

## **Pre-Contract Credit Explanations**

As a responsible lender, V Gates Ltd, trading as Forces Loans, has a duty to ensure that all our customers have a thorough understanding of our loan service before taking out a loan. This includes knowledge of the application procedure, repayments and the risks involved.

We offer short-term loans as an alternative to payday loans. You can choose to repay the loan in one lump sum on your next payday, or alternatively, you can opt to spread the cost over up to five (5) pay periods.

Further information is available throughout our website and by contacting the office by phone on 0800 619 2274 or 0330 700 9999, or by sending an email to [info@forcesloans.co.uk](mailto:info@forcesloans.co.uk). Please let us know if there is anything you are unsure of or would like explained in more details.

It is important that you read the following information which sets out the details of your proposed loan. Please do not sign the Loan Agreement until you have considered all of the information provided and are confident that you understand it and that the product is suitable for your circumstances.

### **Your Loan**

Continuing with this application should not be a decision you take lightly. Please remember that if your application is approved, it becomes a mutual agreement and you will need to keep a serious promise. We want our relationship to be a happy and trusting one, so we lay out the facts as clearly as possible. Only you can decide whether you take the loan or not, we will never put any pressure on you to do so. Please only apply if you are confident you will have the funds to comfortably repay the loan on the due date/s.

When you take out a loan with us, you open an account with us. You do not have to borrow on more than one occasion and may choose to close the account at any time. After repaying your loan, you may apply for further short-term credit against your credit limit and we will consider your application in accordance with our assessment of your creditworthiness and our responsible lending criteria.

The credit limit for new customers is £250.00. This limit may increase if you apply for future loans after repayment has been made.

Please note that the Loan Agreement issued is an 'in principle' decision with no implication that the loan is guaranteed. All loans are subject to manual documentary verification and an affordability assessment.

Unlike other lenders who demand a full repayment in one large lump sum on your next payday, we offer a monthly repayment schedule as a feature of our loans. By paying in smaller monthly instalments rather than one lump sum, we hope to lessen your monthly burden and make it easier for you to repay the loan without any complications. Although the monthly repayment option offers a more affordable plan, it will result in a higher total cost so we will always encourage you to repay earlier for an increased saving on the interest. Our minimum loan duration is 10 days. Whilst you will be able to pay in full at any time, it is important to remember that if you do pay off your loan within the first 10 days you will be charged interest for 10 days. This does not affect your right to withdraw.

Warning: Late repayment can cause you serious money problems. For help, go to [moneyadvice.service.org.uk](http://moneyadvice.service.org.uk).

## **Costs**

We charge a fixed fee of 0.8% per day of the outstanding loan amount and we will never charge interest on interest i.e. 0.8% per day only on capital, not on capital plus previous interest charge. There is no admin fee.

We have a representative 1386.69% APR and your actual APR will always be shown on the Loan Agreement. This is the total cost expressed as an annual percentage of the total amount of credit.

You can select to repay the loan with a one-off payment within the next 30 days or spread the cost over up to five (5) pay periods; however, you can contact us to repay early at any point prior to your selected repayment date, thus saving yourself further interest charges. There are no penalties or fees if you decide to repay early.

If you decide to repay within 1 pay period, the amount of repayment will be equal to the sum of the total amount borrowed plus the applicable interest of 0.8% per day and will be repayable on your next payday. If, for example, you borrow the amount of £200.00 on the 10<sup>th</sup> of the month and are paid on the 31<sup>st</sup>, you will repay £233.60 (£200.00 capital + £33.60 interest (21 days x £1.60 per day)). The following table shows further examples of repayments for a £200.00 loan over different loan durations on the 1 pay period option.

<b>Loan Duration</b>	<b>Capital Repayment</b>	<b>Interest Payment</b>	<b>Total Repayment</b>	<b>APR</b>
30 days	£200.00	£48.00	£248.00	1269.72%
20 days	£200.00	£32.00	£232.00	1400.92%
10 days	£200.00	£16.00	£216.00	1559.46%

If you decide to spread the repayments over two (2) to five (5) pay periods, the borrowed loan amount will be divided equally between the number of pay periods selected. The amount of each repayment will equal the sum of the capital instalment plus the applicable interest of 0.8% per day of the open amount for that pay period.

