



What you should know before using payday loans

A payday loan is a small value loan taken out for a short time, typically until your next payday. It is usually loaned at a retail store or online and is the most expensive form of consumer loan in Ontario. The loan is unsecured.

Costs

Before getting a payday loan, you should consider other ways of borrowing money:

- family or friends;
- a bank or credit union; or
- your credit card.

As of January 1, 2018, the maximum cost of borrowing a payday loan is \$15 for every \$100 that you borrow. This means:

If you borrow \$300 for 2 weeks:	Payday loan (fee)	Credit card (fee with interest at 23%)
1 loan will cost	\$45	\$6.15
2 loans will cost	\$90	\$12.29
4 loans will cost	\$180	\$24.59
6 loans will cost	\$270	\$36.88

Make sure you ask the right questions

- How much will it cost me to borrow this money?
- How much will I be charged if I do not pay the loan back on time?
- Is this payday business properly licenced by the City and the Province?
- Am I being charged more than the maximum \$15 for every \$100 that I am borrowing?

Have a contract with the payday loan business

In addition to being properly licenced, your contract with any payday loan business must include specific information on the first page:

- the amount you are borrowing
- the number of days that your loan is for
- what you will pay to borrow the money

You have two (2) business days to **cancel a contract** for a payday loan without any penalty (e.g. without paying a fee) and without having to give a reason.

Extended payment plan

Beginning July 1, 2018, lenders must give you the option of an extended payment plan if you take out three loans within a 63-day period.

File a complaint

If you believe that a payday loan business is not following the requirements, file a complaint with:

Sault Ste. Marie Police Services
1-705-949-6300

or

The Ministry of Consumer Services
1-800-889-9768 (toll free)

For a full version of the information found here visit <https://www.ontario.ca/page/payday-loan-your-rights>