

**A Guide for volunteers,  
partners, and others  
signposting to our services**



## Introduction

We are a social enterprise and a membership co-operative owned and managed by our members.

As a community credit union our members must live, work or study in Norfolk, Suffolk or Cambridgeshire. We can also accept members who work for or are closely associated with various organisations and employers listed in our rule book, this is known as our common bond.

Our mission is to be an ethical alternative to high-cost and illegal lenders, to encourage saving and to promote financial inclusion. Our core business has been to provide small loans to members who might otherwise choose a high-cost lender, but we have developed products to appeal to everyone in the community and our ability to meet the needs of more people into the future depends on our growing a balanced portfolio of lending.

## About Us

We have existed for over twenty years and are the largest credit union in the region. We have helped over sixteen thousand members and have a current active membership of four thousand. We have £2 million in assets and a loan book of £0.8 million.

We are authorised and regulated by the Bank of England Prudential Regulation Authority and regulated by the Financial Conduct Authority. All eligible deposits are protected by the Financial Services Compensation Scheme.

## Membership

As a financial co-operative, we can only lend to members of the credit union and we must undertake identity checks to verify the individual's personal and address identity to discharge our anti-money laundering obligations. We can be more flexible than a high street bank and can build confidence in an individual's identity using multiple documents including references from trusted partners.

It costs £5.00 to open a credit union account and this is made up of a £2.00 joining fee and £3.00 towards the minimum shareholding. We also currently have a membership fee which is £1.00 4-weekly. Members are entitled to a dividend when we can pay one and we hope to return to issuing a dividend soon.

Members receive free life insurance as a death benefit. Whilst there are health and age factors in the terms and conditions, for most members this will **double** their savings when paid to their beneficiary and will in most circumstances remove the liability for any outstanding loan from their estate.



## Section 1

### About Us.

## Our Loans

Members borrow from the credit union for almost any reason. Our most common loan purposes are for motoring, home improvement, white goods and furniture as well as holiday, family and additional costs at Christmas.

Small loans from £500 to £1,000 are our bedrock and interest is charged at the rate set in credit union legislation. This is 3% per month an APR of 43.2%. Whilst at first glance this may appear a high rate of interest, for most of our members taking out a small personal loan the alternatives are high-cost loans from doorstep, high street, hire purchase or payday lenders that can charge hundreds or thousands per cent APR for their loans. High street bank rates are not usually available to these borrowers and banks do not generally lend small sums to their customers.

The table below shows a comparison of our small loan interest rates and charges compared with well-known high-cost lenders.

Company	ESLCU	Morses Club	LoansatHome	Loan Shark
				
Loan	£500	£500	£500	£500
Term	52 weeks	52 weeks	34 weeks	unspecified
Repayments	£11.49 pw	£18.75 pw	£25.00 pw	No written agreement.
APR	Max 42.6%	475.00%	466.40%	Who knows?
Interest	<b>£97.19</b>	<b>£475.00</b>	<b>£350.00</b>	An arm and a leg
Total Repayable	£597.19	£975.00	£850.00	Cost to your family: could include physical threats and intimidation
How much more!		£377.81	£252.81	

Where members have an impaired credit history, we may offer them a small loan £200 - £300 to understand better their capacity to meet repayments reliably.



We also offer larger loans with an interest rate of 2.0% per month (APR 26.8%) which fills the gap between our other loans. Like our other products, our members can make additional repayments at any time. We have no setup fees for any of our loans; no penalties for early repayment and we do not front-load the interest charges on our loans. Interest is calculated daily on the outstanding balance of the loan.

We also offer a Child Benefit Savings and Loan Plan which is a very popular product. A member who pays their Child Benefit into their credit union account may secure a £500 loan at our starter rate. We take £12 per week (or £48 4-weekly) from the benefit and the balance can be saved weekly or 4-weekly and the member can access this whenever they need it. This is perfect for helping members save and budget for school uniforms, trips and other expenses.

## Who we lend to

We can lend to anyone, but we believe it is ethical only to lend to members who can afford the repayments and where we are not adding to any indebtedness problems they may already have.

We ask members applying for a loan to tell us about their Income and Expenditure and use credit checks to understand what other debts they may already have and how well they are coping with making payments on their other debts.

We do not consider it ethical to offer a loan where the total interest to be charged would be more than 40% of the capital sum being lent.

We also look very carefully at members who have had County Court Judgements against them. If these are recent, we are unlikely to lend to the member. If the member can demonstrate they have managed their debt and are progressing toward repaying the debt completely we will consider each application on its merits.

We cannot lend to a member with a current bankruptcy, nor will we lend to individuals with an IVA or DRO.

When we are looking at the affordability of a loan to a member, we do not think it is responsible to accept repayment offers where the repayment is more than 40% of their disposable income and we tend not to lend to people with less than £100 disposable income per month.

Unlike some credit unions, we do not have a requirement for three months savings period before members can borrow. We accept online loan applications and try to reach a decision on these in three to four working days.

## Section 3

### Who we lend to.



## Partner Loans

Several our local authority and housing association partners ask us to lend to their clients and tenants. Our partners will sometimes ask us to lend at special (usually lower) interest rates and for specific purposes such as rent deposit and rent in advance.

We can only consider a partner loan where we have received a referral form signed off by the partner organisation.

## Services

We want to meet our members expectations of us as a modern and accessible financial services business. We offer telephone access five days per week, 9.30 AM to 4.30 PM and we complete requests for bank transfers the same day, but usually within a couple of hours.

We have a fully responsive website which is mobile and tablet friendly where people can apply for membership and pay their joining fee via PayPal.

Members can also apply for a loan online, but we may ask for additional information to be provided such as bank statements, payslips, or other proofs of income. We currently use Open Banking to speed this process and to remove the need to send paper statements.

We can take debit card payments by telephone where a member needs to make a loan payment or pay their joining fees.

## The Engage Account

The Engage Account is a great new Pay-As-You-Go account which is a useful financial inclusion tool where members are unable to access a conventional bank current account. The account comes with a sort code and account number so members can have wages or benefits paid directly into their account and a Visa card which can be used in shops, online or for cash withdrawals from an ATM. There is a £3.50 fee each month for the operation of the account. Engage is exclusive to credit union members and is cheaper than the PAYG cards offered by high street and high-cost lenders. The monthly fee can be offset by retailer discounts.

Account holders can withdraw cash from an ATM, however there is a 75p fee for each withdrawal, but we encourage members to take cashback in shops which is free. Other point of sale and online purchases are free of charge.

The member can establish standing orders and direct debits and thus save pounds on utility and other bills.

## Section 4

### Partner Loans, Services & The Change Account





## Contact us

Feel free to call us with any enquiries on 03336 000690, or email [office@eslcu.co.uk](mailto:office@eslcu.co.uk).

Most information can be found on our website at [www.esclu.co.uk](http://www.esclu.co.uk).

Our Head Office is in Ipswich and you can visit us by arrangement at 61-63 Austin Street, IP2 8DF.