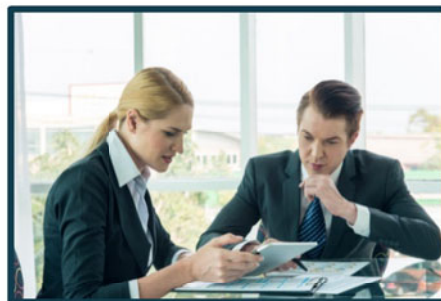
9 CARD SAFETY

Whenever you use your card online, or over the phone, you will NEVER be asked for your PIN – if it's an authentic company, that is. Even your bank will never ask you for it. If anyone ever asks you for it, be very suspicious and do NOT give it to them. If you do, they will have all the information they need to empty your bank account within the next few minutes. Not nice. And by the way, if your PIN is 1234, or your birthday, go and change it right now. You want your PIN to be as secure as possible.

10 DIRECT LENDERS VS. BROKERS

Can you tell at a glance if the website is a direct lender or a broker? If not, stay far away! It is a scam or misuse of market power, even if the page appears first for the search term 'Payday loans' on Google.

A direct lender is the one who lends you the money. You deal with one company only. You apply on their website, they process your application, they deposit the money into your bank and you pay them back. Nice and simple. When you apply through a



broker, they sell your application to payday lenders for a fee, often sending it off to more than one lender to get back a quick positive response. Personally, I wouldn't want my personal details paraded around the internet... but the choice is yours. Just beware – some brokers charge up to £70 for their services, often taking the money directly from your account. When you're desperate for some quick cash, this doesn't seem fair. We therefore strongly recommend working with direct payday lenders only, and not applying for a loan through any intermediaries. When taking loans from a direct lender, you know exactly who you are dealing with.

11 SPAM EMAIL

We all get plenty of these. They're generally easily recognisable – but not always! It could seem like it's an email from your bank, or from a company you've just used. There are various techniques that spammers use. They could be offering you a good deal, or telling you that you need to put in more details to avoid a fine. You will get a link to what you think is the authentic website, but in reality, it is a copy of it. You put in your details which are then used to take your money. Or, you could be told to make a payment, but the money goes to them and not to the company you are trying to pay. There's a simple way to avoid this – rather than click on the link, just go straight to the website yourself.

Another important thing to be aware of is that legitimate lenders are unlikely to approach you to offer you a loan. Therefore, make sure to only interact with lenders who you applied with. Don't forget that if you have applied through a broker, you may be contacted by companies who you did not apply directly with, but who you consented to share your details with. The best thing to do would be to check their website and FCA authorisation.

12 MONEY, MONEY, MONEY

If you're applying for a loan, you are obviously the one who needs the money. That's why alarm bells should ring if an alleged lender asks you for an upfront fee or a deposit for their service. If this happens, be sure to sever all contact immediately and report it to the police. Although there's not much the police can do, at least

you can be confident that you have done your part, and that you and your money are safe.

13 HELLO?

A recent security threat that has been identified in the UK is cold-calling, or lenders calling customers to offer them loans. As detailed in #11, if a lender approaches you with a loan offer, that is already a bad sign. More often than not, the call will be a convincing scam attempt. The first thing to remember is to never give out your personal information on a payday loan offer phone call. Secondly, if you really think the offer is legitimate, apply through the company's website – but not before going through all the previous steps mentioned to verify that this is a genuine lender.

CASHFLOAT AND YOUR SECURITY

When looking for a payday loan online, make sure to go through all of the above steps first. Ask yourself the following questions.

- 1 No phone numbers on the website?
- 2 No clear indication if the website is for a broker or direct lender?
- 3 No clickable FCA authorisation number?
- 4 No clear information on which company is behind the website?
- 5 No genuine user reviews?

If the answer to one of these questions is YES, you should say NO and apply with a trustworthy lender:

Our Mission

Online loans are a great invention, but you should always check to ensure that your safety and interests are a priority for the lender. With Cashfloat, you can be sure that:

- We will NEVER charge an application fee.
- We will NEVER call people to offer loans.
- We will NEVER promise "guaranteed" approval
- We will NEVER share your details without direct consent from you.

WE will ALWAYS be there for you when you need us.

The Cashfloat team goes to great lengths to put together helpful guides and articles to ensure that you are always informed and aware. As always, we recommend that you check for any cheaper alternatives that may be available to you.

We really hope that this guide has been helpful. We look forward to helping you enjoy a safer payday loan experience with Cashfloat.