



FAIRSHARE CREDIT UNION LENDING POLICY STATEMENT – JUN 2024

Applying For A Loan From FAIRshare Credit Union

Members of FAIRshare Credit Union who are 18 years of age or over may submit loan applications to the credit union. Non-members may also apply to borrow.

As a condition of any approved loan, non-members will be required to become a member of FAIRshare Credit Union and as such to meet and maintain minimum membership requirements in terms of savings.

Applications can either be made online using our bespoke application forms, or in person, in our Telford office. Should you have any questions regarding making an application our Member Services Team are on hand to guide you through the application and answer any questions or queries you may have. Additionally, paper applications can be completed and posted in to the FAIRshare Credit Union office or handed in to the branch.

To comply with money laundering regulations, before we provide any service, we may search the records of one or more registered credit reference agencies who will provide us with information from the Electoral Register and any other data appropriate to the search.

To apply for a loan you must meet all of the following conditions:

- Be 18 or over.
- have met any savings requirement in force at the time of application.
- You must be an existing member or a new member applying for membership at the same time as the loan application form.
- You must not be in default or arrears on an outstanding FAIRshare Credit Union loan.
- Any current loan arrears or default at the time of applying can be brought up to date, however, all current loan accounts must have been operated correctly in line with the Loan Agreement in force for a minimum period of 6 months before further lending will be considered.
- You must not be in or have been in, within the 12-month period prior to the date of the application for a loan, a bankruptcy, insolvency, debt advice plan or Protected Trust Deed debt scheme.

The Approval Process

FAIRshare Credit Union is a responsible lender. We give every loan application we receive careful consideration and make a decision based on the applicant's income & expenditure and their overall ability to repay the loan. We have a duty to each loan applicant to ensure that any loan approved does not result in them facing or increasing any financial difficulties and struggling to make agreed repayments. We also have a duty of care to all our members. Accordingly, we must ensure that we take no undue risks with our members' money.

It is important to highlight that, as a financial organisation, we reserve the right to decline certain applications. If we do reject an application, this will be after an assessment of the application by our personal lending team. A loan refusal simply means that on this occasion we feel unable to offer the amount of loan that has been requested. In some circumstances, we may offer a reduced amount.

Proof of Income & Expenditure

When assessing a loan application, we will require proof of income and copies of recent bank transactions or statements. As a rule, we will be looking for two months' proof of income and supporting bank statements.

You will be asked to supply evidence of your current income from the following list:

- Read-only, [Open Banking access](#) to your bank account(s) using our 3rd party portal.
- Electronic copies of two months' worth of up-to-date bank statements.
- a copy of your two most recent wage/salary slips.
- a copy of your DLA/PIP/Universal Credit benefit award letter (others may be requested if required).
- SAAS and/or Bursary award letter.
- a copy of your Housing Benefit/LHA award letter.
- a copy of State Pension award letters and details of any private pensions.

The supporting evidence may be given using our online portal to our Open Banking partner (Consents Online), or by uploading electronic copies of bank statements. We do not accept photographs of bank statements.

A Loan Offer

- Following the assessment and approval process, we may make a loan offer. Any loan offer made by FAIRshare Credit Union will be subject to:
- The completion and return of a Pre-Contract Information sheet and a Loan Agreement, which may also include special conditions pertaining to the offer.
- The completion and certification, as required, of a Standing Order Mandate, a change to the destination bank for certain types of benefit, including Child Benefit, or a Payroll Deduction Authority to cover loan and interest repayments plus a mandatory savings element.
- The loan offer remaining in place and FAIRshare Credit Union not withdrawing it prior to funds being drawn down.

When borrowing from FAIRshare Credit Union, you are signing a legally binding loan agreement. Should you have any doubts as to the meaning of any part of the loan agreement, you should consider seeking independent advice from a solicitor, the Citizens Advice Bureau or other similar organisation.

Savings

For so long as any part of a loan or interest on it is outstanding, FAIRshare Credit Union shall retain your shares up to the value stated in the Terms and Conditions for the loan product in issue. The value to be retained will be detailed on your loan agreement. You may, however, withdraw any such shares over and above the value detailed on your loan agreement.

