

Scams & Risks

As a student you will face many difficult financial decisions and it can be easy to make costly mistakes. You need to find spending money for essential 'down-time' alongside general living costs - as well as getting a good degree! Unfortunately, some financial mistakes can cause problems that stay on your record for many years, therefore ensuring that your finances are in order can go a long way in helping you get a good start after university.

Credit and Debt

Credit cards and other forms of credit can play a vital role in establishing your credit rating and can make paying for things extremely easy.

For example, many cards offer rewards or cashback which make them appealing. However make sure that this is really worth it for you and your spending habits. Many credit cards have high interest rates, unfavourable terms, and allow students to spend more money than they really have. If you get into the habit of only paying the minimum payment each month you could be stuck trying to pay off a card for decades to come!

If you pay off the balance of credit cards in full each month, this can help you build a solid credit history. You will still be able to collect the rewards or earn cashback from using the card but you need to make sure you don't have to deal with finance charges and long repayment periods.

For further information regarding credit rating and credit history, please see:

www.moneysavingexpert.com/loans/credit-rating-credit-score

Don't ruin your Credit Rating!

Missed payments or other negative marks go on your personal record and can damage your credit rating for years to come. That one late payment could haunt you for years after you graduate affecting your eligibility to obtain a loan or even getting a mortgage.

Mistakes are easily made but can prove costly later on in life. If you are going to use any form of credit it is crucial to make your payments on time to avoid getting in over your head!

Banking/Overdrafts

Remember - your overdraft is borrowed, and you'll need to pay it back! 'The bigger the better' is not the way to think when looking at overdrafts, as this would extend the amount you owe in the long term.

Make sure that the perks attached to student accounts are really worth it and take a close look at any charges and payments made if you go over your overdraft.

While most banks will offer you an interest-free overdraft as a student, costs can rise quickly if you don't stick to their terms, so make sure you do, or talk to them if you're having problems.

If you are due to graduate shortly check your account details as many banks extend the interest free facility on overdrafts for a few months after graduation, so try to reduce it as much as possible before the interest hits.

Graduate accounts can extend the interest free period for a year or two (as the banks want to retain your custom!), but use it as a chance to pay off your overdraft, not add to it.

Use your money wisely!

Using some of your student finance to fund a holiday or a music festival seem like a good idea at the time, but you might be digging a deep hole that you'll need to climb out of after you graduate.

The general assumption is that student loans and overdrafts are easily paid off once you graduate and get a good job, but things don't always work out that way. If you use your student loan money appropriately you can be safe in the knowledge that you've only taken on debt you needed to receive the education you wanted. A summer placement abroad could be a good alternative to trips away. Visit the Careers Service to apply for these opportunities (and funding) that will boost your CV!

www.careers.manchester.ac.uk

Payday Loans

Due to the temptation of quick and easy cash from payday loan companies, it is easy to see why many people turn to these companies for assistance. Some companies specifically target the student market (and don't even appear to be a loan company to begin with!) and making their product seem very attractive to students is making the problem worse.

These companies make their money through incredibly high interest rates and because it isn't always possible to repay the loan within the agreed short amount of time, debt soon accumulates and before you know it, you are trapped in a vicious circle.

How can I avoid a payday loan?

- *The Students' Union Advice Service can provide advice and information (contact details can be found in the Useful Links section of this document).*

- If you're experiencing financial hardship, you may be able to make an application to the University's Cost of Living Support fund – please see our guidance for further information: www.studentsupport.manchester.ac.uk/finances/funding-opportunities/all/living-cost-support-fund/
- The Careers Service may be able to help you to find part time work: www.careers.manchester.ac.uk
- Make sure you have opened a student bank account (the Money Saving Expert site provides useful information regarding student bank accounts): www.moneysavingexpert.com/students/student-bank-account/
- Check that you are receiving everything you are entitled to in terms of scholarships and bursaries from the University. For more information visit: www.studentsupport.manchester.ac.uk/finances/funding-opportunities/
- Please also see our other factsheets in this series for further funding advice and opportunities: www.studentsupport.manchester.ac.uk/finances/a-z/

I have already taken out a payday loan and am worried

- The Students' Union Advice Service can provide advice and information (contact details can be found in the Useful Links section of this document)
- Make use of the many free independent debt advice services. Further information can be found in our Debt guidance pages: www.studentsupport.manchester.ac.uk/finances/a-z/debt/

Some useful general information regarding payday loans can also be found at:

- www.nationaldebtline.org/EW/factsheets/Pages/payday-loans/payday-loan-debt.aspx
- www.savesthestudent.org/money/student-budgeting/student-payday-loans-are-they-worth-it.html

Scams

Unfortunately a small number of students have fallen victim to money scams which can cause not only financial problems but emotional difficulties too.

Some of the most common include simple phishing scams, blackmail from online friends you've never met in person to more complex operations with people calling up claiming to be from the Home Office, job offers or offering a discount on tuition or accommodation fees.

To read more about these scams and for advice on what to do if you find yourself in this situation (or to avoid them in the first place), please visit:

www.studentsupport.manchester.ac.uk/finances/financial-wellbeing/mypages/risks/

The Metropolitan Police produce a range of resources covering many scams and fraud and how to avoid getting caught out (www.met.police.uk/littlemedia) and you can report scams to the National Cyber Security Centre

(www.ncsc.gov.uk/collection/phishing-scams)

Please get in touch (studentsupport@manchester.ac.uk) if you've experienced a scam which we haven't covered and we will add it to our website to help others avoid this danger – in addition to providing any support if you need it.

Useful Tips

If you are made an offer which seems too good to be true, it usually is. If it is something that you are interested in and you are not sure, please contact either your Student Support Team or the Students' Union Advice Service before handing over any money. We will usually be able to tell you if something is legitimate or not.

Always be suspicious if:

- People call, write, email or text out of the blue.
- If you've never heard of the competition or lottery they are talking about, don't buy a ticket.
- If you are asked to send money in advance.
- If you are told you have to respond quickly, otherwise you'll miss the offer.
- If you are told to keep it a secret.
- If you are given a mobile number or PO Box number for the company. These are easy to close and difficult to trace.
- If they ask for your bank account details. Never give your bank account details to people you don't know, especially people you know online.
- If a bank or government agency contacts you demanding your details

If you are approached by someone asking for money and you do not want to give them any or are worried that it may be a scam, here are some useful phrases that you can use if you do not feel comfortable simply saying 'no':

- Sorry, I don't have anything on me.
- I've left my wallet/purse at home.
- I don't have any change on me

We hope that the information in this document has given you the tools to make informed decisions. However please do not be frightened by this advice – the majority of students will have a great time at University and will never be the victim of a scam but if you do ever find yourself in such a situation, we hope we have helped you to find the advice you need on how to deal with it.

Useful Links

Students' Union Advice Service

<https://manchesterstudentsunion.com/contact-advisor>

If you have a question which isn't answered here, please contact studentsupport@manchester.ac.uk

We have made every effort to ensure that the information contained in this leaflet is accurate however, we cannot be held responsible for any omissions or errors.