

Public Service Announcement

Take caution with payday loans

Start Date: January 27, 2023

End Date: February 3, 2023

Nunavut-wide

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Did you overspend during the holidays? Thinking of resorting to payday loans? The Department of Community and Government Services Consumer Affairs would like to remind Nunavummiut about the hazards of applying for payday loans.

Payday loans are short-term loans with higher interest rates than those of regular loans or lines of credit, to be repaid at the borrower's next payday. Additional fees apply if terms of the repayment agreement are not met, making them a very expensive way to borrow money. High interest rates and potential additional fees make payday loans harder to pay back, which can increase financial difficulties and stress.

Nunavummiut should ensure the payday loan company meets the following standards:

- has a physical address, phone support or live chat.
- does not require money to be paid upfront, as origination fees should be paid from the loan account itself.
- does not stipulate how the loan funds can be spent.
- is listed on the Better Business Bureau's listing of accredited payday companies in Canada.

Payday loans are not regulated in Nunavut. However, consumer protection may be available under the Consumer Protection Act through Relief from Unconscionable Loan Transactions and Cost of Credit Regulations.

For further information, please contact the Consumer Affairs office at 1-866-223-8139 or ConsumerProtection@gov.nu.ca.

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