

Affordable Credit

At some point in your life you will probably need to borrow money. This may be for any number of reasons and can include personal loans, mortgages, credit cards or purchasing household items/clothes/electrical goods on credit (also known as 'hire purchase'). Borrowing money is not necessarily a bad thing, but it can cause problems if you can't afford to pay it back and are charged extra or have to pay a very high rate of interest on top of the amount you borrowed.

There are a number of affordable credit options available to people in Newcastle such as [Moneywise Credit Union Ltd](#). They may be able to help you if you've been refused credit by other lenders. If they can't offer you credit they will be able to tell you what you need to do to put this right.

Expensive Credit

Pay day loans may seem like a quick fix solution, especially if you are turned down for a loan or credit, but they are a very expensive way to borrow money. Some pay day lenders charge an excessive interest rate. [Moneywise Credit Union Ltd](#) offer affordable pay day loans up to a maximum of £300 and the longest repayment is 2 months.

[Illegal money lenders or Loan Sharks](#) operate outside of the law, taking advantage of people who need cash quickly. They often charge very high interest rates and sometimes use threats and violence to frighten people who can't pay back their loan. They may resort to bullying and threatening tactics to try to recover the debt. Please do not be tempted to use a loan shark even if you think you can't borrow money because you have a poor credit history, are struggling with your finances or your income is low. Please see the article on [Loan Sharks](#) for more information. Report any Loan Sharks to [Stop Loan Sharks](#).

Other expensive types of credit that you should avoid where possible:

- Hire purchase
 - Instore credit or hire purchase
 - Online and high street payday lenders
 - Subprime credit cards that are aimed at people with low credit ratings
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Affordable Credit available locally

Credit offered by high street banks is not available to everyone especially if you have a poor credit rating. There are more affordable options available even if you have a low credit rating or are out of work.

Credit unions are community based organisations that offer a range of products and services. They are not-for-profit organisations so any money they make is used for the running of the organisation. They encourage saving and they also offer loans. Loans from credit unions are referred to as 'affordable' as they're based on what you can afford to pay back. The interest that credit unions charge is much lower than the interest charged by doorstep lenders or pay day loan companies. Interest rates will depend on your circumstances, but the maximum rate that can be charged by a credit union is 3% per month (**APR of 42.6%**). You may still have to pass a credit check.

Moneywise Credit Union Ltd and **NEFirst Credit Union** both offer low cost loans to their customers. Credit unions rely on members' deposits to provide loans. When you join a credit union you're expected to save some money regularly. This helps other members with loans and to get into the habit of saving money. For instance, they have a family loan where you pay your child benefit into your account to secure the loan. You can also have an account based on your benefits to help secure a loan. You need a National Insurance Number or someone like a social worker to verify who you are.

They can help you to improve your credit rating with a Credit Repair Loan. Other personal loans that they offer include: budget accounts and starter loans.

The Department for Work and Pensions (DWP) can award interest free **Budgeting Loans or Universal Credit Budgeting Advances** to help you pay for essential things, such as furniture, clothes, moving costs or hire purchase debts. You must be in receipt of certain benefits and for a certain period of time. The loan is paid back by direct deductions from their benefits.

Street UK provides short-term personal loans online. Their interest rate is higher than Credit Union.

[Newcastle City Council has more information on budgeting and making good decisions borrowing money.](#)

Grants and support from charities instead of borrowing

Charities have some funding available to help people in need to buy essential items. Use the websites below to find a grant that can help you in your situation. If you are on a low income check if you can get the items that you need from any charities first. Borrowing money means that it needs to be paid back over a period of time. This reduces your weekly or monthly income for that period, which can cause hardship.

Turn2us is a charity where you find charitable funds and grants to apply for, when you need money for essential things in life. For example, furniture, household items, white goods, electrical items, studying, bringing up children, experiencing life changing circumstances and more. On their website they provide a benefits calculator, grant finder, and a Personal Independence Payment (PIP) Helper tool.

