



A Guide to Guarantor Loans

Overview and Introduction

While many people know and understand the importance of good credit, and may strive to maintain good credit and a good credit score, it is not always possible for all to do this.

Life gets in the way and sometimes things go pear shaped.

A person may take ill, or lose their job, they still have bills to pay, accounts they owe, and suddenly they can no longer afford to repay them. It can damage their credit rating and lower their credit score.

The higher your credit score, the better your credit rating will be.

There are things we can do to improve our credit scores, however, these things can take time. And sometimes a person may need a loan and not have the time to wait until their credit score improves.

There are loans available to someone who has weak or poor, or even no credit, and this is where this guide to guarantor loans can help.



Why Did We Create This Guide to Guarantor Loans



Not everyone understands how to get a loan if they have weak or poor credit, what options are available to them, should they need to borrow money.

Guarantor loans are one such option, however again, not everyone knows about guarantor loans or fully understands them.

That is where we are here to help.

This guide will explain what a guarantor loan is, how guarantor loans work, who can be your guarantor, and how to apply for a guarantor loan.

How to Use This Guide



This guide on guarantor loans is set-up to be read from beginning to end, in it's various chapters.

It is not a difficult read, and hyperlinks will be used where appropriate to direct you to other resources to guide you as well.

Just start at the beginning and read each chapter in succession.

Guide Chapters



Overview & Introduction



What is a Guarantor Loan?



How Do Guarantor Loans Work?



Benefits of a Guarantor Loan



Compare Guarantor Loan Providers

Chapter 1

What is a Guarantor Loan?



A guarantor loan is an unsecured loan, for someone who may not qualify for a loan just on their own. They need someone to guarantee the loan, which means if the borrower does not make the agreed payments, then the guarantor will be responsible for the payments.

Guarantor loans are for someone who may have a weak, or poor credit score, or no credit whatsoever.

The loan can be for whatever reason the borrower requires the loan, and as long as they have someone to guarantee the loan, it can be granted.

The loan is based on the person who is guaranteeing the loan, the guarantor, not the borrower.

Guarantor Loan Example

» **Person A** requires a loan of £2,000, to repair a boiler, repair a car, move house, or buy a car.

» **Person A** has no credit, or has experienced credit issues in the past and struggled with repayments.

» **Person A** may know a close friend or family member (**Person B**) who feels and knows that the borrower of a loan, **Person A**, can repay a loan, even though in the past they have experienced credit issues.

» **Person B** guarantees the loan for **Person A**, which means if **Person A** cannot make the payments for the loan, the guarantor who is **Person B**, will make the payments.

» **Person A** with weak or no credit is granted the loan they require.



By being approved for the loan, someone can begin to rebuild their credit. In addition, as the loan is guaranteed, it carries a lower interest rate than a payday loan or other bad credit loans.

The process of applying for and receiving a guarantor loan is just like many other loans, however, they require a guarantor, someone to guarantee the loan.

Guarantor loans are for people with weak, poor, or no credit.

The loan process is similar as with all loans, with the exception of having a guarantor.

An applicant may want to review their credit and credit score first, prior to applying for a loan. Also check their eligibility before applying for a loan. They may qualify for a loan on their own without a guarantor.

Checking one's eligibility for a loan does not affect your credit score, and gives you a good idea if you even require a guarantor loan.

Should you not qualify for a standard loan, and still require a loan, you can apply for a guarantor loan.



If you are not eligible or qualify for a standard loan, you can apply for a guarantor loan, which means you may wish to speak to close friends and family first as they could be the one guaranteeing the loan.



For Guarantor Loans

Q. Who Can Be My Guarantor?

A. A close friend or family member, someone who feels that you will repay the loan. A guarantor needs to be someone who knows you, but is not financially linked to you. If for any reason you do not repay the loan, it will then become the guarantor's responsibility.

Q. Does My Guarantor Need to Own Property?

A. Not in all instances. If a guarantor has a strong credit rating and credit score, they do not need to own property.

Q. What Can I Use The Loan For?

A. Guarantor loans can be used for any purpose, such as to do repairs to a car, purchase a car, consolidate other accounts, the loan can be for anything.

Q. What Are The Interest Rates on Guarantor Loans?

A. Interest rates for guarantor loans are higher than a standard bank loan due to the risk to the lender. Interest rates can be around 40% to 50% APR/Annual Percentage Rate. Rates for guarantor loans while higher than a standard bank loan, are much lower than the 1500% to 2000% or higher for a payday loan.

Q. How Much Can I Borrow and For How Long?

A. Guarantor loans can be for various amounts, £1000, up to £7,500 in some instances. Terms can be for as long as 60 months/five (5) years). This makes repayments more affordable.

Q. Does The Lender Check For Affordability?

A. Yes, guarantor loans are underwritten in the same process as other forms of loans, and affordability checks are in place. The nature of the loan is that the borrower may have poor or no credit, so a guarantor strengthens the loan.

Q. Can a Guarantor Loan Be Paid Off Early?

A. Yes, many lenders do not have prepayment clauses and you can pay the loan off early, or pay more towards the loan each month.

Q. How Fast Will I Be Approved and Get The Loan?

A. Approvals vary from lender-to-lender, many will have the loan approved in 24 hours depending on what documentation is required and how quickly it is provided. Once the loan is approved, the money can be transferred to the guarantor's account within hours.

Q. What Happens If I Cannot Pay The Loan Back?

A. If for any reason the borrower cannot repay the loan, the lender will contact the person who guaranteed the loan for payment, they will then be responsible to pay the loan.