The following tables show repayments for examples of a two (2) pay period loan and four (4) pay period loan. These tables are for illustration purposes only. The exact amounts will always be shown on your Loan Agreement. The tables are based on the following:

- Loan amount of £200.00
- Loan drawdown on the 01<sup>st</sup> of the month
- Repayment date on the last working day of each month
- A period of 30 days between each repayment date

2 pay period loan:

- Pay period 1: £100.00 capital plus applicable interest at the rate of 0.8% per day (£1.60 per day)
- Pay period 2: £100.00 capital plus applicable interest at the rate of 0.8% per day (£0.80 per day)
- 549.17% APR

Pay Period	Capital Repayment	Interest Payment	Total Repayment	Capital Outstanding After Payment
1	£100.00	£48.00	£148.00	£100.00
2	£100.00	£24.00	£124.00	£0.00
<b>Total</b>	£200.00	£72.00	£272.00	

4 pay period loan:

- Pay period 1: £50.00 capital plus applicable interest at the rate of 0.8% per day (£1.60 per day)
- Pay period 2: £50.00 capital plus applicable interest at the rate of 0.8% per day (£1.20 per day)
- Pay period 3: £50.00 capital plus applicable interest at the rate of 0.8% per day (£0.80 per day)
- Pay period 4: £50.00 capital plus applicable interest at the rate of 0.8% per day (£0.40 per day)
- 317.70% APR

Pay Period	Capital Repayment	Interest Payment	Total Repayment	Capital Outstanding After Payment
1	£50.00	£48.00	£110.00	£150.00
2	£50.00	£36.00	£95.00	£100.00
3	£50.00	£24.00	£80.00	£50.00
4	£50.00	£12.00	£65.00	£0.00
<b>Total</b>	£200.00	£120.00	£320.00	

Upon receipt of your signed Loan Agreement and other requested information (which will be subject to our affordability and creditworthiness assessment), the funds will be paid into your account the same day, usually within 3 hours. Your signed documents must be received by 16:30pm, Monday to Friday, in order to qualify for a same day payment. Applications received over the weekend or after 16:30pm will be processed the following working day.

Under certain circumstances and only at our discretion, we may permit you to defer payment for a month. If deferment is permitted, you will still be required to pay the applicable interest for the month. Capital payments will recommence the following month with the interest accrued. Please note that extending your loan by deferring repayment of capital will cost you more and mean it will take longer to repay your loan. We discourage you from deferring, please try and repay your debt as quickly as possible to reduce charges. If you are in financial difficulties, you should let us know as soon as possible and we can explore new arrangements for you paying off your debt. As responsible lenders, deferral of capital repayments will always be at the discretion of Forces Loans and we will only allow a deferral if we are satisfied that you are able to afford it. We must receive your deferral request a minimum of 5 working days before your loan is due for payment.

### **Summary of Charges**

See our [costs section](#).

- £15.00 missed payment fee if payment fails on the due date. In the event that a payment is missed, we have the right to charge interest as long as any part of the loan remains outstanding, at a rate no higher than the rate applicable under the agreement. Interest will continue to accrue on your balance at a rate of 0.8% per day (80p per day per £100.00 capital open) from the due date until either payment is received or for a maximum of 60 days if payment is not received or if we can't reach a fair agreement in the meantime. This rate will not be adjusted and you will never pay back more than twice what you borrowed.

## **Repayments**

When you take a loan, you agree to repay the balance due by Direct Bank Debit from your bank account where a valid mandate applies. In the alternative, you agree to pay us by Debit Card and permit us to take money from your account using the Debit Card details provided for this purpose. This is referred to as Continuous Payment Authority (CPA). We will confirm to you the repayment date/s and amount/s over the phone and by email when you take the loan.

Continuous Payment Authority (CPA) is a type of automatic payment that authorises a lender to withdraw sums from a borrower's nominated bank account using Debit Card details provided, subject to specifically agreed terms which are fully disclosed and agreed through the loan application process. Once agreed by a customer, a CPA allows a business to take a series of agreed payments using a customer's Debit Card details without having to seek express authorisation for every payment. CPAs can provide an efficient and convenient payment method for customers.

Customers can cancel their CPA with their bank, card provider or with us directly. Customers advising the bank or card issuer that they have stopped permission for the payments must also notify us. If you cancel your CPA authority for the repayment of your loan with us, you will still be responsible for paying any money that you owe, including interest and any charges which may accrue. An alternative means of repayment must be arranged before cancelling your CPA, such as direct payment into our account. To cancel your CPA with us, you must email [accounts@forcesloans.co.uk](mailto:accounts@forcesloans.co.uk) quoting your contract number and the words 'cancel Continuous Payment Authority' in the subject heading.

