

Name:



Case Study

Lily is 18 and has a new job in a restaurant. She needs a car to get to work as she often finishes very late in the evening. Lily has been saving but doesn't have quite enough money. Lily has worked out that to buy the car and pay for one year's tax and insurance, she will need £3000. She has already saved £1000 over the last five months. Lily is thinking of getting a loan as she has been saving £200 per month. She could afford to pay £200 per month repayments on a loan. This would be her first loan so she is a bit worried as she is not keen on the idea of going into debt. She holds an account with High Street Bank and has done so since she was 15.

Which loan do you think would be the best choice for Lily?

Why have you chosen this one?

How long should she take the loan out for?

What are her repayments? Are they affordable? (Yes/No)

Are there any special conditions that she needs to meet?

What is the APR for the loan you have chosen?

How much will Lily pay in interest over the whole term of the loan?

Is there any other advice you would give to Lily?