

# The Debt Consolidation Guide:

## What is it, how does it work, and is it the right thing for me?



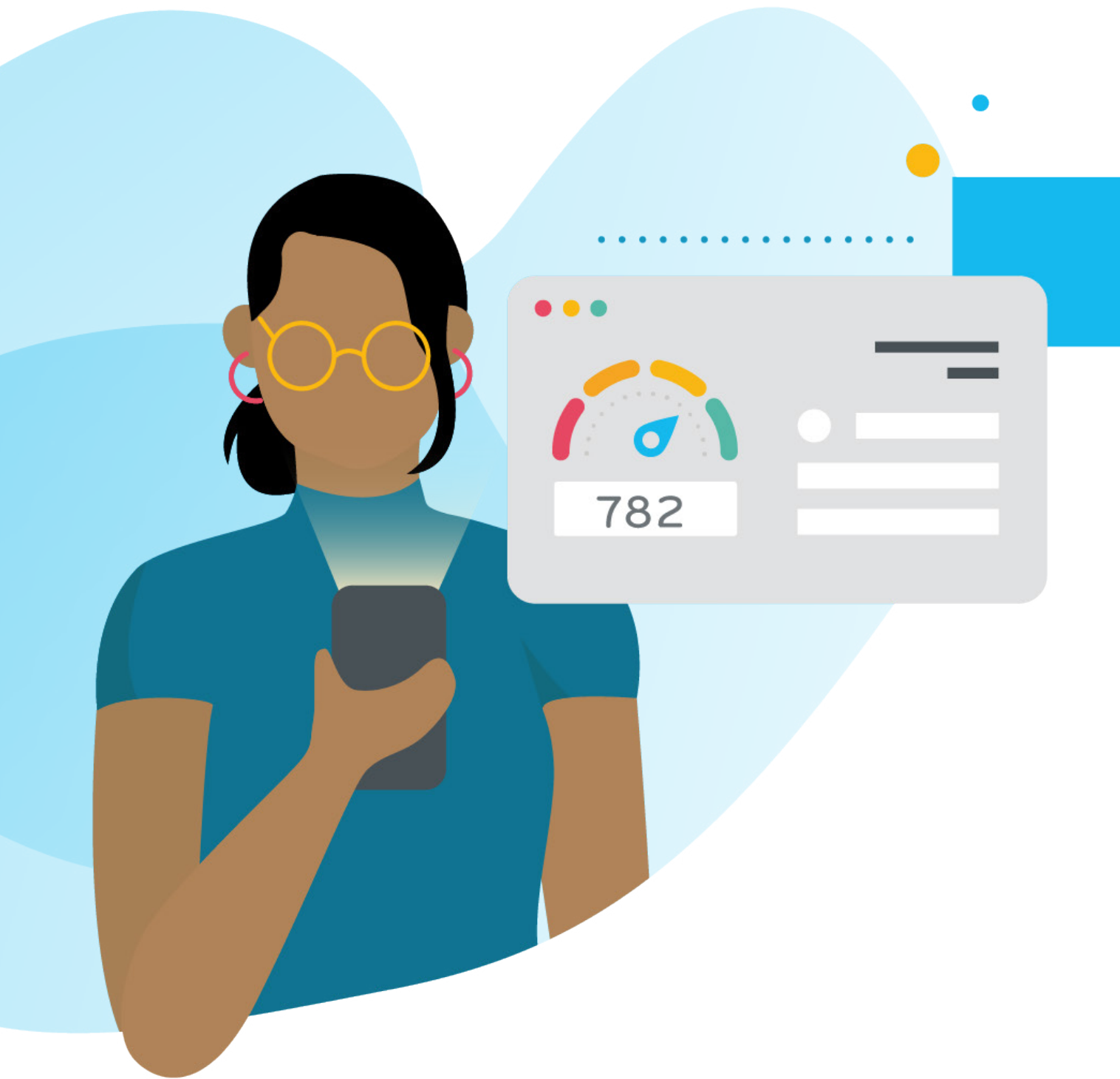
## Who is Neyber, and how can this guide help me?

At Neyber, we're driven by our mission to help employees live financially happier and healthier lives. We do this by providing products and services that help employees across the UK pay off their debts, start to save, gain access to their pay when they need it and also learn more about their finances.

We recognise that many people will be worried about their money, potentially now more than ever. This may mean people are struggling with financial stress and the impacts on their mental health.

If you have high interest debt - such as credit cards, store cards, expensive personal loans, overdrafts or payday loans, debt consolidation may be an option that could save you money. This guide has been designed to help you understand how it works and to evaluate if it's the right thing for you to do.