We will use CPA to collect payment from your Debit Card under the following circumstances:

1. New loan taken too late in the month for a Direct Bank Debit to be set up in time for repayment date. In this case, we will collect payment from your Debit Card under the CPA at the following times on the due date:
  - I. 02:30-05:00 – full scheduled amount as agreed when loan taken.
  - II. 09:00-12:00 – should the first debit fail, we will attempt to collect the interest amount only.
2. Direct Bank Debit cancelled during the month. In this case, we will collect payment from your Debit Card under the CPA at the following times on the due date:
  - I. 02:30-05:00 – full scheduled amount as agreed when loan taken.
  - II. 09:00-12:00 – should the first debit fail, we will attempt to collect the interest amount only.
3. Direct Bank Debit fails on the due date. Should your scheduled repayment fail on the agreed date, we will make every effort to contact you and find out why. If payment was due via Direct Bank Debit, we will attempt to collect the full scheduled amount from your Debit Card under the

CPA agreement as soon as we find out on the following working day (i.e. day after repayment due):

- I. 10:00-13:00 – full scheduled amount as agreed when loan taken.
- II. 15:00-17:30 – should the first debit fail, we will attempt to collect the interest amount only.

4. At any time with your implicit authorisation.

We will contact you to come to an alternate arrangement if we were unable to collect the full scheduled amount or interest. It is in your best interest to discuss the situation with us as ignoring it will not make it go away. Any further attempts to collect from your account will only be made after you have given your express authorisation.

We never use a CPA after two failed attempts unless you have agreed to the payment and given your consent.

We never use a CPA to take a part payment unless you have agreed to the payment and given your consent.

If we are unable to contact you and you do not contact us to come to an arrangement by 17:00pm that day, a missed payment fee of £15.00 will be added to your account. This fee covers our additional administration (telephone calls to you, emails, letters and monitoring your account), the cost of the failed collection as charged by our bank and the costs levied by our Direct Debit provider. In the event that a payment is missed, we have the right to charge interest as long as any part of the loan remains outstanding, at a rate no higher than the rate applicable under the agreement. Interest will continue to accrue on your balance at a rate of 0.8% per day (80p per day per £100.00 capital open) from the due date until either payment is received or for a maximum of 60 days if payment is not received or if we can't reach a fair agreement in the meantime. This rate will not be adjusted and you will never pay back more than twice what you borrowed.

You must contact us immediately if you know or even suspect in advance that an upcoming payment will fail. We will help you to repay by rescheduling the payment or arranging for a lower repayment amount that month.

### **Risks**

Our loans are designed to help out with occasional cash flow problems on a short-term basis when money is tight and should not be used as a long-term solution to financial difficulties. They are not suitable for supporting sustained borrowing for longer periods and are not designed to help you manage existing debt where other products are likely to be more suitable.

If you find yourself in a position where you are borrowing from one company to repay another then you should seek help from a Debt Management company or your nearest Citizens' Advice Bureau. Taking out a loan with us will only add to your financial commitments.

Continued failure to repay your loan may result in your details being passed to a debt collections agency for further recovery action. This will not incur any additional charges, but your credit score may be affected. Legal proceedings may be instigated following continued failure to repay, making it more difficult and expensive for you to obtain credit in the future.

Please bear in mind that our service is designed for occasional use. We strongly advise that you do not reapply for a further short-term loan within 3 months of repaying your current loan as we do not wish to increase your indebtedness to an unsustainable or otherwise harmful extent. Our loans are designed for temporary cash flow difficulties.

### **Additional Information**

You have the right to complain to the Financial Ombudsman Service (FOS) in respect to the credit agreement or any dealings you have with us. Write to: the Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London E14 9SR or telephone 0845 080 1800.

You have the right to withdraw from the agreement before the end of 14 days beginning with the day after the day on which the agreement is made. You can exercise this right by contacting the office. If you withdraw you must return any monies paid to you within 30 days of exercising your right of withdrawal and pay interest accrued from the date you are given the money to the date you repay us, calculated on a daily basis.

We are authorised and regulated by the Financial Conduct Authority (FCA). Our Firm Registration Number is 674017.