

Question

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Why are credit cards so popular?

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Answer

A credit card offers a safe and convenient way to buy goods and services without using cash.

Money can be borrowed within a credit limit and then repaid in full (or in part with interest) within a certain time limit.

A card can be used worldwide for purchases and payments may be made via the internet.

Question

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Shouldn't I just put my money under the mattress?

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Answer

Money at home does not earn interest and could be stolen!

Question

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Do I have the right to exchange goods or get my money back if I am unhappy with a purchase?

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Answer

There are EU consumer regulations governing the return or exchange of goods such as a wrong size or faulty item. Always keep receipts especially if you gift clothes without knowing someones size or preference of colour, style etc.

Question

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How do I make a complaint against a company?

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Answer

When complaining don't get cross or angry but stay cool and rational for the best results.

Make sure you follow the company's complaints procedure and put the complaint in writing.

Question

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What is a lender?

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Answer

a) a business who offers to lend you money, such as a bank

b) an institution that allows you credit, such as a credit union

c) someone who offers to lend you money, but beware of illegal lenders (loan sharks).

Question

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What is credit?

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Answer

Buying on credit is a form of borrowing. It includes paying by credit card or store card, hire purchase, and other credit agreements including interest-free credit where you 'buy now pay later'.

Question

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What is the consumer credit act?

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Answer

The Consumer Credit Act applies to most businesses that lend money to consumers or offer goods and services. The Act requires that these businesses obtain a consumer credit licence from the Office of Fair Trading (OFT).

Question

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What do we call an individual who is buying goods or services that are not for commercial or professional activities?

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Answer

A consumer

Question

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What do we call a person or business providing services to a consumer or who acts as an intermediary in the supply of those services?

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Answer

A supplier

Question

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What is 'default' or 'failure' in terms of debt?

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Answer

Non-payment of debts regardless of any reasons preventing payment.

Question

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Explain the concept of a 'Household'

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Answer

Put simply it is a house and the occupants as a single unit or 'household'. A 'household' is a unit that may be an individual or a family. This unit has income, expenditure and provides childrearing and shelter.

Question

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Explain the concept of 'Capital'

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Answer

Savings and investments – the overall amount of money saved or invested in a company or by an individual.

Question

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Define the concept of 'Debt'

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Answer

A debt is when you owe somebody money. Debts get bigger every week if you are also charged 'interest'. Interest is an extra charge on the original debt.

Question

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Define the concept 'Interest'

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Answer

Interest refers to both the charge made by lenders on money you borrow from them and the amount earned by your savings. Interest can be variable (goes up or down) or be fixed.

Question

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A credit limit is the maximum amount of money that will be loaned to anyone by a financial institution or credit-card issuer. True or false?

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Answer

True

Question

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Financial risk is the chance that an individual, business or government will not be able to return any money invested in them. True or false?

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Answer

True

Question

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Variable expenses are expenditures that are the same from week to week or month to month, such as mortgages, rents or car payments. True or false?

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Answer

False. Those are fixed expenses. Examples of variable expenses are food, clothing, travel, recreation or entertainment etc.

Question

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Fixed expenses are expenditures that change from week to week or month to month such as food, clothing, recreation, and entertainment. True or false?

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Answer

False. Those are variable expenses. Examples of fixed expenses include mortgage or rent payments that are usually the same from week to week or month to month.

Question

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Interest is the amount of money paid regularly, at a fixed or variable rate (see interest rate) for borrowing money. True or false?

Answer

True

Question

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An interest rate is the amount of money paid for using someone else's money, expressed as a percentage of the amount borrowed. True or false?

Answer

True

Question

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What does HMRC stand for?

Answer

HMRC – Her Majesty's Revenue & Customs or Inland Revenue Service

Question

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What does BIC stand for?

Answer

Bank Identifier Code

Question

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What does ATM stand for?

Answer

ATM (Automated Teller Machine)

Cash machines or cash points found in many public places. They allow you to check your bank balance and take out money from your bank account using your cash card and PIN (Personal Identification Number).

Question

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Does the term 'indebtedness' means having lots of money?

Answer

False, 'indebtedness' means having too much debt

Question

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What does a family need to do to manage their income?

- a) a family budget
- b) a credit card
- c) a loan
- d) none of these answers"

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Answer

- a) a family budget

Question

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When there is a withdrawal by a bank customer from an ATM, what happens to the current account?

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Answer

The ammount withdrawn is taken out of the account or the overdraft facility.

Question

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Of these two concepts which one is considered to be a financial product: 1. a deposit or a 2. a budget?

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Answer

- 1. A deposit

Question

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To calculate a family budget it is only necessary to know the value of your income. Is this statement true or false?

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Answer

False. You must calculate what is left after deducting all your fixed and variable expenditure from your income.

Question

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What is the name given to the charges for borrowing money?

- a) credit card
- b) interest
- c) financial product
- d) debt

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Answer

- b) interest

Question

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In order to calculate a percentage value of a given sum, what do you need to do?

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Answer

Divide the sum by 100

Question

What is an ISA?

Answer

Individual Savings Account (ISA)

Savings or investment products that earn tax-free interest. You can only invest up to a set limit in each tax year.

Question

Is the euro the currency used in all EU countries?

Answer

No, only the countries that belong to the Eurozone are using the euro. The UK is not in the Eurozone.

Question

I'd like to go on holiday. However, after looking at my budget I find I cannot afford a holiday. What should I do?

- a) take out a loan
- b) borrow money from a friend
- c) save up for a holiday in the future

Answer

- c) save up for a holiday in the future

Question

What is the consumer price index?

Answer

The consumer price index (CPI) is a set of indices that reflects changes in price for consumer goods and services over time.

Question

Family budgets are often calculated over what period of time?

Answer

Monthly or 3 monthly

Question

What can make a good long term investment?

- 1) Buying a car
- 2) Buying a house
- 3) Buying furniture for a house

Answer

- 2) Buying a house