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Pay Day Loans: a Quick Fix for Hassle-free Borrowing by [Phoenix Payroll Ltd](#)

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Pay day loans are small, flexible loans designed to cover urgent and short term cash flow problems. They work by providing a small amount of cash (usually less than Â£1,000), which can then be paid back once your pay cheque arrives.

Traditional bank loans are available only to people who demonstrate that they have a good credit rating. A credit rating is worked out from a person's total debt, public records, number and severity of late payments and the type, number and age of their accounts.

A good credit rating can be difficult to achieve, but it's a prerequisite for being eligible for most bank loans. Payday loans, by contrast, don't discriminate as harshly between good and bad credit – a fact that makes them a viable alternative to bank loans, at least in the short term.

Pay day loan providers do have some protective measures in place to ensure that they only lend to people who are able to pay the money back. Generally, to qualify for a short term loan of this sort you need to be in employment, have an active debit card and be able to provide an email address and phone number.

So how does it work? Typically, you'll apply for a loan for a period of one month or so (until your next payday.) First, you choose the amount you want to borrow, select the date you want to pay it back, and receive a quote for the amount you need to repay.

Most quotes include a flat fee on top of the amount borrowed. This is usually higher than the fee you might get on a bank loan, partly because of the added risk involved for the lenders, and partly because of the speed and convenience of the service.

Once an application is approved, getting the actual cash is very quick – most providers guarantee to transfer the money to a bank account within 48 hours, but some deliver it in as short a time as 15 minutes. As the process is online, there's no paperwork or phone calls, which makes for a less invasive process than traditional lending.

So are short term loans worth it? The high borrowing fee makes them a bad option for long-term borrowing, but as a one-off, they can be hard to beat for value, convenience and peace of mind.

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