A loan offer can look straightforward: borrow a sum, pay a set amount each month, and finish on a stated date. But the monthly payment is only one part of the cost. Before you accept, check how much you will receive, how much you will repay altogether, whether the rate can change, and what happens if you pay late or want to settle early.

It is also worth asking whether you need to borrow at all, and whether you need the full amount offered. A useful way to compare options is to turn the commitment into a monthly figure, then check that figure against your budget and the total cost over the whole term.

1. Borrow only what you need

A lender may offer more than the amount you originally had in mind. That does not mean you need to take it. Borrowing extra “just in case” can mean paying interest and fees on money that sits in your account or gets spent on something less important.

Start with the bill or purchase you are funding. Check the amount due, when it is due, and whether there are any essential costs on top. If you have savings, consider whether using some of them would leave you with enough for emergencies and regular bills. There is no one right answer, but compare the cost of keeping savings with the cost of borrowing.

Ask the lender whether you can take a smaller amount, and whether that changes the rate, fees or repayment period. Then compare the monthly payment and total repayable for the amount you actually need —not just the largest amount shown in the offer.

2. Check whether credit is the best option

Before accepting a loan, consider whether there is a safe, lower-cost way to cover the expense. The right alternative depends on what the money is for and how quickly you need it.

- **Ask about a payment plan.** A service provider, landlord or supplier may agree to spread a bill over time. Confirm any charges and get the arrangement in writing.
- **Check for support or grants.** Depending on the situation, help may be available through a local council, employer, charity or relevant support scheme. Check the eligibility rules and timescales.
- **Build up the cost first.** If the expense is not urgent, delaying it and saving a monthly amount may avoid borrowing. For example, saving £100 a month for six months builds a £600 fund without loan interest.
- **Compare other forms of credit carefully.** An overdraft, credit card or buy-now-pay-later arrangement can have different fees, interest rates and consequences. A lower monthly payment does not necessarily mean a lower total cost.

Do not replace one unaffordable debt with another without comparing the full costs and checking that the new repayment is **supanet** manageable. If you are struggling with existing debts, a free, impartial debt-advice service may be able to help you look at your options before you borrow more.

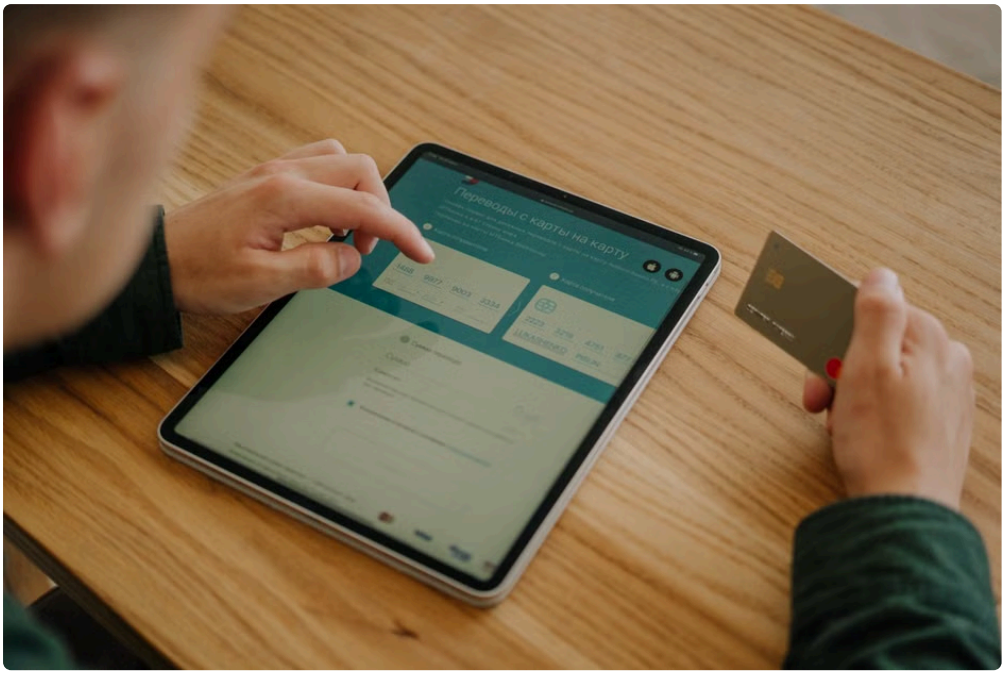
3. Compare APR, monthly payment and total repayable

These figures answer different questions. Looking at only one can give you an incomplete picture.

Figure	What it tells you	What to check
APR	A standardised way to compare the annual cost of borrowing, including certain compulsory charges.	Whether the rate in your offer is fixed or variable, and whether the APR is the rate you will actually pay.
Monthly payment	How much is scheduled to leave your account in a typical payment month.	Whether it fits your budget alongside rent or mortgage, bills, food, travel and other debts.
Total repayable	The amount you are expected to pay back over the full term, including interest and any included charges.	Whether it covers the whole agreement and whether extra costs could apply in particular situations.

APR is useful, but it is not the only number that matters. The advertised APR may be a representative rate rather than the rate offered to every applicant. Read the personalised offer and check the rate shown in your agreement.

