

Surrey Save Credit Union Frequently Asked Questions

1. What is a credit union?

Credit unions are financial co-operatives, owned and controlled by their members. They offer:

- a safe and convenient way to save
- easy-to-access loans at fair rates of interest
- a range of other ethical financial services.

With no shareholders to pay, credit unions can concentrate on providing better and cheaper services than banks or building societies. They can also offer services to everyone in the community.

Credit unions are so successful that there are over 118 million members in 94 countries worldwide. They are especially popular in Ireland, America and the Caribbean. In the UK, there are over 550 credit unions and more than 550,000 members – and these numbers are growing rapidly.

2. How would joining benefit me?

A credit union offers you:

- Competitive rates of return on your savings
- Low interest rates if you take out a loan
- Free life insurance on your savings and loans
- No regular bank charges
- A friendly, professional and local service
- An ethical alternative to high street banks.

As a credit union member, you own the organisation – just like members of mutual building societies. However much or little you've saved, you have an equal vote when it comes to deciding how the credit union is run and how your money is managed. Credit unions also offer an ethical alternative to the big banks, as they are good for the local area. By keeping your money local, you're helping to benefit everyone in the community.

3. What's being proposed in Surrey?

Surrey Save Credit Union is being set up by a special task force comprising local representatives from Guildford, and Woking Borough Councils, Mole Valley Housing Association, the Citizens Advice Bureau and local voluntary organisations. Following research into the feasibility of a Surrey credit union, funds have been secured from:

- the Co-operative Fund (which is funded by the Co-operative Group)
- Guildford Borough Council
- Woking Borough Council
- Mole Valley Housing Association

This will allow a 12-month development phase to be undertaken that will establish the new credit union.

4. Who will be able to join?

Credit union members have to come from within its 'common bond'. For the proposed Surrey Save Credit Union, that includes anyone who lives or works in the areas of Guildford, Woking or Mole Valley. This also includes people who are studying or volunteering.

5. What's involved in joining?

Currently, Surrey Save is still being established. But when it is launched, it will be simple to join. You would need to fill in a membership form and provide evidence of your identity and your home address. There may also be a small joining fee. You can then begin to save – as much or as little as you can afford, but you must save regularly. That's how the credit union builds up the funds to offer loans and other services.

6. How easy will it be to pay money in?

Very easy. You will be able to choose between:

Paying at a credit union branch – we plan to open a high street branch that is easy for people in the community to get to

Having money paid directly from your wages (only if your employer takes part in our scheme)

Paying by standing order from your bank

Paying at any PayPoint outlet in the country – as we hope to give everyone their own PayPoint card.

7. How would I withdraw my money?

Again, very easy. You will simply need to give notice that you wish to withdraw your money, and then it will either be ready for you to collect at the branch or it can be transferred into your nominated bank account.

8. How would I get a loan?

You normally have to wait until you've been a regular saver for at least 13 weeks but there are some credit unions that allow you to apply for loans immediately. All loans are responsibly lent to ensure that a member can afford the loan and the repayments. The interest rate varies depending on how long you have been a member and how much you wish to borrow.

In addition, you get free life insurance and there are no arrangement fees, no hidden costs and no penalties if you decide to pay the loan back early – so the quicker you pay back your loan, the less you have to pay.

Example

If you borrow £1,000 and repay it over 12 months the standard interest rate would be 1% each month on the reducing balance of the loan - or just 12.7% APR. Therefore, the most you will pay back is a total interest of £67.

9. How is a credit union different from a bank?

Banks are owned by private shareholders, who share all the profits. Credit unions are different. They are owned and controlled by their members, who employ a small team of paid staff to run things for them. After meeting the running costs, all profits are shared out to members in an annual dividend. So the money stays local and in the pockets of members, not the private shareholders.

10. Isn't my money safer with a bank?

Just because a credit union is run by volunteers, it doesn't mean it is less secure than a bank. In fact, since July 2002, all credit unions are regulated – like banks – by the Financial Services Authority (FSA).

This means that there are strict rules about how credit unions are run and checks that the key people involved meet their standards. Also like banks, credit unions are covered by the Financial Services Compensation Scheme, so your money is 100% safe if anything were to go wrong.

11. Aren't credit unions just for poor people?

Not at all. Credit unions are a great choice for everyone. They pay good rates of interest and offer competitive interest rates on loans. Many people see the credit union as an ethical option compared to the high street banks because all profits are returned to its members, helping retain money in the local community. However, it is also true that credit unions offer affordable financial products for people with few other options. They do their best to make sure everyone in the community can join and are not excluded just because of their circumstances.

12. What if I need to make a complaint?

Just like banks and building societies, credit unions have good systems for handling complaints. But if you were ever unable to resolve your problem with the credit union, you can take your complaint to the Financial Ombudsman Service (FOS).

13. Sound good?

If you like the idea of a credit union in Surrey, you can register your support by completing a [pledge form](#).

This will help us to demonstrate the backing for the scheme and will enable us to keep you updated on our progress.

Please email us if you have any questions or would like more information:

Email: info@surreysave.co.uk