

Buy Now Pay Later

Buy Now Pay Later (BNPL) is a form of credit which allows you to buy something and pay for it at a later date.

It can be a quick and easy way to pay for things, but it is a form of credit so you should make sure that this payment method suits your needs before you use it.

What is Buy Now Pay Later?

BNPL is a way to buy goods or service on credit and pay for them at a later date. With BNPL you don't usually pay interest or charges on the amount you borrowed as long as you make repayments as agreed and within the timeframe agreed between you and the Buy Now Pay Later provider. Examples of BNPL providers are Klarna, Clearpay and Laybuy, although there are many providers available.

How does Buy Now Pay Later work?

Using BNPL means that you don't pay for the goods or service in full when you buy them, whether that's in a shop or online. Instead, you can choose from several repayment options. This can include paying regular instalments over a period of weeks or months, or you can agree to pay by a fixed date and pay off the balance in full no later than the agreed date. With both options you can generally pay the balance in full before the end of the agreed period if you want to.

When you make a purchase the Buy Now Pay Later provider pays the retailer (E.g. the website or shop) for you. You then repay the Buy Now Pay Later provider in the agreed timeframe. Your credit agreement is with the Buy Now Pay Later provider, not the retailer.

What to be aware of when using Buy Now Pay Later

- **Make sure you can keep up with the payment terms** - BNPL is form of credit. Before you decide to use it to pay for goods or services, you should make sure that you can afford the repayments within the agreed timeframe. If you don't keep up with your repayments, this can have a negative impact on your credit score and make it harder for you to get approved for credit again in the future.
- **Not all BNPL providers are the same** - Some retailers may only let you purchase from them using their agreed BNPL provider/s so be aware of who your BNPL provider is when making purchases and the terms and conditions they offer. These may be different from BNPL providers that you have used before.
- **You may be approved for BNPL even if you can't afford it** - when you apply to use BNPL, the retailer needs to perform a credit check on you. Some providers will carry out a "soft" credit check, and some will carry out a "hard" credit check.

Soft credit checks do not appear on your credit report. This means they do not see your full credit history, so they may not be aware of other credit that you have or may already be struggling to pay. Other BNPL providers do carry out hard credit searches which will show up on your credit report. Having lots of hard credit searches can impact your credit history and that may make it more difficult to borrow in the future. The [Moneyhelper website](#) has more information on how to check your credit report [How to check your credit report | MoneyHelper](#)

- **Extra charges for late or missed payments** - You may be charged a penalty fee if your payments are late or if you missed payment. Your BNPL provider may also pass your debt to a debt collection agency if you are unable to make payments.
- **BNPL products are currently not regulated by the Financial Conduct Authority.** This means that you won't be able to make a complaint to the Financial Ombudsman about the BNPL provider if anything goes wrong.
- **Lack of consumer protection** - If you purchase something using BNPL you may not be covered under Section 75 of the Consumer Credit Act. This is because the payment is made directly by the BNPL provider to the retailer, not by you, therefore the Consumer Credit Act does not apply. You should check with the BNPL provider what buyer protection it has in place and read the terms and conditions. You can read more on Section 75 of The Consumer Credit Act on the Moneyhelper website via the following link: [How chargeback and section 75 protection work for your credit and debit card | MoneyHelper](#)

What to do if you are in financial difficulties

You should only use BNPL if you can keep up with the repayment terms. Always contact your BNPL provider if you are in financial difficulty that impacts your ability to make repayments.

If you are using BNPL as a way to cope with the rising cost of living, there may be other options available to you.

There are many organisations who can help you, such as Advice NI or Christians Against Poverty.

Advice NI

Advice NI's Debt Action service, provides free, confidential help and advice for anyone struggling to deal with money and debt. They can provide advice on debt

related issues and provide a range of debt solutions including debt management plans, bankruptcy, individual voluntary arrangements and debt relief orders. You can contact them:

- Freephone 0800 915 4604
- Text ACTION to 81025 for a call back
- Email advice@adviceni.net.
- Visit [Advice NI's website](#) to see local advice centres in your area. You can contact them directly to book a face to face appointment.

Advice NI's Business Debt Service, is a free, confidential telephone advice service offering tailored, independent and impartial advice for sole traders, partnerships and Limited Companies and aims to resolve any immediate business debt problems. You can contact them on **Freephone 0800 915 4604** or **email advice@adviceni.net**.

Advice NI's [Money Talks](#) is a money and debt online resource hub specifically tailored for people living in Northern Ireland. The site provides tools such as benefits calculators and detailed guides on money and debt including debt management and bankruptcy.

- Freephone: 0800 915 4604
- Email: advice@adviceni.net
- Text: 'ACTION' to 81025

Christians Against Poverty

[Christians Against Poverty \(CAP\)](#) provides expert debt advice to the public regardless of age, gender, faith or background. CAP has a Freephone hotline on **0800 328 0006**. Once an appointment is made support is provided by a local Debt Coach.



Worried about your finances?

If your financial situation is a constant worry, there is help available with budgeting, benefits, housing, debt and other advice to help you manage your money better.

[Help and advice](#)