



# Personal loans cost survey

Shopping around for your personal loan is well worth it. There are plenty of providers out there and a range of interest rates are covered by the survey including sample credit union rates. We have also included some information for you on what to do if you are offered payment protection insurance when you are applying for a loan.

## Payment Protection Insurance (PPI) - what is it?

It is an insurance policy that may cover some of your repayments if you are made redundant or become ill and cannot work. Most policies will also clear your loan if you die or suffer a specific serious illness. It is sold by lenders who earn a commission from an insurance company.

Some loan quotations automatically include payment protection insurance. You should find out the cost of the loan without the insurance and the cost of the insurance separately.

Below are questions you should ask yourself and your lender.

### Ask your lender:

- Do I have to buy this insurance if I want the loan?
- What is the total cost including interest over the full loan term?
- What benefits are included in the policy?
- What are the restrictions on making a claim?
- If I have a claim for redundancy how many of my repayments will be covered?

- What is the rate of claims in the past year and how many were successful?
- How much are you earning in commission on my policy?
- Could I have the above information in writing before I make a decision?

### Ask yourself:

- Do I really need this cover on a short-term loan for the amount that I am borrowing?
- How likely is it that I could be made redundant before I pay off the loan?
- If I already have life / serious illness insurance, do I need this?
- Will my employer sick scheme cover me if I cannot work due to illness?
- Does my age and state of health make it unlikely that I will have a claim before I pay off the loan?

### Refunds:

If you are already paying for payment protection insurance and you repay your loan early you may be entitled to a refund of some of the premium.

## What to look for when shopping around for a Personal loan:

### ■ Total cost of credit

This is the difference between the amount you borrow and the total amount you will have to repay to your lender. It is a good way of comparing different loans and helps you see the extra costs you pay on longer term loans. To calculate the cost of credit, multiply

your monthly or weekly repayments by the number of repayments and add any other fees you have to pay. Then subtract the amount of your original loan from this figure.

### ■ APR (Annual Percentage Rate)

Use this to compare loans of the same amount and the same term. The APR is the rate of interest you will pay taking into account all the costs involved over the term of the loan.

### ■ Fees and charges

Check out the fees and charges you may have to pay, for example, is there a set up fee or an early repayment fee? You should also ask what fees apply if you miss a payment.

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Financial Institution		ACC Bank <sup>1</sup>	AIB	Bank of Ireland		Citi Financial <sup>3</sup>	EBS		First Active		GE Money	Hibernian	National Irish Bank	One Direct	Permanent TSB	Simply Mortgages	Tesco Personal Finance	Ulster Bank		
Term and amount of loan:		Variable	Variable	Variable	Fixed	Variable	Variable	Members	Variable	Fixed	Variable	Variable	Fixed	Variable	Variable	Variable	Fixed	Variable	Fixed	Fixed (UFirst Customer)
<b>Loan 1</b>	APR %		9.79%	10.90% <sup>2</sup>	10.90% <sup>2</sup>	34.00%	9.90%	7.45%	8.45%	8.75%	8.99% <sup>4</sup>	7.75%	12.40%	9.99% <sup>5</sup>	11.10%	9.90%	11.80%	12.20%	13.70%	12.50%
<b>€3,500 over 1 year</b>	Monthly repayments		€306.66	€308.40	€308.37	€340.62	€306.86	€303.18	€304.39	€304.79	€305.50	€297.42	€310.62	€300.72	€308.68	€306.86	€309.74	€307.13	€309.30	€307.66
(12 monthly repayments)	Set up/arrangement fee		NIL	NIL	NIL	NIL	Nil	Nil	NIL	NIL	NIL	€72.00	NIL	€72.00	NIL	NIL	NIL	€35.00	€35.00	€35.00
	Total cost of credit		€179.92	€200.80	€200.44	€587.44	€182.32	€138.16	€156.23	€157.50	€166.00	€141.04	€227.50	€180.64	€204.16	€182.32	€216.90	€220.56	€246.53	€227.02
<b>Loan 2</b>	APR %		9.79%	10.50% <sup>2</sup>	10.90% <sup>2</sup>	26.00%	9.90%	7.45%	8.45%	8.75%	8.99% <sup>4</sup>	7.75%	8.90%	9.99% <sup>5</sup>	9.80%	9.90%	8.90%	10.90%	10.40%	9.30%
<b>€7,000 over 3 years</b>	Monthly repayments		€223.81	€226.09	€227.22	€272.19	€224.16	€216.80	€219.81	€220.69	€221.43	€215.48	€221.27	€222.14	€223.90	€224.17	€221.14	€224.76	€223.55	€220.31
(36 monthly repayments)	Set up/arrangement fee		NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	€72.00	NIL	€72.00	NIL	NIL	NIL	€70.00	€63.49	€63.49
	Total cost of credit		€1,057.16	€1,139.24	€1,179.92	€2,798.84	€1,069.76	€804.80	€913.05	€944.95	€971.48	€829.22	€966.00	€1,069.40	€1,060.40	€1,070.12	€960.17	€1,161.36	€1,111.74	€994.67
<b>Loan 3</b>	APR %	9.84%	9.79%	9.40% <sup>2</sup>	10.90% <sup>2</sup>	14.90%	9.90%	7.45%	8.45%	8.75%	8.99% <sup>4</sup>	7.75%	7.50%	9.99% <sup>5</sup>	8.90%	7.90%	7.90%	10.60%	8.90%	7.90%
<b>€13,500 over 5 years</b>	Monthly repayments	€284.36	€282.71	€280.64	€289.56	€313.90	€283.38	€268.64	€274.64	€275.62	€277.88	€269.01	€269.10	€282.42	€277.62	€271.35	€271.17	€284.61	€276.32	€269.87
(60 monthly repayments)	Set up/arrangement fee	€63.49	NIL	NIL	NIL	NIL	NIL	NIL	Nil	Nil	Nil	€72.00	NIL	€72.00	NIL	NIL	NIL	€135.00	€63.49	€63.49
	Total cost of credit	€3,625.09	€3,462.60	€3,338.40	€3,873.60	€5,334.00	€3,502.80	€2,618.40	€2,978.23	€3,037.45	€3,172.80	€2,712.60	€2,646.00	€3,517.20	€3,157.20	€2,781.00	€2,770.87	€3,711.60	€3,143.01	€2,755.89