For clarity, 'Shares' means any paid-up shareholding (savings) you have in your FAIRshare Credit Union Savings account at the time of loan issue.

Interest

Interest on FAIRshare Credit Union loans is not front loaded (added in full at the start of the loan). Instead, interest is calculated daily on the decreasing loan balance. We believe this is the fairest way to charge interest and should result in you paying back less interest over the course of the loan term.

Interest will be payable on a loan, or any part of it as is advanced, from the date of the advance. Interest rates are fixed at the time of borrowing and the interest rate to be charged will be stated clearly in your Pre-Contract Information sheet and on your loan agreement.

For all FAIRshare loans, the maximum interest rate we are permitted to charge is 3% per month on the outstanding loan balance. This equates to an Annual Percentage Rate (APR) of 42.6%.

Loan Repayments

In signing your loan agreement, you confirm you agree to repay the loan, plus interest, in instalments by either Standing Order, Child Benefit, any other personal benefit, or Payroll Savings deduction. Unless otherwise agreed between us, the whole of each Standing Order, Child Benefit, other benefit payment or payroll savings amount may be applied towards the repayment of the loan and the interest due on it. As the lender, we are authorised to debit the account with the payments specified in the loan agreement until all monies due (including interest to the date of closure) have been repaid.

For members repaying their loan by payroll deduction, should you cease to be employed by a select partner employer during the loan repayment period, you must arrange to continue to repay the loan by Standing Order, Child Benefit or other personal benefit.

Payment holidays are not permitted for any of our loans. Deferral of payments at the start of a loan is also not permitted.

Loans may be repaid in full at any time with no early repayment penalties. Additional payments to reduce the outstanding loan balance can also be made at any time without any penalties or charges.

Additional borrowing

When you apply for additional borrowing (a top-up loan), we don't add money to your original loan. Instead, we set up a new loan made up of the remaining balance on the original loan plus the extra amount you want to borrow. We then pay off the original loan from that total and transfer the remaining new amount into your account.

The new loan may have a different interest rate from your initial loan, and the term might be different too. This may mean that you could pay less or more interest than before.

Declined Loans

If we decline a loan application because our assessment indicates it is unaffordable, you will have the opportunity to reapply after 6 months have elapsed from the date of the original decline decision.

Default

Should you fail to make payment of any amount due to FAIRshare, or should you set up a Trust Deed or become bankrupt, the entire balance outstanding will immediately become due and payable together with all outstanding interest due as at the date of default.

As borrower, you assign to FAIRshare Credit Union (the lender) all paid shares (savings) and payment on account of shares (savings) held with the lender which the borrower has now, or which the borrower may have in the future as security for payment of the balance outstanding and all costs, expenses and charges incurred by the credit union in connection with the loan, and the borrower authorises the credit union to apply any or all such paid shares (savings) or payment on account of shares (savings) towards the satisfaction of any amount which the borrower may owe. As borrower you are advised that the loan agreement is a legally binding contract and that if you fail to comply with any of its terms, you may render yourself liable to further action, which may include court action to obtain repayment of all sums due under the loan agreement. In cases of default, as borrower you should also be aware that we may seek to recover funds due via any Department for Work and Pensions benefit payments which you may receive or through the use of a debt collection agency.

Termination

As lender, FAIRshare Credit Union may terminate the loan agreement and demand immediate repayment of all sums due in respect of the loan agreement after giving any written notice required by law if:

- a) The borrower shall fail in any material respect to keep any part of the loan agreement.
- b) The borrower shall have deliberately given false information or given inaccurate information in connection with the loan agreement or any other credit agreement between the borrower and the lender.
- c) The borrower shall be the subject of a court action which has the effect of taking away from the borrower's control of the whole or a substantial part of the borrower's assets.
- d) The borrower shall become incapable in law of managing their own affairs.
- e) The borrower shall either be declared bankrupt, insolvent or grant a Trust Deed for their creditors. In such cases all the interest that would have been payable if the loan agreement had run its full term shall become payable forthwith.