Second hand charity shops sell toys, clothes, prams, and household items cheaply. Check if you can buy what you need second hand. Read our pages on

- [Affordable furniture](#)
 - [Affordable electrical items](#)
 - [Getting online and digital equipment](#)
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Make sure you're claiming any benefits you're entitled to

If you're entitled to [welfare benefits](#) make sure that you're claiming the full amount that you're entitled to. A local independent advice service can help guide you through the process such as:

- [Citizens Advice Newcastle](#) give benefits advice to anyone in Newcastle
- [Newcastle Welfare Rights Service](#) give benefits advice to people in priority groups including those over 65. They have a [public advice line](#) open to all Newcastle residents and a [consultancy line](#) and [referral form](#) for professionals.
- [Newcastle libraries](#) offers remote access to advice on different days of the week. See the booklet below

There are more benefit advice services in Newcastle. Read the ['Where to get benefit advice'](#) booklet.

Search for Benefits advice organisations

Location:

Postcode:

Buying items on credit

Before buying a new item, you may be able to find it cheaper second hand, or apply for grants to help, as explained above. However if you can't do this, you may be able to buy essential items using online lending companies.

Many high street retailers, such as Currys, AO.com offer credit options, where you can spread the payments for the thing you wish to buy over a number of weeks, months or years. They may offer an option to buy now, pay later. These companies charge interest on these payments, which means you will pay more for the item you are buying. They may carry out a credit check before you can purchase an item and only offer these deals to people with a good credit score.

It is worth shopping around to find the best and most affordable deal for you. You will need to make regular payments for the items you buy. Read more about [managing your money and budgeting](#) on InformationNOW.

Fair for you is an alternative to high cost weekly payment stores. It's a not for profit, online lending company, set up for the benefit of people who are unable to get mainstream credit. They offer support to buy household appliances, laptops, prams and furniture such as beds, sofas, tables and chairs. Use their loan calculator to see how much you will pay in total.

Smarterbuys is an online alternative to expensive, high interest stores to buy essential home items, such as household appliances, electrical items and furniture. You need a bank account or credit union account to use this service. Smarterbuys work with a number of housing providers and social landlords. Using this service involves taking out a loan which you pay back across a number of months. You are charged interest, so you pay more for the product. They're a charity that's regulated by the Financial Conduct Authority.

Other Useful Information

- **[Managing your Money](#)** article on Information Now for more details on how to budget and make the most of the money you have
- **[Dealing with Debt](#)** article on Information Now
- **[Credit Unions](#)** article on Information Now
- **[Loan Sharks](#)** article on Information Now
- **[Money Advice Service](#)** for information and advice on managing you money

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Useful Organisations

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

Stop Loan Sharks

Email: reportaloanshark@stoploansharks.gov.uk

Website: www.stoploansharks.co.uk

Telephone: 0330 165 5337

Money Helper

Email: pensions.enquiries@moneyhelper.org.uk

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

Telephone: 0330 165 5337

Address: Holborn Centre, EC1N 2TD

Street UK

Website: <https://www.street-uk.com/>

Telephone: 01902 713 944

Address: Metro Building, B19 3SH

Fair for You Enterprise CIC

Email: info@fairforyou.co.uk

Website: <https://www.fairforyou.co.uk/>

Telephone: 0121 4330739

Address: Delta View, B26 3PG

Turn2us

Email: info@turn2us.org.uk

Website: www.turn2us.org.uk

Telephone: 0121 4330739

Address: Unit 9, CF15 7QQ

Smarterbuys

Email: info@sbstore.org

Website: www.smarterbuys.org.uk

Telephone: 0300 500 0975

Address: Craghead Village Hall , DH9 6AN

NEFirst Credit Union

Email: info@nefirstcu.co.uk

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

Telephone: 03300553666

Address: Unit 12 Jackson House, NE8 1ED

Charis

Website: <https://charisgrants.com/>

Telephone: 01733 421021

Address: Charis Grants Ltd, PE1 1DA

Related Articles

[Credit Unions](#)

[Dealing with debt](#)

[Savings and Investments](#)

[Getting advice about your finances](#)

[Practical help to move home](#)

[Managing your money](#)

[Loan Sharks](#)

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