

Timely Payments Put Motorists on Road to Reduced Rates

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Motor dealers can now offer access to loans which allow non-prime borrowers to prove they can manage their finances prudently – and then rewards their success.

Finance providers George Banco says that timely repayments on its new RateDropper loan will see interest rates fall progressively to 29.9%, a level approaching that of mainstream lenders.

It means, says the company, that those with damaged credit records need no longer pay the price of previous difficulties if they have managed to stage a recovery.

RateDropper's initial APR rate of around 60% is similar to those of other risk-based lenders – but uniquely, says George Banco, the figure will then gradually decrease by more than half.

The customer's successful servicing of the repayments will earn not just the fall in APR, but also a more positive credit file which could ease their return to bank borrowing.

The RateDropper loan, available via motor dealers, enables same-day cash advances of to £7500 over a maximum of five years, and is supported by a guarantor nominated by the customer.

The company says the existence of a suitable guarantor – a creditworthy friend, relative or employer – allows it to consider applications which might be automatically rejected by many lenders.

George Banco, which was formed just over a year ago, says its lending criteria is more focussed on a person's current financial status than any historic personal finance problems.

Many applicants, it says, have just marginally impaired credit records showing minor delinquencies, such as breached overdraft limit, which go back five years or more.

But their presence is often enough to trigger an automatic decline from high street lenders.

The company believes its approach to applicants is much fairer because it distinguishes between "serial defaulters" and those keen to show they can now properly manage their affairs.

The new RateDropper loan takes that distinction one stage further, said Robin Bridge, head of motor finance at George Banco:

"The vast majority of our borrowers make their loan repayments on time, and without any involvement from their guarantors," said Robin.

"In our view, such customers should not remain shackled to the original interest rate if they are showing us that their finances are clearly back on track," he added.

There is more information about the company on its website at www.GeorgeBanco.com

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