A longer term will often reduce the monthly payment because the borrowing is spread over more months. But you may pay more interest overall. Compare offers for the same amount and, where possible, the same term. If the terms differ, note that difference rather than judging the offers by monthly payment alone.



For example, a £200 monthly payment may look affordable, but ask how many payments there are and what they add up to. A simple check is: monthly payment × number of payments. Compare that figure with the amount you receive. The difference is not always just interest, so also read the breakdown of charges in the agreement.

4. Look closely at interest and fees

Check how interest is calculated and whether the stated rate is fixed for the whole term. A fixed rate usually means the interest rate will not change, although other contractual charges may still apply. With a variable rate, the cost may rise or fall; read the offer to find out what can trigger a change and how that could affect your payment or repayment period.

Look for charges that may be separate from the headline interest rate. Some costs may be included in the APR, while others may only arise if you take a particular action or miss an obligation. Read the fee table and the agreement rather than relying on a summary or advert.

Fees people forget to check

- An arrangement or origination fee, and whether it is taken from the loan before the money reaches you.
- Late-payment fees, and any interest that may continue to build up after a missed payment.
- Charges for changing a payment date, where the agreement allows a change.
- Early-repayment or settlement terms, including whether interest is recalculated if you pay the loan off sooner.
- Costs linked to a failed payment, such as a direct debit being returned, if the agreement allows a charge.
- Optional add-ons, such as insurance or other products. Check whether they are genuinely optional, what they cover and what they cost in total.

Check what amount will actually arrive in your account. If a fee is deducted upfront, you could receive less than the amount you have agreed to repay. Do not borrow extra to cover a fee without first checking whether the fee can be avoided or paid another way.

5. Check the term and repayment dates

Make sure the agreement clearly states the loan term: how long you will be borrowing for, when the first payment is due and when the final payment is expected. Check the number of payments as well as the dates. If payments are monthly, find out whether they fall on a fixed calendar date or are tied to the date the loan starts.

Choose a payment date that works with when your income arrives, while leaving room for essential bills. A payment that is manageable on paper may be hard to meet if it comes out before wages or benefits arrive. Ask whether the date can be changed and whether there is a fee before relying on that option.

Make sure the full term is affordable, not just the first few months. Consider whether your income or essential costs could change. If the loan is variable-rate, check what a higher rate could mean for the monthly payment or total cost. If the offer does not explain this clearly, ask the lender before accepting.

6. Understand missed payment consequences

Check what the agreement says if a payment is late or missed. Depending on the terms and circumstances, there may be a fee, additional interest, contact from the lender, or an impact on your credit file. Repeated missed payments can make it harder to obtain credit in future. If the loan is secured against an asset, missing payments can put that asset at risk; understand exactly what security, if any, is involved.

Look for the lender’s process for contacting you and what support may be available if you have trouble paying. If you think you may miss a payment, contact the lender as soon as you can rather than waiting. Ask what options are available, and get any agreed changes confirmed in writing. Do not assume a payment holiday or date change is automatic or cost-free.

Before signing, test the payment against a realistic monthly budget. Include regular bills, food, travel, existing debt payments and irregular costs such as annual insurance or repairs. Leave a margin for unexpected expenses if you can. If the payment only works when nothing goes wrong, the loan may be too tight for your budget.

7. Check early repayment and changes to your circumstances

You may want to pay the loan off early if your finances improve, or make extra payments to reduce what you owe. Check whether the agreement permits this, how to request a settlement figure and whether charges or

conditions apply. Ask whether extra payments reduce the term, the monthly payment, or both.

Also check whether you can change the payment date or payment method, and what happens if your contact details or bank account change. These details may seem minor at the outset, but they can matter if your circumstances change during the term.



8. Check who you are borrowing from and keep the paperwork

Make sure you know the legal name of the lender and that you are dealing with the lender or an authorised intermediary. In the UK, you can check a firm's status using the Financial Conduct Authority's register. Be cautious if anyone pressures you to pay an urgent upfront fee to "release" a loan, especially if the request is unexpected or the payment method is unusual. Pause and verify who you are dealing with before sending money.

Read the final agreement, not just the pre-contract summary or a message describing the offer. Check that the amount, interest rate, fees, term and repayment dates match what you agreed. Keep a copy of the agreement, the payment schedule and any messages about changes.

Before you accept: a quick checklist

1. Do I need to borrow, and have I checked suitable alternatives?
2. Am I borrowing only the amount I need?
3. What will I receive in my account after any upfront deductions?
4. Is the rate fixed or variable, and is this my personalised rate?
5. What are the monthly payment, number of payments and total repayable?
6. Have I checked all interest and fees, including charges that could arise later?
7. Are the term and repayment dates clear and workable with my income?
8. Do I understand the missed payment consequences and early-repayment terms?
9. Can I afford the payment alongside essentials, existing debts and irregular costs?

If any part of the offer is unclear, ask the lender to explain it in writing before you accept. A few minutes spent checking the full cost and the payment schedule can help you avoid a commitment that is more expensive or less flexible than it first appears.