1 ACC Bank does not provide loans under €10,000.

2 A 1% discount is available for all loan rates at Bank of Ireland via their online channel.

3 Loans are tailored to certain segments of the market for example higher risk borrowers.

4 APR ranges from 7.90% to 9.99% depending on individual risk. Generally, 50% of applicants qualify for the 8.99% APR.

5 APR ranges from 7.75% to 19.90% depending on individual risk. Generally, 50% of applicants qualify for the 9.99% APR.

### Please note:

Nothing in this survey is intended to be or should be construed as:

- 1 An invitation, offer or inducement to you or any other person to open a bank account, or
- 2 Advice on the merits of, or a recommendation in relation to, any particular product or product provider.

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## Credit Unions

In order to get a loan from a credit union you need to be a member. You can join a credit union if you fall within its 'common bond' – for example if you live or work in the area or your employer or club runs a credit union.

In order to get a credit union loan you will usually need to have a certain amount of savings in the credit union. You may also have to continue to save a certain amount while you are paying off your loan. The amount you contribute to your savings may vary.

Credit unions provide free life insurance on all eligible loans. Also, some credit unions offer a rebate (refund) at the end of the year of some of the interest you paid on your loan.

Please find below examples of the typical costs of taking out a personal loan with a credit union.

Credit Union Sample Rates				
Term and amount of loan:		Rate 1	Rate 2	Rate 3
<b>Loan 1:</b> <b>€3,500 over 1 year</b> (12 monthly repayments)	APR %	6.90%	8.84%	12.6%
	Monthly repayments	€302.33	€305.27	€310.87
	Set up/arrangement fee	Nil	Nil	Nil
	Total cost of credit	€127.96	€163.24	€230.45
<b>Loan 2:</b> <b>€7,000 over 3 years</b> (36 monthly repayments)	APR %	6.90%	8.84%	12.6%
	Monthly repayments	€215.18	€220.97	€232.26
	Set up/arrangement fee	Nil	Nil	Nil
	Total cost of credit	€746.48	€954.92	€1361.30
<b>Loan 3:</b> <b>€13,500 over 5 years</b> (60 monthly repayments)	APR %	6.90%	8.84%	12.6%
	Monthly repayments	€265.41	€276.97	€299.76
	Set up/arrangement fee	Nil	Nil	Nil
	Total cost of credit	€2424.60	€3,118.20	€4485.43

Information provided by the Irish League of Credit Unions (ILCU) and the Credit Union Development Association (CUDA).



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