Benefits of a Guarantor Loan



One of the main benefits of a guarantor loan is that someone who needs a loan, and may not qualify due to weak, poor, or no credit, can be approved and receive the loan.

The interest rates on guarantor loans are much lower than other bad credit loans, such as payday loans.

The loans allow flexibility in repayment, as they can be paid off early, in addition to terms as long as 60 months to aid in the affordability of monthly payments.

Typically borrowers can borrow up to £7,500, which is more than if they were to get a payday loan or other short-term form of borrowing.

Having a guarantor allows the lender to approve the loans quicker, in some cases within 24 hours, and once approved, the money can be transferred to the guarantor within hours.

Benefits Highlights



Weak, poor, or no credit not an issue.



Lower interest rates than payday loans and other bad credit loans.



Longer terms of up to 60 months/five (5) years.



Quick approval.



Money transferred quickly.



Help to rebuild poor credit.

What To Look Out For



While guarantor loans are a good way for someone to rebuild their credit, or start having credit, there are a few things as a borrower you need to look out for, and be aware of.

✓ FEES



Most guarantor lenders do not charge a fee to apply for a loan. You may wish to shop around if one does charge a fee.

✓ RELATIONSHIP BETWEEN BORROWER & GUARANTOR



By having someone guarantee a loan, should the borrower default, the guarantor is responsible for payment. This has the potential of placing a strain on the relationship.

✓ RESPONSIBLE BORROWING

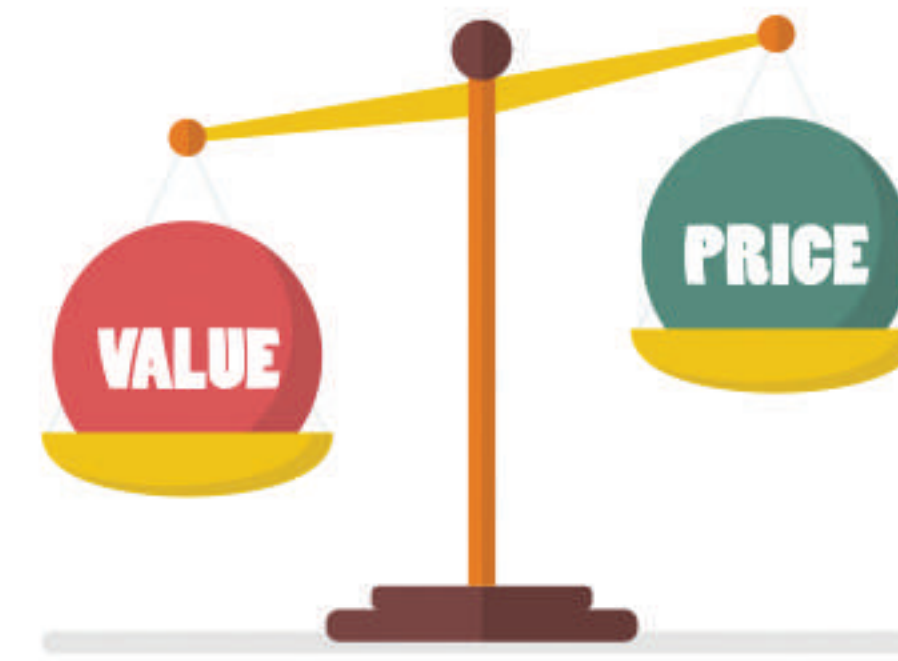


While a guarantor loan is processed and underwritten to ensure the borrower can afford the repayments, the borrower has a responsibility to insure affordability as well, not applying for additional loans, or unwise spending causing payments to be missed.

In considering a guarantor loan, it is always best to do some research into the various guarantor loan providers that are out there.

Many offer similar terms and conditions and interest rates, but depending on what your needs are one lender may be a better fit.

We've done some of that research and footwork for you here:



Suco Guarantor Loans	Buddy Loans	TrustTwo Joined Up Borrowing	Amigo
<ul style="list-style-type: none"> Loans from £1,000 to £15,000 A representative APR of 39.9% for loans £8,000 to £15,000 Loan terms from 4 to 7 years Funds can be transferred same day 	<ul style="list-style-type: none"> Loans from £1,000 to £7,500 A representative APR of 49.9% No upfront or application fees Approvals can be within 24 hours 	<ul style="list-style-type: none"> Loans from £1,000 to £7,500 A representative APR of 49.9% Home owner and tenant guarantors OK No upfront fees 	<ul style="list-style-type: none"> Loans from £1000 to £15,000 A representative APR of 39.9% for loans £8,000 to £15,000 Loan terms from 4 to 7 years Funds can be transferred same day
Guarantormyloan	1+1 Loans	Tfsloans	MASALOANS
<ul style="list-style-type: none"> Loans from £1,000 to £5,000 Home owner and tenant guarantors accepted Representative APR 48.9% Loan terms of 1 to 5 years 	<ul style="list-style-type: none"> Loans from £500 to £5,000 Representative APR 45.4% for loans £500 to £5,000 Loan terms 1 to 5 years 	<ul style="list-style-type: none"> Loans from £1,000 to £12,000 Representative APR of 39.9% for loans £8,000 to £12,000 Loan terms 2 to 7 years 	<ul style="list-style-type: none"> Loans from £1,000 to £7,000 Representative APR 49.7% for loans £1000 to £7,000 Terms from 1 to 5 years No upfront fees