

Borrowing at the point of sale

Check out details of your loan as well as what you are buying

WITH MONEY matters on many people's minds, now may seem like a good time to take a fresh look at your finances. But no matter how well you budget, sometimes you may unexpectedly need to make a larger purchase, like replacing a faulty car or a damaged sofa.

Many retailers offer loans sold at the 'point of sale' as a way to spread the cost of purchasing a variety of goods, from a new computer to double glazing. The loans can be arranged through large retailers and department stores, car showrooms or even online and though sold by the retailer, the loan itself is usually provided by a separate lender. Often, the loans come with extended 'interest-free' periods, which can make the cost of borrowing more attractive.

Last year, the Financial Ombudsman Service – the free service set up by law to settle financial complaints - received over

1,700 complaints about point of sale loans. Though the ombudsman can see a wide range of complaints about these loans, many problems stem from the seller and buyer focusing on the item that is being sold, rather than the credit agreement that is being used to pay for it.

While point of sale loans can be a useful way to pay for an expensive item, it pays to be aware of what you are signing up to before you make a purchase.

Here are a few tips to bear in mind when you take out credit:

- Always take a good look at the terms and conditions and make sure you understand how much you will be paying in full over the period of the loan.
- If it's unclear, don't sign up until the lender or retailer has fully explained how the agreement works.
- If you take a 'buy now, pay later' offer with an interest-free period, make sure you know the date that the offer ends if you

intend to pay off the loan before interest is applied, as the interest costs can be high if you miss the final payment deadline.

■ And remember, if you're looking to make a significant purchase don't feel pressured to sign a contract there and then.

Hopefully, you won't need to complain about a problem with a financial business, like a credit provider, bank or building society, but if you do, you should find your complaint is dealt with quickly and efficiently. If things don't go smoothly, the Financial Ombudsman Service may be able to help.



■ To find out more visit:
www.financial-ombudsman.org.uk
 or phone 0300 123 9 123.



Money matters especially if it's yours.

Already complained to your bank, insurance company or finance firm? Still not happy?

The ombudsman has official powers to settle financial complaints. Set up by law, our service is free for consumers.



Financial Ombudsman Service

The power to settle financial complaints.

www.financial-ombudsman.org.uk

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