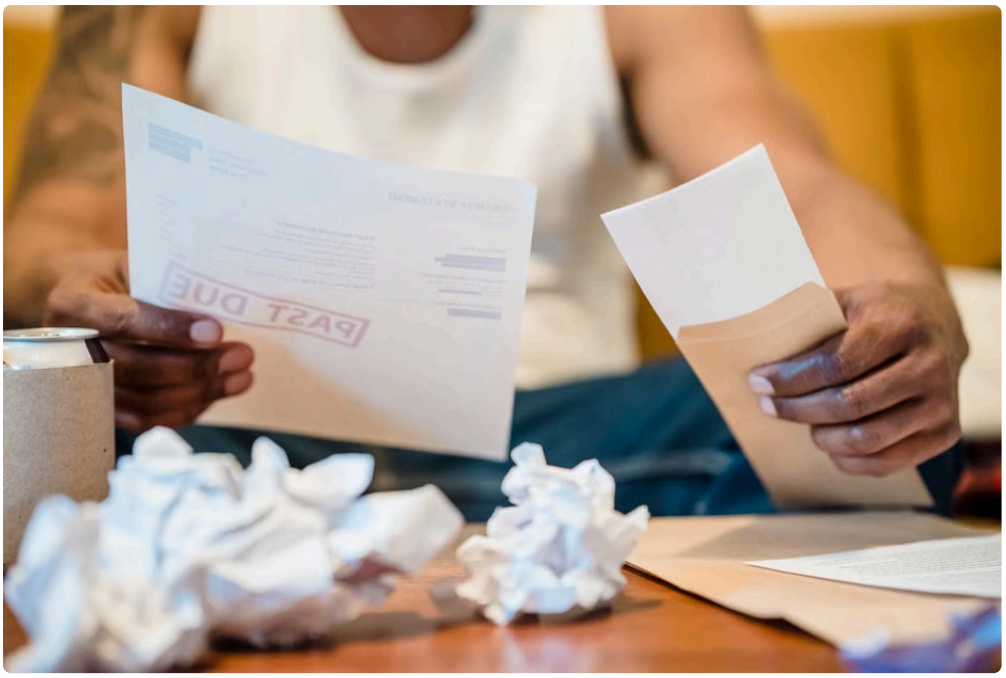
Before taking out credit, check more than whether the monthly payment fits your budget today. A stress test asks whether you could still manage if your income fell, essential costs rose or an unexpected bill arrived while you were repaying the debt.

This matters because a payment that looks affordable in a normal month can become difficult when overtime dries up or fuel costs rise. The aim is not to predict every possible problem. It is to see how much room your budget has for the ordinary surprises life can bring—and to avoid borrowing more than you need.





Start with the amount you actually need

Write down the cost the credit is intended to cover. If you need £800 for a particular purchase or repair, compare options for borrowing £800—not £1,000 “just in case”. Borrowing extra can mean paying interest and fees on money you did not need to spend.

Check whether the bill includes optional extras, delivery charges or work that can wait. If it is for a repair, ask for a written breakdown and clarify what is essential now. If a provider offers a larger credit limit, remember that the limit is not a recommendation to use it.

Build a realistic monthly budget

Use take-home income—the money that reaches your bank account—not your gross salary. Look at several recent months of bank statements and payslips. If your income changes, use a cautious figure rather than assuming every good month will repeat.

List regular essentials first, then less frequent costs and current debt payments. Convert annual or occasional bills into monthly amounts. For example, if car insurance costs £600 a year, set aside about £50 a month in your budget, even if you pay it in one go.

Budget item What to include Monthly amount Income Reliable take-home pay and other regular income £_____ Essentials Housing, council tax, utilities, food, travel and childcare £_____ Existing commitments Credit payments, subscriptions and regular bills £_____ Irregular costs Insurance, repairs, birthdays and annual fees, divided by 12 £_____ Available before new credit Income minus spending and commitments £_____

The last line is not automatically an affordable payment. It is what appears to be left before you account for uncertainty, savings goals and any costs you may have missed.

Try three stress-test scenarios

Use your own figures and make the tests realistic for your circumstances. A stress test is more useful when it changes your actual budget, rather than relying on a general rule.

1. The overtime stops scenario

If overtime, commission, tips or extra shifts help pay the bills, recalculate your budget without them. Ask whether your regular income alone covers essentials, existing commitments and the proposed new payment. If the payment only works when extra income continues, the plan may be too fragile.

2. Fuel costs rise

Estimate what a rise in fuel or public-transport costs would mean for your monthly travel spending. Include work journeys, school runs and essential appointments. If you use a car, consider other running costs too: a higher fuel bill is not the only possible motoring expense.

