



Money Jargon Buster

APR (Annual percentage rate)	The actual cost of borrowing, including additional fees and interest charges.
ATM	A cash dispenser to check your account or withdraw money from your bank account
Available Balance	The amount of money in your account that is available for immediate withdrawal or use.
Available Credit	The amount of money you have left to use on a credit card. For example, you may have received a credit card with £2000 credit limit and have used £700 since having the card. Your available credit will be £1300
Balance transfers	A credit card onto which you can transfer some of your debts and pay the sum off at a 0% interest rate for a set period of usually between six and 14 months.
Bankruptcy	A formal way to clear most of your debts if you can't afford to maintain your payments. Charges and restrictions apply.
Bank Charge	An amount charged on your account if you don't have any money in your account for cheques, direct debits or standing orders.
Bill Payment Facility	A service through which you can pay your bills at a cash machine or online.
Buffer Zone	A small amount of money, usually around £10, which your bank allows you to take over your agreed overdraft limit, without charging you a fee.
Cash Advance	An amount of money advanced to a cardholder against their line of credit on their credit card –you will be charged a high interest rate on this form of borrowing.
Charging order	A creditor can apply to the courts to secure the debt you have by placing a charge on your property. This then gives them the power to force a sale of your property if you cannot repay what you owe
Cheque Guarantee Card	A card that guarantees a customer's payment by cheque for a set amount.
County Court Judgement	This is the judgement that is entered once a creditor makes a claim for any outstanding debt. CCJs are recorded on credit files for 6 years and will be marked as satisfied once the debt has been repaid.
Credit	An amount of money that has gone into your account or when you have money in your account.
Credit Card	A card to pay for goods which you do not have to pay off straight away – interest is charged.
Credit Check	A report on your credit rating which states if you have had credit before or been behind on payments.
Credit Rating	A score which all adults are given on the basis of their credit/borrowing history.
Current Balance	The actual balance in your account at the beginning of a

	business day, this would not include any transactions made on that day.
Debit	A withdrawal from your account, or an overdrawn balance.
Debit Card	A card which pays for goods by instantly taking money from your account.
Debt consolidation	You may want to consider borrowing money to pay off existing debts. This may be called 'refinancing' or 'debt consolidation'. Types of refinancing include:- <ul style="list-style-type: none"> ▪ Remortgaging a property. ▪ Taking out a consolidation loan. ▪ Transferring the balance of credit cards to a lower interest rate card.
Debt Relief Order	A formal way to clear your debts up to £15000 if you are on a low income. The application can only be made with the support of an "intermediary", usually debt advisers based in advice agencies.
Default	This is a legal term used when you have not met a contractual payment
Direct Debit	A way of paying bills directly with money being taken automatically from your account.
Gross	The amount payable or charged before tax.
Interest only mortgages	With this type of mortgage, you only pay the interest on the mortgage amount. You need to have an insurance or endowment policy alongside which guarantees that the original mortgage is paid off.
Individual voluntary arrangement	A legally binding arrangement between you and your creditors to repay your debts administered by an IVA practitioner for a fee
Levy	When property is seized by bailiffs to repay a debt that you owe
Moratorium	A payment holiday agreed with your creditor
Negative equity	Your mortgage is higher than the value of your home
Payment protection insurance	An insurance cover repayments on your credit liabilities if you are unable to work through accident, illness or unemployment in some circumstances
Pro-Rata offer/payment	This is a way of dividing your disposable income to repay your creditors based on how much you owe to each.
Repayment mortgage	You pay interest and an amount towards the capital value of the mortgage.
Token payments	A small amount to your creditors if you have no money available as a gesture of goodwill
Write-Offs	A creditor agrees to wipe off all or sum of the debt that you owe them
Unsecured loan	Usually personal loans that does not put any property that you have at risk

Interest	The amount of money charged as a fee for lending money or the price of borrowing money.
Internet banking	A way of accessing banking services via the internet.
ISA	Individual Savings Account (tax free savings).
Net	The amount payable or charged after tax.
Overdraft	A facility to take out more money than you have in your account. If it's unauthorised you will be charged.
PIN	A personal identification number which enables you to take out money from cash machines and pay using chip and pin machines.
Statement	A print out of all payments in and withdrawals from your account.
Standing Order	A way of paying your bills with money being taken from your account on a set day each month.
Telephone Banking	A way of accessing banking services via the telephone.
Payment plan	Regular repayments to clear the debts in full, usually on a pro rata basis
Token payments	Small regular payments (not pro rata), for example, £1 per month to each creditor.
Write-off	The creditor taking no further action to pursue the debt.
Partial write-off	Repayment of part of the debt by instalments and the creditor writing off the rest.
Full and final settlement	Paying a lump sum off the debt and the creditor writing off the rest.
Suspension of payments(also called a moratorium or payment holiday)	No payments for a fixed period.
Voluntary charge in England and Wales	Securing the debt against an asset, usually the home.
Re-mortgaging	Where a client decides to change her/his mortgage mid-term in order to:- <ul style="list-style-type: none"> ▪ take advantage of a lower rate of interest or more flexibility offered by another lender; <i>or</i> ▪ increase or reduce the amount borrowed; <i>or</i> ▪ change to a different mortgage deal with her/his current lender.

