

Payday Loan Requests Jump by More Than 50 Per Cent in May

The demand for payday loans in May increased by more than 50% when compared to April.

June 1, 2011 (FPRC) -- The level of demand for payday loans has shot up in the last month.

All About Loans UK noted an increase of more than 50% through their loans application portal in May compared to April.

In addition to the rising cost of living, it is possibly partly down to a run of bank holidays, including the recent Royal Wedding of Prince William and Kate Middleton.

Payday loans are simply unsecured loans but borrowed over a short period of time, usually a maximum of 31 days. They tend to be used by people who need a little bit of extra cash to help them through to their next payday. Loan amounts tend to be small but if you are a good customer and pay your loan back on time, you can borrow more on the second time you take out a loan. Most payday lenders limit the amount someone can borrow to about £200 - £300 on their first time borrowing.

Contrary to popular belief, payday loans are used by people with good credit histories who just need an extra couple of hundred pounds, usually to fix a financial crisis like a car breakdown, or some other emergency requiring some quick cash. Lenders no longer lend to just anyone, and their lending practice usually ensures that the applicant does not borrow more than can be comfortably paid back.

One big attraction of payday cash loans is that if an application is successful, the money can be transferred into the applicant's bank account on the same day. This facility is extremely attractive to someone needing some money in a hurry.

Because payday loans are short term loans, they can carry a high interest rate, some as high as 2000 Per Cent, when converted into an annual percentage rate (APR). This can appear extortionate, but because the loan only lasts a matter of days, an APR can be misleading. On average, you will repay £25 for every £100 that you borrow, so if you borrow £200 you will pay back £250.

For customers looking to find some money quickly, using a payday loan can often be a whole lot cheaper than going overdrawn at the bank without permission.

There is one thing to bear in mind though. However useful a payday loan may seem, never enter into a payday loan agreement if you think that you will be unable to repay the loan on time. They should not be used for longer term borrowing as they can work out very expensive. If you need money due to habitually running short each month, a payday loan is not going to help you. You need to look into some other form of debt help or assistance to permanently solve you financial problems.

Contact Information

For more information contact Tom Dawson of All About Loans UK

(<http://www.allaboutloansuk.co.uk>)

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