

Beware the Lure of No Credit Check Loans

Perhaps you always thought that it could never happen to you, but before you knew it the front two tires of your car gave out and you still had five days to go until payday. You need your car to get to work and to pick up the kids from school, and since your credit card is maxed out and you have no money in savings, you need some cash fast. Sounds familiar? This scenario happens day in and day out at a myriad of households all over the United States. While many have the luxury of putting two new tires on a credit card and then repaying the card when the paycheck comes in five days later, others do not have that option and suddenly the no credit check loans advertised on daytime and late night television look attractive.

You have probably seen the ads that talk about getting money wired into your account fast, with no credit check, no hassle, and no documentation needed. Payday loans – which are another term for no credit check loans – are intended to tide over those who are a few hundred dollars short in between paydays. The advertised theory behind the practice stipulates that a consumer may have a sudden emergency for which she or he did not budget. To meet the financial demand, the consumer can borrow against her or his next paycheck simply by applying for one of the no credit check loans, and within

hours the money is in the account. To repay the loan, the consumer will write a postdated check which will be kept in the office of the payday loan agent. Once the payday comes around, the agent will deposit the check, the loan is paid, and all things being equal there is no problem.

Unfortunately, the reality of the matter is somewhat different. Given the outlandish fees charged on the no credit check loans, you will have to pay about \$25 for every \$100 you borrow. Thus, a loan in the amount of \$500 could cost you as much as \$125 in fees, which means that five days later you will have to foot the bill for \$625. This is a lot of money in fees and interest. Furthermore, since beggars cannot be choosers, the agencies writing up the no credit check loans will usually have many repeat customers

– not because the service is so good or the rates are reasonable, but because the loans cannot be repaid when the payday rolls around and thus the consumer will have to refinance the \$500 loan in addition to paying the \$125 in fees. Thus, when the next payday comes due, the consumer will once again have to pay \$625 – this now totals \$250 in fees on a \$500 loan which may have only been in existence for about three weeks.

However, there are times when these loans are the only alternative you have. They do help keep your credit in line and will help you avoid late fees as well.

About the Author

James Copper is a writer for <http://www.any-loans.co.uk/no-credit-check-loans.shtml> where you can find [no credit check loans](#)

Source: <http://www.diyresource.com>