# Payday Loan Firms Resurge with High-Cost Loans



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Increasingly prevalent payday loan firms are returning with a focus on high-cost loans advertised through television campaigns. Everyday Loans prominently offers loans up to £15,000 with a representative APR of 99.9%, and a maximum APR reaching 299.8%. A loan example given at 99.9% APR indicates that borrowing £3,000 over 24 months at an annual interest rate of 71.3% would culminate in a repayment total of £5,706.

Even more striking, other lenders like Cashfloat and Mr Lender reach APRs close to 1,300% and 1,462.3% respectively, with the highest recorded figure being 1,721%, offered by Payday UK and Tendo.

Contrastingly, high street banks provide significantly lower rates, such as Sainsbury's Bank's maximum APR of 29.9% for its Nectar card customers. However, those with poor credit often fail to qualify for such bank loans, leading them to resort to payday lenders who, though required to perform credit checks, are perceived to be less stringent.

Simon Trevethick of debt charity StepChange reported that during the past year, over 180,000 individuals sought assistance from their services, with rising living costs being a primary reason for increased debt.

In 2014, the UK saw calls for restricting payday loan ads on daytime television to protect children but did not pass such a law. The sector saw a decline in trust with regulatory interventions from the FCA on interest caps and default fees. Notably, prominent lenders like Wonga collapsed in 2019, and Amigo Loans rebranded to RewardRate in 2022 before entering administration.

Alternatively, Nationwide recently raised its personal loan maximum to £50,000, citing rising building costs as a reason. It offers varying APRs depending on the amount, with a representative APR of 8.9% for larger loans. This move allows greater flexibility for borrowers, extending beyond home improvements to other financial needs, with a rigorous assessment process to prevent unsustainable debt accrual.