**Help with loans and credit cards**

If you’re struggling to repay loans or credit cards because of the coronavirus outbreak, you can ask for a payment freeze, or payment holiday, of up to three months. These payment freezes however do not cover ‘buy now pay later’ deals and high-cost short-term credit such as payday loans.

**How to request a payment freeze:**

A payment freeze might not be suitable for everybody. If you can afford your repayments, you should continue to make them. You will be able to ask for a temporary payment freeze from all lenders by 14 April 2020. This is still subject to approval by the lender, but if the payment freeze is denied, your lender should work with you to discuss other options.

Taking advantage of a temporary payment freeze because of coronavirus will not affect your credit rating.

Do not stop any payments before you’ve agreed a freeze with your lender or credit card provider. However, it is really important you get this agreed with your lender or credit card provider *before* stopping payments. Stopping payments before contacting your lender about a payment freeze might be classed as a missed payment, resulting in penalty charges, showing up on your credit file and impacting your ability to borrow money in the future.

At the moment the call centres for banks, lenders and credit card providers are likely to be very busy. Contacting them by email or online might be a good option. The advantage of this is that you can prove exactly when you contacted them.

**If you do miss a payment**

If there was a delay in arranging a payment freeze and you missed a payment, lender and providers will work with the credit ratings agencies so there will be no negative impact on your credit rating and you should not be charged any penalties. However, you will have to have requested a payment freeze *before* the payment was due.

**What your lender will discuss with you**

If you request a temporary payment freeze, your lender is required to explain what this will mean for you in the future. This will include information on any increases to your repayments after the payment freeze ends and any interest payments built up over this time. Firms are not prevented from charging interest during the payment freeze and credit card providers might ask you to make token payments of less than £1 during this time.

Lenders and providers might decide to give you another option other than a three-month payment freeze. If you’re expecting your loss of income to be temporary, for example if you have to self-isolate, you might be offered a payment freeze of less than three months. If you’ve only experienced a partial drop in income, you might be able to make reduced payments rather than take a payment freeze. However, you will need to contact your lender or card provider to discuss these options.

**If you’re still struggling with repayments after three months**

The temporary payment freeze has been introduced for three months, but it might be extended. If it is not extended, loan and credit card repayments will start automatically once the three-month period ends. If after the freeze you’re still finding it hard to make repayments, you should contact your lender or provider to discuss your options.

**If you were already struggling with repayments**

If you were already having difficulties making payments before the coronavirus outbreak, the new rules will not apply to you. Any agreements you already had in place with your lender or provider, such as reducing or cancelling further interest charges, will continue to apply. If you’re struggling to make loan or credit card repayments, you should speak to your lender or provider about what options are available to you or get debt advice.

**What to do if you’re getting behind on car finance payments**

Nine out of ten of us now pay for our vehicles on Personal Contract Purchase (PCP) agreements. If you’re going to struggle to meet your repayments because of coronavirus, talk to the car finance company as soon as you can. They might offer to extend the cost of the contract which would lower your monthly payments or come to another arrangement to help you out.

The temporary payment freeze introduced by the Financial Conduct Authority (FCA), does not cover car finance specific loan arrangements like PCP or hire purchase. However, if you bought a car using a personal loan, then you might be able to arrange a three-month payment freeze if you’re finances have been affected by the coronavirus outbreak.