

## **Monzo loans, explained**

Before you apply for a loan with us, it's important you understand how it works. Please take time to read this important information, as well as the Pre Contract Credit Information document.

### **A loan can be a helpful way to spread the cost of bigger buys, consolidating debt and more**

You'll repay a fixed amount each month. Please read the terms of your loan offer to make sure it's suitable for you. You shouldn't use a loan to gamble or invest. If you have any questions, chat to us in the Monzo app.

### **We'll do a credit check when you accept the loan agreement**

Before you take out your loan, when you accept the loan agreement. This will leave a hard search on your credit file.

### **If you have an existing Monzo loan and you're borrowing more, we'll repay your existing loan**

Your existing loan agreement will end when you take out a new loan. We'll put the extra money that's left over after repaying your existing loan in your current account.

### **If you've applied for a debt consolidation loan through ClearScore, you might have chosen some existing borrowing to repay**

If so, we'll make the loan amount available to ClearScore within 24 hours of the start date. ClearScore will repay the existing borrowing that you asked to consolidate during the application process. If the loan amount is more than the borrowing you've chosen to repay, ClearScore will send the leftover amount back to us and we'll put this in your Monzo current account.

If you need to contact ClearScore, email them at [help@clearscore.com](mailto:help@clearscore.com).

### **We'll take repayments from your Monzo current account**

We'll take your monthly repayment amount from your current account at around 4am on the repayment date you choose. If you have an overdraft, your repayments could take you into it. We'll remind you a few days before so you can make sure there's enough money in your account.

You may be able to use our easy bank transfer service to make payments from another bank. Check in the app to see if this is available to you.

You can repay extra at any time. You can choose whether this pays your monthly amount off early, or reduces the rest of your monthly repayments.

### **Chat to us if you miss a repayment**

If you've missed a loan repayment, we won't try taking it again. You can make a repayment in the Monzo app to get back on track.

We have to report any repayments you miss to the credit reference agencies. This could make it harder to borrow later. We don't charge interest on late or missed repayments, so the total cost of your loan will stay the same.

If you can't pay it's best to talk to us as soon as you can, as there are ways we can help.

Being behind could have severe consequences. For example, we might take legal action against you or ask you to repay the entire balance.

**You have the right to withdraw within 14 days, and there's no fee to repay at any time**

You can withdraw from the loan agreement without giving a reason within 14 days by chatting to us in the app. If you have an existing Monzo loan and you borrow more, you won't be able to bring back your existing loan agreement and you'll need to repay the total amount in full. You'll have 30 days to pay back the loan, plus any interest you owe.

You can also repay part or all of your loan at any time in the app or by chatting to us.

If you have applied for a debt consolidation loan through ClearScore, withdrawing from this agreement will not reinstate your existing agreements with other creditors.

If you are repaying borrowing from other lenders, those lenders should tell you when those agreements will end.

**We'll never contact you and tell you that you need to take a loan**

Monzo will never call or message to tell you that you need to take out a loan. If that's happened, please stop this application and chat to us in the app.

**Please ask us if you have any questions!**

You can drop us a message through in-app chat or by email.