There's no 'one-size-fits-all' solution when it comes to money, so it's important to review all of the options available to make the best choice for your situation.



## I have existing debt, what are my options?

According to [The Money Charity](#), the average Brit has £4,264 of unsecured debt. If you are one of those people, your debt may be costing you more than you realise. When was the last time you checked the APR/interest rate on your credit card or your personal loan? The first step is to take a look at your credit card and loan interest rates, as well as how much you owe.

If you know how much debt you have, and what that debt is costing you, you can prioritise what to pay off - to get out of debt the absolute fastest, you're going to want to pay off the debt with the highest interest rate first.

If you have expensive credit card debt, could you benefit from transferring it to a 0% balance transfer card? Compare the different options [here](#).

## Concerned you may not be able to afford repayments?

If you think you're at risk of missing a payment, defaulting on a bill, falling into arrears or even struggling with paying your rent it's important to be proactive - speak to your lender, your landlord, HMRC - whoever it is! - before you fall behind with your payments.

While thinking about this can be scary, if this is something that's causing you stress, you need to take action.

To start, visit your lenders' websites to see if they have released any information on their response to Covid-19, as most lenders are offering repayment holidays. If you speak to your lender, they will be able to explain the options available to you personally to help you make an informed decision.

It's important to remember that if you are not currently struggling to make any payments - whether that's your bills, your mortgage or your debts, it's important to keep paying these debts off as normal. Basically, it's essential not to take payment holidays unless you need to.



## How can I pay off my debts quicker?

If you find yourself in a position where you are saving money on some expenses (such as no commute costs if you're working from home), do you have the option of redirecting that money to pay off your debts quicker? The sooner you can pay off your debt, the less you will pay in interest.

Another option that could help you to pay off your debts quicker is to consolidate your debts into one lower-rate loan.

If you want to explore refinancing your loan or whether paying off your credit card at a lower rate could save you money, Neyber may be able to help.

## What is debt consolidation?

Debt consolidation is the name for a loan that you use to pay off all your other unsecured debts. Unsecured debts include credit cards, store cards, overdrafts, personal loans and payday loans but excludes your mortgage.

A debt consolidation loan can be used to pay off higher cost debt or multiple high cost debts with one lower rate loan.

Consolidating debt means that you will only have to make one monthly payment rather than several monthly payments to cover your debts. This can make it easier for you to manage your finances and makes keeping up with your payments simpler.

## Is debt consolidation right for me?

Debt consolidation is not the best solution for everyone. When paying off debts, it's important to look at the interest rates as well as the total repayment amounts.

If you can get a lower rate loan, as outlined on the table, it could help you save significant amounts of money by paying debt off quicker and by paying a lot less interest.



£4,000 debt	Minimum repayment	£200 monthly repayment	Neyber debt consolidation, fixed monthly repayment of £183.62
Amount Owed	£4,000	£4,000	£4,000
Interest Rate	44%	44%	9.9%
Time needed to repay	32 years and 10 months	2 years and 8 months	2 years
Total Paid	£16,076	£6,318	£4,406.79
Amount paid in interest	£12,076	£2,318	£406.79

However when looking at debt consolidation it's important to consider:

**The rates. Always look at the interest rate and ensure that it is lower than what you are currently paying**

- The duration of the loan, will the new loan see you paying off your debt quicker?
- The amount you would need to pay each month. Sometimes if you are consolidating multiple debts, paying this off and having one monthly repayment can mean having a higher monthly payment than before.

It's important to look at all of these factors before taking out a debt consolidation loan. If still not sure if it's the right thing to do for you, you can get free money advice from Stepchange [here](#).

## Can Neyber help me?

If you have high cost debt and want to explore consolidating, Neyber may be able to help\*. At Neyber we take loan repayments straight from your salary which means:

- We can offer loans to more people than traditional lenders. Even if you have a poor credit history, have had CCJs or used payday loans in the past, you are still able to apply with us
- We can offer lower rates than traditional banks, which could mean you pay less interest and can get out of debt quicker

- You don't need to worry about remembering the payments - they happen automatically

\*Applications will be assessed to ensure the loan is appropriate and affordable for you.

Important: This is an option, not a recommendation. Your employer does not benefit from offering this service and all your communications will be with Salary Finance Limited trading as Neyber. Loan applications will be assessed to ensure the loan is appropriate and affordable for you. Finwell content is for guidance and educational purposes only and is generic in nature. Salary Finance Limited trading as Neyber does not offer regulated financial advice. Please seek independent financial advice.

