

NORTHERN TERRITORY

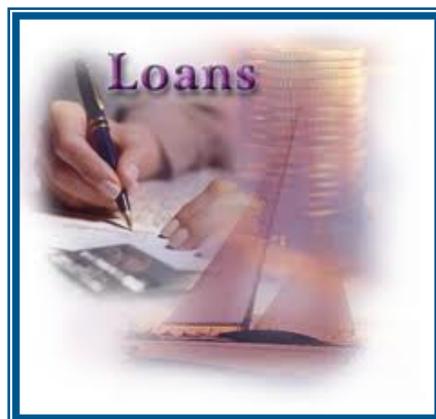
CONSUMER

AFFAIRS

# “Interest Free” Loans

**You’ll want good advice**

*“...You owe it to yourself to get the best deal when buying stuff  
Don’t be an ‘impulse buyer’  
Compare all your options and get legal advice if you don’t understand  
the contract,  
Make sure you can afford whatever option you choose...”*



**Consumer Affairs: 1800 019 319**

**When you are strapped for cash taking advantage of deals offering NO deposit and NO interest for a number of months or years can make that dream TV, computer or home theatre system seem more affordable.**

**BEWARE**

**If you can't afford it now, how will you pay for it later?**

### **Examples of contracts**

**REMEMBER** – To make this work for you, you have to pay off the entire amount borrowed within the 'interest free' period.

Some consumers get trapped with these deals, and when the time comes to pay they can't, and find themselves not only owing the cost of the goods, but interest as well.

Finance companies can be tough on consumers who do not pay when accounts become due. Consumers risk repossession and prosecution for monies outstanding, and a bad credit rating which will stop them from borrowing money for a number of years. Finance companies often include a credit card as part of the contract.

Interest rates for credit cards issued by finance companies are usually higher than those offered by other types of lenders.



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## Minimum Payments

Statements that are sent to you may also state a minimum repayment that you have to make each month.

Even if you pay the minimum repayment each month, this may not be enough to pay off your purchase, in full, within the 'interest free' period.

Do the sums. Divide the amount owing by the number of interest free months and if necessary pay extra each month to ensure you pay off the outstanding amount by the due date.

Consumers need to be careful when signing these sorts of contracts and know exactly what they are getting themselves into.

Do your homework and shop around BEFORE you sign up for the purchase.

Make sure the repayments fit within your budget.

If you are smart about it, you can make 'interest free' work for you.

**Don't be pressured into signing a credit contract  
If you decide to go ahead with the purchase, read the contract  
carefully BEFORE you sign.  
Beware of the fine print, it may be small but the message is  
important.  
Take the contract away; get some independent advice if  
you're not sure.**



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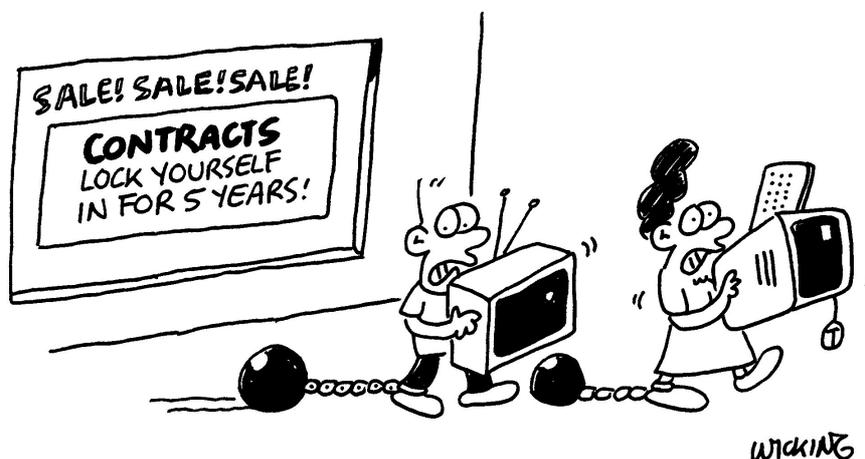
## What about renting items?

Some stores offer contracts that enable you to rent an item and even buy it during the rental period.

Renting involves a regular rental payment that does not require any 'up front' deposit. This can be an advantage in assisting you to budget for your purchases if you do not want credit or an interest-free loan.

You may be able to arrange flexible payments and upgrade to a later model during the rental period.

As always when considering signing a contract, you should carefully consider the conditions and compare the renting option with others.



For example, the total cost of renting an item for the contract period may be much higher than the cost of purchasing the item outright, even if you add in interest on your credit card or personal loan.

**For further advice on any consumer issue visit the web site  
[www.consumeraffairs.nt.gov.au](http://www.consumeraffairs.nt.gov.au)  
Or telephone Consumer Affairs on 1800 019 319**

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