Cashfloat reveals exclusive statistics: people who can’t afford payday loans often have good credit scores, averaging 74%

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Cashfloat.co.uk, a premium UK payday lender, releases new statistics about the amount of payday loan applicants declined on the grounds of affordability.

- Over 25% of instant payday loan applications are declined because applicants can’t afford the loan
- Applicants declined on affordability tend to have good credit rating, averaging 74% on Cashfloat's unique credit scorecard system
- Statistics indicate that UK citizens are increasingly borrowing money to repay their debts

The hot topic in the UK is the rising level of household debt. According to The Guardian, consumer credit has reached a peak of £197bn, up from £159bn in 2012. While payday loans used to take the blame for spiraling debts, this is no longer the case.

Since the new FCA regulations have come into place (read more here), lenders have tightened their rules and perfected their algorithms. In fact, in the past 3 months, just over **25% of applications were declined due to affordability** by Cashfloat payday lender.

But Cashfloat has more information to share.

“Over the past few years, we have spent an immense amount of time and money on perfecting our decision engine,” explains Jeremy Lloyd, Director at Cashfloat. “In a recent analysis, we were shocked to discover that the applicants who are declined because they seemingly cannot afford the loan tend to be those who have good credit scores."

In fact, the average applicant who was declined due to affordability received 74% on their credit scorecard (based on a scale where 100 is an excellent credit score and 0 is very bad). It seems that those who cannot afford payday loans often have a good credit history, which points to a troubling picture. If they cannot afford the repayments, how are they managing to consistently meet them? Is it through further, unsustainable borrowing?

This supports the ongoing concern throughout the nation about the rising levels of debt. UK consumers may be relying on other forms of credit to pay off existing debt, leaving them vulnerable to financial disaster.

“We always do our best to help our customers. At the end of the day, we will make a decision based on the interests of our customers and not on our personal gain,” explains Mr Lloyd. "We're trying to get the message across to the public: unless you've worked it out carefully, borrowing money to pay off your debts is a very bad idea."

About Cashfloat

Cashfloat.co.uk is a trading style of Western Circle Limited; an FCA-fully authorised direct lender. The Cashfloat model is based on fundamentally good morals and very advanced artificial intelligence technology designed to help and protect people taking payday loans online.

Contacts

Kelly Richard, 020-3757-1933

kelly.richard@cashfloat.co.uk

Ofer Valencio Akerman (SEO and Security)

akerman@masterlevelseo.com

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Company Contact:

Cashfloat.co.uk

T. 020 3757 1933
E. kelly.richard@cashfloat.co.uk
W. https://www.cashfloat.co.uk/

Additional Contact(s):
Online Strategy: akerman@masterlevelseo.com

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