

February 13, 2000, Sunday

SECTION: Features

LENGTH: 324 words

HEADLINE: Loan not as good as it sounds

BYLINE: Sarah Toyne

BODY:

A COMPANY called Microloans is advertising "preapproved" loans for servicemen and women, NHS nurses and teachers, writes Sarah Toyne.

The advertisement tempts customers with a headline interest rate of 14.9% and promises to put from Pounds 500 to Pounds 1,500 in your account in days.

A call to the sales department revealed that the cheaper rate of 14.9% applies to customers who choose to repay their loan within a year. If you opt for an 18-month repayment period, you will be charged 18.4%.

We asked the salesman to explain pre-approved - and the meaning was a little vague. The loan company has not agreed the terms with the eligible professions.

Nor does Microloans automatically grant a loan to a soldier, nurse or teacher - the usual credit checks apply. In fact, pre-approved seems to mean very little.

To qualify for the loan, Microloans needs your last two pay slips, your bank details and last bank statement.

The loan rate is not bad, if you can afford to repay it over 12 months. But that may not be a viable option if you are a grade D nurse earning Pounds 15,000 a year.

There are better loans on the market - and you don't need to be a teacher or nurse to qualify. Nor is there an automatic borrowing limit of Pounds 1,500. Northern Rock (0345 421421) charges interest of 13.8% on Pounds 1,500 if you pay it off over 12 or 18 months. The 18-month loan therefore works out more than Pounds 350 cheaper than

the Microloans deal. If you took a loan out with Smile, the net bank (www.smile.co.uk), you will be charged interest of 13.9% and save just under Pounds 300.

After more than six calls to Imperial Consolidated Financiers, Microloans' parent company, we eventually got through to someone in the marketing department. After two conversations, we were told someone would get back to us, but nobody did.

If its media relations are a barometer of its customer service, then steer clear.

LANGUAGE: ENGLISH

LOAD-DATE: February 14, 2000