

Consumer Resources

For help with money management, including payday loans, contact:

Credit Canada

www.creditcanada.com

Greater Toronto Area: 416-228-3328

Toll Free: 1-800-267-2272

The Ontario Association of Credit Counselling Services

www.oaccs.com

If you have a complaint about a payday lender or your payday loan or if you would like more information on your consumer rights and the Payday Loans Bill of Rights contact:

Ontario Ministry of Consumer Services

www.ontario.ca/consumerservices

Greater Toronto Area: 416-326-8800

Toll Free: 1-800-889-9768



What you should know about Payday Lenders

- Payday lenders must be licensed by the Ontario Ministry of Consumer Services. The licence certificate must be displayed in their stores. Never borrow from an unlicensed payday lender.
- All payday lenders must provide you with a copy of your payday loan agreement at the time you borrow the money. The first page of this agreement must show:
 - Amount being borrowed
 - Number of days for the loan
 - Exact day the loan must be repaid
 - Total cost of the loan, which must include all fees and charges.
- A payday lender cannot offer other goods or services in connection with getting a loan. For example, they cannot offer you insurance.
- A payday lender cannot give you another payday loan until the first loan has been repaid in full.
- In order to get the loan repaid, a payday lender cannot take your wages from your employer.

What you should know about Payday Loans

- In Ontario, payday loans have a maximum cost of borrowing set at \$21 for every \$100 borrowed.
- Whatever amount you borrow, you must get the full amount without any deductions. For example, if you borrow \$300, you must be given \$300.
- You can cancel a payday loan within two business days of receiving the loan. You must return the full amount of the loan, but you don't have to pay the cost of borrowing.
- You cannot be required to repay any money before the date your loan is due.
- If you choose to repay the full amount owing before the due date, the payday lender cannot charge anything extra.
- You can ask as many questions as you need to fully understand the terms of your loan agreement, such as:
 - What are the methods of repayment?
 - What happens if I can't pay the loan back on time?
 - What will I be charged if my payment is late?

A Guide to Payday Loans and managing your money



What is a Payday Loan?

A payday loan is a short-term loan—usually for no more than two weeks—that you pay back the next time you get paid.

Payday loans are a very expensive way to borrow and should only be used as a very last resort.

Many people who use payday loans, without carefully managing their money, find themselves in a cycle of borrowing and increasing debt which can be very difficult to escape.

The Cost of Payday Loans

In Ontario, payday loans have a maximum cost of borrowing set at:

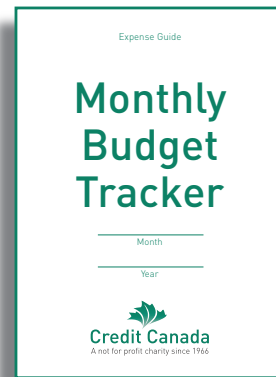
\$21 for every **\$100** borrowed

Borrowers cannot be charged more than this amount.

Money Management and Payday Loans

Using money management tools on a regular basis can help you use payday loans more responsibly and avoid financial circumstances that may cause you to use payday loans.

There are many free resources to help you manage your money, such as Credit Canada's Budget Tracker booklet which can be downloaded at: www.creditcanada.com.



Payday Loan Money Tips

Budget

It's important to pay back your loan on time. Make and maintain a budget that can tell you exactly how much you're spending on a month-to-month basis.

Track and Reduce Expenses

Write down all of your spending for a month, including all small purchases. Then, review all of your expenditures and search for cheaper/inexpensive alternatives. Also, find ways to trim your costs and expenses.



Emergency Savings Account

Set-up an emergency savings account and put any extra cash towards it on a regular basis.

Trimming your costs and expenses can help you save money.

Payday Loan Do's and Don'ts

Do

- Look at other options before choosing a payday loan, such as:
 - Asking your creditor(s) for more time to pay
 - Getting an advance on your pay from your employer
 - Borrowing from family or friends. Decide on the terms and conditions and put them in writing
 - Getting overdraft protection on your bank account, so if you don't have enough money to cover a cheque the bank pays the cheque amount and you avoid non-sufficient funds fees and returned cheque fees
 - Considering a small loan or line of credit from a financial institution
 - Considering a cash advance on your credit card.
- Keep copies of all payday loans agreements. You'll need these if you have a problem or complaint. If your lender is not willing to resolve your complaint, contact the Ontario Ministry of Consumer Services.

Don't

- Don't borrow from a payday lender who cannot answer your questions, or gives unclear answers.
- Don't use payday loans often. These loans can help you cover sudden and unexpected costs, such as an urgent car or home repair, but they shouldn't be used frequently.

Borrower Beware

The maximum cost of borrowing applies until the date your loan is due. If you don't pay your loan on time you may have to pay interest. Check your agreement to see what rate of interest may apply if your repayment is late. Some lenders are charging almost 60%.