

## The Solution Loans Guide to Doorstep Loans

Doorstep lending or home credit is one of the oldest forms of consumer credit in the UK and is based upon personal contact between the borrower and one of the lender's agents. Like other forms of lending it is fully regulated by the FCA. There are [a number of companies that operate doorstep lending](#) - some national and others regional or local. The basic premise is that if someone applies for a doorstep loan the lender's agent will visit them to assess their application. They'll want to know more about their personal circumstances and will aim to come up with a tailored finance package to suit their needs.

In most cases, potential borrowers do not have to have perfect credit records and may have been declined loans by High Street lenders. Some people prefer the personal contact that doorstep lending brings for a variety of reasons. For instance a person may lack mobility or they may find visits to banks or dealing with other finance companies intimidating.

There are millions of people in the UK who have used or are using doorstep lending as a way to help manage their finances and bridge shortfalls in income.

### How Doorstep Loans work

The most [progressive lenders use online services](#) to make borrowers aware of their services and to gather loan enquiries. Be aware that there are still some doorstep loan firms who use unsolicited methods to generate business by cold calling potential customers at home. It is best to avoid these lenders.

It is preferable to make online enquiries which are instantly assessed by the lender. When the lender believes that it can, in principle, assist the applicant then it will make contact to arrange for one of its agents to visit their home.

The home visit involves a more detailed assessment of the client's income and outgoings to assess the affordability of loan repayment. If the agent believes the applicant can afford the loan then they will make a loan offer. The applicant and agent then agree the terms and the cash is often handed over there and then.

Unlike other smaller loans, home credit usually involves repayment schedules that stretch from 14 weeks all the way up to a year. The repayments are fixed so that you can plan your finances and an

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agent will visit your home every week to collect them. In many cases, there are no late payment fees and the repayments are generally small and manageable.

### **Why should I take out a doorstep loan?**

Mainstream credit and online processes are not for everyone. Many people prefer a personal touch and don't want to have to visit a bank or spend time filling in forms online which can be confusing and intimidating. Doorstep lending agents are skilled at assessing a client's needs and financial circumstances and provide a helping hand through the process. They are usually able to hand over the loan to the applicant once he or she has been approved. This usually happens immediately.

Doorstep loans are generally for sums between £100 and £1,000 with longer repayment schedules than other small loans including payday credit. Doorstep lending firms regularly report very high levels of customer satisfaction and some of them are among the oldest consumer finance companies in the UK with more than a century of trading.

### **What are the downsides?**

Although doorstep loans are usually made for relatively small sums, they do come with very high interest rates when compared with other forms of lending. It is not untypical for a doorstep loan to have an APR as high as 500%. If you need a smaller sum – £200, for instance – and have a credit card, then you would pay much less in charges and interest borrowing on that even if it has a relatively high APR. However, if you can get a credit card then you are probably don't need to resort to a doorstep loan.

If you are facing financial difficulties and are struggling to manage day to day, a doorstep lender may seem like an attractive option. But the golden rule with any form of credit is to only apply for what you can afford to repay and doorstep lending, although involving smaller sums, is no different. If you are struggling to repay bills, you should seek debt advice rather than adding to your financial burden. Any form of borrowing could add to your problems rather than solve them.

### **Conclusion**

Doorstep lending is a well-established form of consumer finance that has been operating for more than a century with very high customer satisfaction levels. Although the service that an applicant receives is much more personal than with other forms of lending, the complete package is far from old fashioned involving an online enquiry that ensures the response is quick.

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Financial Help at Hand

Many people prefer the visit from an agent that comes with doorstep lending and like the longer repayment schedules that they offer. The interest rates that you pay are significant higher than for many other loans but there are generally no hidden costs or charges and no penalties should you miss the odd payment.

For the online version of this guide visit [www.solution-loans.co.uk/doorstep-loans/guide](http://www.solution-loans.co.uk/doorstep-loans/guide)

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