Should the lender terminate the loan agreement or should the borrower default, the lender is entitled to the repayment of the whole sums due under the loan agreement and may retain monies held by the lender for the borrower in any other type of account and apply the said monies held on or towards payment of the balance outstanding in terms of the loan agreement.

Cancellation

Loan agreements may be cancelled within 14 days after the loan is advanced to you by:

(i) telling us you want to cancel it (for example by telephone) within that 14-day period, and
(ii) giving us written confirmation of cancellation within 5 working days of the initial cancellation request.

There is no penalty or charge for cancellation. However, the loan must be repaid in full together with all unpaid interest which may have accrued. Interest will run from the date of loan issue until the date of cancellation.

Disclosure

FAIRshare Credit Union is a data controller of the information provided on loan application and other forms in terms of the Data Protection Act 2018 as amended. As part of the processing of any loan application and to comply with Money Laundering regulations, before we provide any service, we may search the records of one or more registered credit reference agencies who will provide us with information from the Electoral Register and any other data appropriate to the search. The agency will keep a record of that search. This may be used by other lenders when processing future applications for credit you may make.

Information held about you by the credit reference agencies may already be linked to records relating to one or more of your partners. Where appropriate, any loan applications submitted may be treated as financially linked and your application may be assessed with reference to any 'associated' records.

In addition, if the application is successful, details of how you repay this agreement may be provided to the credit reference agency who will make this available to other lenders who may use the information for credit assessment, tracing of absconders and fraud prevention.

We may also consult other credit unions and will consider information about your employment prospects, which we become aware of.

If your loan application is successful, your details will be held by the credit union to enable your loan to be managed. This information may be shared with other credit unions to protect the credit union's assets and to help prevent fraud. Details of any financial transactions involved (such as payroll deduction) will be made to the company/organisation concerned.

In the event that you default on your loan or any terms and conditions in relation thereto, details of such default or defaults may be passed to other credit unions, debt recovery agencies and courts. In such circumstances, it is understood that the lender may disclose details of the borrower's account and any matters relating to the account to any credit reference agency and to any individual, individuals or organisations for this purpose registered by the lender with the Data Protection Registrar.

Collection And Use Of Personal Information

FAIRshare Credit Union will not collect any personal information about you on this website without your consent. We will let you know what we intend to do with your information before collecting it, so that you can decide whether or not to furnish that information to us.

Any information which is provided by you will be treated with the highest standards of security and confidentiality and in accordance with the terms of the Data Protection Act 2018, Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the Protection of Individuals with regard to the Processing of Personal Data and on the Free Movement of Such Data, and any implementing and/or amending legislation as may be adopted in the United Kingdom from time to time.

If at any time after giving us personal information you decide that you no longer wish us to hold or use this information, or in the case that the information becomes out of date, you are free to notify us, and we will remove or rectify the information within a reasonable time and in accordance with legislative requirements.

You acknowledge and agree that in certain circumstances we may be obliged to disclose personal information relating to you to third parties, for example, in order to conform to any requirements of law or to comply with any legal process, as well as to protect and defend the rights of property of the credit union, our licensors and/or our other customers.

Telephone calls may be monitored or recorded to ensure that we carry out your instructions correctly and to help improve the quality of our service and in the interests of security.

Member Care

FAIRshare Credit Union is committed to the provision of service of the highest quality for its members. However, if a member is dissatisfied with any aspect of this service, we will try to resolve any complaint as effectively and efficiently as possible. FAIRshare Credit Union is also bound by the decisions of the independent Financial Ombudsman Service, an organisation which has been set up by law to help settle individual disputes between consumers and financial firms. Further information on the Financial Ombudsman Service can be found [here](#).

Financial Services Compensation Scheme

FAIRshare Credit Union is a member of the Financial Services Compensation Scheme (FSCS) which provides a safety net if a bank, building society or credit union should fail.

Further information on the scheme can be found [here](#).