3. An emergency repair arrives

Imagine an essential repair, such as a boiler, appliance or car problem. Decide what amount you could realistically need to cover from savings or spare income. An emergency repair buffer is money you keep available for unexpected essentials; it should not be counted as spare cash for repayments if you may need it soon.. Exactly.

You can make the test more challenging by combining events. For example, ask what happens if overtime stops in the same month that fuel costs rise. If that would leave you short, consider whether a lower payment, a smaller loan, a delay or another option would be safer.

Compare APR, monthly payment and total repayable

These figures answer different questions. Do not judge a credit offer by its APR or monthly payment alone.

- **APR** is a standardised annual rate designed to help compare the cost of borrowing. It can be useful, but it does not tell you whether a payment fits your budget. The APR offered to you may also differ from an advertised representative APR.
- **Monthly payment** tells you what is due in each instalment. A lower payment may come from spreading borrowing over a longer period, which can mean paying more overall.
- **Total repayable** is the full amount you would pay under the agreement, including interest and any charges included in the quote. This helps you see the overall cost.

For example, imagine a lender quotes £112 a month for 12 months, with a total repayable of £1,344 on £1,200 borrowed. These are illustrative figures, not a market offer. The monthly payment is £112; the total cost of borrowing is £144, assuming the quote includes all charges and there are no other fees. Check that assumption in the agreement.

Put each offer in your budget as a monthly commitment, then compare the total repayable and repayment period. Ask what happens if you miss a payment, repay early or change the payment date. Check the agreement and ask the provider to explain anything unclear before you sign.

Check fees, charges and variable rates

Interest is only part of the cost. Add every fee to your comparison and find out when it is payable. Some charges may be included in a quoted total; others may be separate. Do not assume that supanet.com a monthly payment covers every possible cost.

Fees people forget

- Arrangement, origination or application fees
- Account or monthly administration charges
- Late-payment or missed-payment charges
- Fees for changing a payment date or payment method
- Early-repayment charges or settlement costs
- Charges for optional add-ons, such as payment protection products
- Overdraft fees or other costs if a payment pushes your account below zero

Ask which fees apply, which are optional, and whether any are included in the total repayable. Read the agreement rather than relying only on a headline or a verbal estimate.

I'll be honest with you: if the rate is variable, the payment or total cost may change. Find out how the rate is set, how often it can change, and what notice you will receive. Ask for an illustration of what a rise would mean for your monthly payment or repayment period. If the lender cannot give you a clear explanation, do not treat the current payment as guaranteed.

Look at alternatives before borrowing

Credit is one option, not the only one. Depending on the bill and how urgent it is, consider whether you could:

- Ask the supplier or repairer about a payment plan, staged work or a different payment date.
- Get another quote, especially for a repair, while checking that essential work is not put off unsafely.
- Use savings, while keeping enough aside for near-term essentials and emergencies.
- Delay a non-essential purchase and save towards it.
- Check whether you may be entitled to benefits, local support or help from a relevant charity.
- Speak to a free, independent debt-advice organisation if existing debts or bills are already difficult to manage.

Be cautious about replacing a one-off problem with expensive borrowing that is hard to repay. Avoid taking out more than the bill requires, and do not borrow simply because a lender offers a larger amount.

Make the decision in monthly terms

Before applying, write down the payment and check that it still fits in each stress-test scenario. I've seen this play out countless times: learned this lesson the hard way.. A practical test is to set aside the proposed payment for a month or two, if the timing allows. This shows whether your budget can manage without relying on credit for everyday spending, and the money can remain available if you decide not to borrow.

Pay particular attention to timing. A payment due before payday may cause problems even if the monthly totals appear to balance. Check the first payment date, how it lines up with your income and bills, and whether the provider allows a suitable date without a fee.

A final checklist before you commit

1. Have I worked out the exact amount needed, without adding a “just in case” extra?
2. Does my budget use realistic take-home income and include irregular bills?
3. Can I manage the payment if the overtime stops scenario happens?
4. Can I cope if fuel costs rise or an emergency repair uses my buffer?
5. Have I compared APR, monthly payment and total repayable?
6. Have I checked all fees, charges, early-repayment terms and variable-rate risks?
7. Have I looked at alternatives, including asking for a payment plan?

If the figures only work in a best-case month, pause and reconsider. You could borrow less, wait, seek a lower-cost alternative or get free debt advice before taking on another commitment. A sound decision is one that fits your budget not just today, but when a normal unexpected cost turns up.