



Northumberland Credit Union Ltd

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About Northumberland Credit Union

Common bond and membership

NCUL is a credit union – a co-operative that exists to encourage savings and make loans available to people at a fair and reasonable rate of interest. We cover the whole of the administrative county of Northumberland.

Membership is open to anyone who lives or works in the county. Employees of health authorities and housing associations that serve the county can join as well, even if they don't themselves live or work in Northumberland.

Firms, public bodies and voluntary sector organisations operating in Northumberland can join the Credit Union as corporate members. This includes unincorporated societies such as Christmas clubs, playgroups and allotment associations.

Leaflets and application forms are available from our website. We require proof of identity and address, and there is a one-off admission charge of £2. This is usually paid by the landlord in the case of tenants of housing associations.

Management, business model and partnerships

The credit union is managed by ten directors, all of whom are unpaid volunteers. They are 'hands-on' and do much of the work of running the credit union. They come from Morpeth, Alnwick and Prudhoe, and we have active volunteers in other towns and villages. We have a paid manager who works 10-11 hours per week.

Our business model is to manage centrally but act locally. Our head office is one room in a former shop at Stobhill. We do the boring but essential things there, like book-keeping, legislative compliance and providing back-office facilities to support local branches and Paying-in Points, or PiPs.

Our PiPs are at Allendale, Hexham East, Morpeth (Stobhill), Pegswood, Prudhoe, Seahouses and Wooler, and are run by local volunteers. Others have started up and then failed for want of volunteers, and this is not uncommon. We are working with Tweedmouth Children's Centre to open a PiP there, and with partners in Alnwick to open one there once we have volunteers and premises in place.

We have partnership arrangements with DAWN (Debt Advice within Northumberland), ISOS Housing, Milecastle Housing, Northumberland County Council, Pegswood Community Project; the Spetchells Centre (Prudhoe), Seahouses Resource Centre and Three Castles Housing. Some partnerships are for services for tenants, others for payroll deduction, others PiPs, etc. We also assist NCC in making loans from their Repossession Prevention Fund

Few members actually use PiPs, which are usually open for only two hours on one day of the week. But they have an unquantifiable value in attracting local volunteers, raising our profile locally, and making people aware of our existence. Another spin-off is that some of the local volunteers go on to become directors.

Savings and withdrawals

Most of our members pay in either by payroll deduction or bank standing order. People can also pay in at Northumberland County Council's information points. Tenants of Berwick Borough Housing pay in using an Allpay card.

If you are on-line, which most members are, you can download a withdrawal form, complete it on-screen and either email it to us, or send it by Freepost. We check if you have enough in your account, and pay by direct transfer to your bank account. We can pay by cheque; but make a small charge for doing so. If you have no bank account, or one you can't use, we will try to make arrangements for you to get cash.

Loans

Getting a loan from us depends on showing that you can save and make repayments regularly. If you save regularly for 8 weeks, you can apply for a loan equal to the value of savings plus £100; e.g. save £10 a week and you can borrow £180. Regular saving is the key, whether weekly, monthly or fortnightly.

If you repay the first loan according to agreement and carry on saving, you qualify for further loans, up to a maximum of £3,000, as follows: Second loan, 2 x savings. Third loan, 3 x savings. Fourth or subsequent loan, 4 x savings.

Loan applications are dealt with by the credit committee, who meet as required, either actually or on-line. If they cannot approve an application nor negotiate a satisfactory compromise, they will tell you why. Their decision is final, but you can apply again as soon as you like.

Every borrower gets a personal repayment schedule, so you know what you have to pay. There are no penalties for early repayment. Interest is just 1% per month, calculated on the balance outstanding at the end of the month. This is 12.7% APR.

Provided you are on-line, the whole process can be dealt with electronically, except for the signed copy of the repayment schedule, which you can send back to us by Freepost. We normally pay the advance by bank transfer.

Advantages and disadvantages

We don't offer instant loans. ☹

Nor debt advice. That is a job for specialists. ☹ ☺

We can help you to work yourself into a better position. The sooner you start saving, even a small amount, the sooner you can take out a loan. ☺

We don't do credit checks, nor ask you what other credit you have. ☺

Getting a loan depends purely on your conduct as a credit union member. ☺

The law requires us to be satisfied that the borrower can afford to repay. We do this by looking at your history of inpayments, whether savings or loan repayments. For example, if the loan would require repayments of £50 a month and you've only been paying in £25 a month, we will still offer you half the amount you're applying for. ☹ ☺

Partnerships with churches

There are several ways in which churches and church people can help the Credit Union, and thereby help your own community:

- Join NCUL and save regularly.
- Borrow if you think we offer value for money.
- Organise a PiP or a full-scale NCUL branch on church premises.
- Include a link to NCUL on your website or in your church newsletter.