



*The Help and Advice
You Need!*

YOUR FINANCES - FACTSHEET

V1, 20/4/2020

OTHER FINANCIAL SERVICES

OVERDRAFTS

The FCA has for some time been pressurising banks regarding unfair overdraft charges for people who slip into an unauthorised overdraft. Consequently, from March 2020, the banks had all agreed to have one system for both unauthorised and authorised overdrafts, and were going to be charging up to 40% interest on both. This measure would disproportionately affect people with a long-standing and quite large overdraft.

However, because of the virus, the FCA has told banks to suspend this new policy as from 14th April 2020 and you can now ask for the first £500 of your arranged overdraft to be interest-free for three months, if you have been financially affected by coronavirus. The FCA has also ordered banks to ensure that in the next three months, nobody should be worse off than what they were before the new interest charges came into being. The finer points vary between banks, so you need to contact your own bank for more detailed information and whether or not the process is automatic.

LOANS/CREDIT CARDS/STORE CARDS/CATALOGUE PAYMENTS

As with mortgages, the FCA has informed all of the above providers that they must provide a payment holiday to all those people who have been affected by the pandemic. It is up to the individual to apply for this help – with each provider of a financial service if necessary, eg if you have a personal loan and a credit card with your bank, then you will need to apply for the payment holiday for each one separately.

It is important that you wait until you have been accepted for the payment holiday before you cancel Direct Debit/Standing Orders on these payments, etc, otherwise your Credit Rating will be affected.

However, just by having the payment holiday, there will be no adverse effect to your credit score.

CREDIT CARDS AND PERSISTENT DEBT

Some people would have received letters from their credit card companies stating that over the past 36 months they had been “in persistent debt” and their credit card usage was being suspended until they had made arrangements for a sustainable repayment plan. However, in light of the Coronavirus pandemic, these plans have now been shelved until 1st October 2020, to give people short-term breathing space.

**For more advice, contact us on 0151 662 0059
(Tuesday and Wednesday—11 am—3 pm, and Thursday, 11 am—1 pm)
or via email on enquiries@liverpoolcommunityadvice.org.uk**