Buy Now, Pay Later

Money

How it works, and what makes it different from other credit.

Short-term instalment credit offered at the point of sale, typically splitting a purchase into three or four payments with no interest if paid on time.

TYPICAL SPLIT	INTEREST	LATE FEES
3–4 payments	0% if on time	yes

- Usually interest-free if every instalment is paid on schedule.
- Late fees apply, and can be substantial relative to the purchase.
- Increasingly reported to credit reference agencies.
- Multiple concurrent plans are easy to lose track of.
- Refunds can be complicated while a plan is running.
- Regulation is uneven and still developing in many countries.

LOOK FOR IT

Five concurrent plans of £20 a month is £100 a month of commitments that feel like nothing individually.

General education, not financial advice. List every active plan in one place; that is where the risk accumulates.