shaping your finances

DEBIT CARDS

There’s no borrowing involved so you don’t incur a debt.

You know how much you have before you spend – better for budgeting.

Accidental overdrafts cost money – charges and interest.

CREDIT CARDS

Credit cards let you borrow money up to an agreed limit and pay it back later.

Gives good protection against fraud.

Provides extra protection for goods and services brought between £100-£30,000.

If used correctly, it can help build a good credit history.

High interest and charges if you don’t clear your balance at the end of each month.

You can quickly spiral into debt.

High fees for all kind of things including the use of a cash machine.

Late payments can affect your credit rating.
**DIRECT DEBIT**

Direct Debits (DD) gives a company permission to take money from your bank account on an agreed date.

- Save time as there is no need to worry about remembering to pay a bill.
- The bank should pay any incorrect payments back to you.
- The company can collect however much they want without asking you.
- You are not in control! You’ll need to keep track of your DDs and ensure the correct amount is taken.
- Not good for paying rent - use a standing order instead.

**STANDING ORDERS**

Standing orders (SO) give the bank an instruction to pay the exact amount you want to another account regularly.

- You’re in full control – you can start, stop or change the payment whenever you want.
- Good for paying your rent.
- You must make sure you cancel them when the payments have ended or you will overpay the other person!

If you don’t have enough money when a DD or SO is due, it may bounce and your bank can charge you. If your bank makes the payment you might go into the overdraft which means more charges.

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