

THE CODE OF RESPONSIBLE BORROWING

WHAT TO THINK ABOUT BEFORE YOU BORROW

THERE ARE *TWO* SIDES TO THE DEBT EQUATION



Lenders have an obligation to lend responsibly

Lenders are regulated by the Credit Contracts and Consumer Finance Act & guided by the Responsible Code of Lending

Borrowers have an obligation to borrow responsibly

These are voluntary guidelines and are the reasonable expectations of a responsible borrower

These guidelines will help to avoid penalties, unnecessary fees, repossession, and establish minimum expectations when considering a loan or credit contract.

1. WORK OUT YOUR BUDGET

A responsible borrower is sure they can afford repayments now and in the future.

Your budget lists income and expenses and shows if you have a deficit or a surplus.

If you have a surplus there needs to be room for the additional expense of a loan repayment without causing hardship.

If there is a deficit then a loan is not the answer.

3. LOOK AT ALL YOUR OPTIONS

A responsible borrower considers whether there are other ways to meet their needs.

A loan might not be the answer for you.

When considering buying a car on finance think about other forms of transport, rescheduling appointments, or consider a smaller vehicle like a scooter.

2. FIND OUT MORE

A responsible borrower knows what they are signing up for.

You might need someone else to help explain it to you – such as a translator or budget advisor.

Make sure you look out for details relating to the total repayment cost of the loan – including things like administration fees, penalties, and interest.

4. PROVIDE REAL INFORMATION

A responsible borrower provides all the information the lender needs to make an informed lending decision.

Responsible lenders ask lots of questions about your ability to repay and will need copies of bank statements, ID, proof of income etc. Do not hide any relevant information or mislead the lender in any way.

REMEMBER IT IS IMPORTANT TO GET SOME INDEPENDENT ADVICE

Talk to a trusted friend or family member or contact a Budget Advisory Service or a Financial Mentor who will offer free, confidential, non-judgement advice.

The Salvation Army 0800 530 000
Christians Against Poverty 0508 227 111

Vehicle
SALES & FINANCE
LTD.