

Payday Loans...

What You Should Know

What is a payday loan?

A payday loan is a loan of \$1500 or less that must be paid back within 62 days.

Please note: *Agreements signed before August 1, 2016 are subject to the previous Payday Loans Regulation. For more information call:*

Consumer Contact Centre
Edmonton (780) 427 – 4088
Toll-free in Alberta 1 – 877 – 427 – 4088

What fees or penalties can lenders charge on a payday loan?

The MAXIMUM fee that a lender can charge on a payday loan is \$15 per \$100 borrowed.

For example: *if you borrow \$500 from a payday lender, you will owe a maximum of \$575, which must be paid back in 62 days.*

A lender cannot:

- Charge you a fee to cash a payday loan cheque
- Charge you a penalty for paying back a payday loan early
- Collect or receive any fees before your first payday loan installment payment is due
- Charge you interest or a fee for cancelling a payday loan

Can a payday loan be cancelled?

The *Fair Trading Act* gives you a 2 business day ‘cooling off’ period. During this time you may cancel the loan and return the money without paying any additional fees or penalties. The lender cannot charge a fee for cancelling a loan during this time.

To cancel a payday loan within the cooling off period, you must:

- Return the full amount borrowed to the lender; and
- Give written notice to the lender. You can do this by either:
 - completing and submitting the cancellation notice provided with your loan agreement
 - giving a signed, written notice that you wish to cancel the agreement



Payday lenders cannot offer you another payday loan while you have one outstanding

What happens if you don't pay a payday loan on time?

If you don't pay a payday loan on time, payday lenders have the right to:

- Charge you interest at a rate of 2.5% each month
- Charge you a one-time fee for each cheque that bounces or pre-authorized debit that doesn't clear the bank
- Sue you for the amount owed, plus interest and any related court fees
- Turn your account over to a collection agency, which could lead to possible seizure of property or garnishment of wages or bank accounts, if they take you to court and get a judgement against you

If you know you are going to have a problem making your payment, contact your lender as soon as possible.



For information on debt repayment options contact:

Money Mentors

Toll free in Alberta 1 - 888 - 294 - 0076

www.moneymentors.ca

What rules must lenders follow when collecting a payday loan?

If you have not repaid your loan by the deadline, payday lenders may:

- Contact you between 7am and 10pm, local time
- Contact your employer to confirm your employment status, business title and the address of the business or the date of your next pay
- Contact you at work to discuss your debt unless you have asked them not to and given them another way to reach you
- Contact your spouse, adult interdependent partner, relative, neighbour or friend to confirm your contact information

But they cannot:

- Make unauthorized withdrawals from your bank account
- Use threatening, profane, intimidating or forceful language
- Call you or anyone else, for contact information or to discuss your payday loan so often that it could be considered harassment
- Talk about your loan with anyone else unless you give them permission
- Publish or threaten to publish your failure to pay

Please see the *Fair Trading Act* and *Payday Loans Regulation* on www.servicealberta.ca for a full list of regulations and prohibited practices.



All payday lenders must keep any records relating to payday lending for a minimum of 3 years after the loan has been fully repaid