Credit Unions

What is a Credit Union?

A credit union is a co-operative financial institution, owned and controlled by the members who use its services. Credit unions are not-for-profit and exist to provide a safe, convenient place for members to save money and to get loans and other financial services at reasonable rates. All credit unions are regulated by **The Financial Conduct Authority (FCA).**

The members are the owners of credit unions. Credit unions exist to serve their members, whereas banks and other financial institutions exist to make money for their stockholders. Each credit union has a 'common bond', which determines who can join it. The common bond may be for people living or working in the same area, people working for the same employer, or people who belong to the same association, such as a church or trade union.

Moneywise Credit Union Ltd is the main credit union in Newcastle. You can open an account/apply online or in their shop in Byker. You can organise payroll deduction to repay the loan. They have a number of local collection points where you can pay money in. Anyone who lives or works in the North East can use the service.

Grandparents/parents can open a junior account and save on a child's behalf.. Moneywise and NEFirst Credit Union offer Young Savers or Junior accounts

Savings

Unlike some other savings schemes, you can save as much or as little as you like; weekly or monthly or as often as you wish. You can pay your money into your credit union account or directly from your salary. Benefits can also be paid in apart from Universal Credit.

Credit unions aim to pay a dividend on savings once a year to all of their members but there is no guarantee that a dividend will be paid each year.

Credit unions make it easy to save. Even a small amount each week will soon mount up. When you invest in your local credit union, you know that the only people you are benefiting are your neighbours, colleagues or others within the 'common bond'. Credit unions keep money within a community, because there are no outside shareholders to pay. Your money is protected to the same level as banks.

Moneywise Credit Union Ltd offer savings accounts from as little as £1 per week. You can save any amount up to a total amount of £35,000. If you save regularly with them you can then apply for an affordable loan.

Moneywise Credit Union Ltd offer savings accounts from as little as £1 per week. You can save any amount up to a total amount of £35,000. If you save regularly with them you can then apply for an affordable loan.

> The information on this website is for general guidance and is not financial advice. If you need more information or personal advice, please contact an Independent Financial Adviser. For more information please read **Getting Advice About Your Finances**

Affordable pay day loans

Credit union loans come with no hidden charges and there are no penalties for repaying your loan early. The amount of interest to that you will be charged on a credit union loan will depend on how long you have been saving with the credit union and how much you borrow.

Some credit unions charge less, some may charge more. Interest costs may range from 12.6% to 42.6% APR (max) which is a much cheaper alternative to payday loans.

Moneywise Credit Union Ltd **and** **NEFirst credit union** offer loans to people who save regularly with them. They tailor the interest rate to your personal record. they will match other loan quotes or offer a lower rate.

Life insurance is built in, at no cost to the borrower, so if you were to die before you had repaid the loan, insurance would repay the loan for you. When you borrow from a credit union, you carry on saving, meaning that by the time you finish repaying the loan your savings have grown as well. Most credit unions can lend for up to 5 years (unsecured) and for up to 10 years (secured). Some credit unions can lend for up to 10 years (unsecured) and for up to 25 years (secured).

Useful Organisations

Association of British Credit Unions Limited (ABCUL) provides information about what services a credit union could offer you, facts and figures, information about how they operate, and the history of credit unions.

Stop loan sharks

Loan sharks are unlicensed money lenders who often charge very high interest rates. They sometimes use threats and violence to frighten people who can’t pay back their loan. You can get help if you have borrowed money from a loan shark or suspect one is working in your area.

Read more on how to spot and report a loan shark on InformationNOW

Other Useful Information

- **Newcastle's Borrow Wisely Leaflet** for more information on making good decisions about the best way to borrow money.
- **Age UK England** has more information on Money Matters
- **Martin's Money Saving Expert** provides helpful information on credit unions
- **Money Advice Service** provide a range of online guides about managing your money.

Last updated: May 16, 2024

Useful Organisations

Financial Conduct Authority (FCA)

Email: consumer.queries@fca.org.uk

Website: www.fca.org.uk

Telephone: 0800 111 6768

Address: 25 The North Colonnade, E14 5HS

Moneywise Credit Union Ltd

Email: admin@moneywise.org.uk

Website: www.moneywise.org.uk

Telephone: 0330 165 5337

Address: 187-189 Shields Road, NE6 1DP

Association of British Credit Unions Limited (ABCUL)

Email: info@abcul.org

Website: www.abcul.org

Telephone: 0161 832 3694

Address: Holyoake House, M60 0AS

Money Helper

Email: pensions.enquiries@moneyhelper.org.uk

Website: https://www.moneyhelper.org.uk/en

Address: Holborn Centre, EC1N 2TD

NEFirst Credit Union

Email: info@nefirstcu.co.uk

Website: http://www.nefirstcu.co.uk/

Telephone: 03300553666

Address: Unit 12 Jackson House, NE8 1ED

Related Articles

Dealing with debt

Equity Release

Pensions

Tax

Savings and Investments

Getting advice about your finances

Affordable Credit