

# Consumer Credit Division

## Borrower Information

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## ***Payday Loans – Information for Borrowers***

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**Note to Borrowers:** Financial and Consumer Affairs Authority of Saskatchewan (“FCAA”) wants borrowers to understand their rights under *The Payday Loans Act* and *The Payday Loans Regulations*. This bulletin is a general guide and not a substitute for the legislation. In deciding any action, borrowers are encouraged to be aware of legislative provisions available.

### **What is a Payday Loan?**

A payday loan is a high cost, small, short term loan provided without security (no collateral) to a borrower. The loan must be no more than \$1,500 and have a term of less than 62 days.

Loans are payable on or after your next regular pay date. Loan agreements must be in writing, dated and signed by the borrower.

You should immediately receive and keep a copy of all payday loan agreements and associated documents, including pre-authorized debit agreements.

Lenders providing payday loans to Saskatchewan residents must be licensed with the Consumer Credit Division of FCAA. **Caution: Do not borrow from unlicensed lenders.**

### **Lending Limitations**

Lenders are not permitted to charge more than \$23 in fees for every \$100 advanced.

Payday loans cannot be for more than half of your take-home pay (50%) and only one loan is allowed at a time. Lenders need a copy of your pay stub and/or bank statement showing net pay to make sure they comply with this lending limitation.

### **Pre-Contract Disclosure Requirements**

You have the right to certain information before signing any loan documentation. A lender must provide a separate pre-contract disclosure statement in writing that:

- indicates that a payday loan is a high-cost loan;
- includes an explanation of all amounts, fees, rates, penalties or other charges that you may have to pay;
- provides notice of your right to cancel the payday loan, without reason or cost, at any time before the end of the business day following the date on which you signed the payday loan agreement;
- includes a cancellation form that you may use to give written notice that you want to cancel the payday loan agreement;
- includes a receipt form that is used to acknowledge receipt of what you have paid or any amount you return when cancelling the payday loan agreement;
- provides contact information for Credit Counselling Canada.

### **Loan Cancellation Rights**

You have the right to cancel a payday loan without charge or penalty as long as the amount the payday lender advanced is returned before the end of the business day following the date on which you signed the payday loan agreement. You do not have to give the lender a reason for canceling.

If you were not given a written pre-contract disclosure statement:

- You have the right to cancel a payday loan at any time, without paying the loan fees.
- If you have already repaid the loan, the lender must refund on demand the fees you've paid.

### **Refund for Early Repayment**

If you are able to repay the loan in full before the due date, your loan fees must be reduced by a proportionate amount. For example, if a loan is paid back in half the time, half the fees should be refunded.

### **Tied Sales**

Lenders often make money by selling additional products or services to payday loan customers, but they are not allowed to force you to buy these other products or services by tying them into your loan agreement.

### **Getting Your Money Back**

If a payday lender has violated the terms of *The Payday Loans Act*, or *The Payday Loans Regulations*, by charging more than is permitted, you can demand that the lender refund all of the charges, fees, or interest paid on the loan and the lender must immediately provide the refund.

### **Inquiries and Complaints**

Please contact FCAA if you have questions regarding payday loans or suspect that a payday lender has violated *The Payday Loans Act*.

### **Contact Us:**

Financial and Consumer Affairs Authority of Saskatchewan  
Consumer Credit Division  
601 – 1919 Saskatchewan Drive  
Regina, Saskatchewan S4P 4H2

Telephone: (306) 787-6700

Fax: (306) 787-9006

Email: [fid@gov.sk.ca](mailto:fid@gov.sk.ca)

Website: [www.fcaa.gov.sk.ca](http://www.fcaa.gov.sk.ca)

Copies of the Acts and Regulations are available free of charge on our website or you can access all Saskatchewan legislation online at [www.qp.gov.sk.ca](http://www.qp.gov.sk.ca).