

# Our handy guide to interest charges



The interest rate we include in your Virgin Money Credit Card Terms (section 2) is known as a **simple annual rate** of interest. We usually show this rounded to **two decimal places** to make it easier to read.

This rate is also used on:

- › The Pre-Contract Credit Information (Standard European Consumer Credit Information – SECCI).
- › The Summary Box provided to you before you apply for your card.
- › Your monthly statements.

### Terms – example interest section

2.2 Our standard rates are:

Transaction type	Annual Interest rate (variable)	Transaction fee
<b>Card Purchases</b> from the account opening date until further notice	17.48% p.a.	n/a
<b>Balance Transfers</b> <b>(using your credit card to pay off all, or part of a balance with another credit or store card issuer)</b> from the account opening date until further notice	17.48% p.a.	5.00%
<b>Money Transfers</b> <b>(payments to an account you hold with a UK bank or a building society)</b> from the account opening date until further notice	19.17% p.a.	5.00%

### Summary Box – example interest section

Standard rates

Transaction Type	Introductory promotional rates	Monthly rate	Annual rate	
			Simple	Effective
Purchases	0% p.a. for 6 months	1.4566%	17.48% p.a.	18.9% p.a.
Cash Withdrawals	n/a	2.0751%	24.90% p.a.	27.9% p.a.
Balance Transfers	0% p.a. for 29 months	1.4566%	17.48% p.a.	18.9% p.a.
Money Transfers	0% p.a. for 29 months	1.5977%	19.17% p.a.	20.9% p.a.

### SECCI box – example interest section

When a promotional rate ends or is withdrawn, we charge standard interest rate that applies to that transaction.

Standard interest rates are	
Card Purchases	17.48% p.a.
Balance Transfers	17.48% p.a.
Money Transfers	19.17% p.a.
Cash Advances	24.90% p.a.

On our systems, the rate we use is rounded to **seven decimal places**. We also include this rate in the Pre-Contract Credit Information (Standard European Consumer Credit Information – SECCI).

Standard interest rates are	
Card Purchases	17.4793858% p.a.
Balance Transfers	17.4793858% p.a.
Money Transfers	19.1722493% p.a.
Cash Advances	24.9017926% p.a.

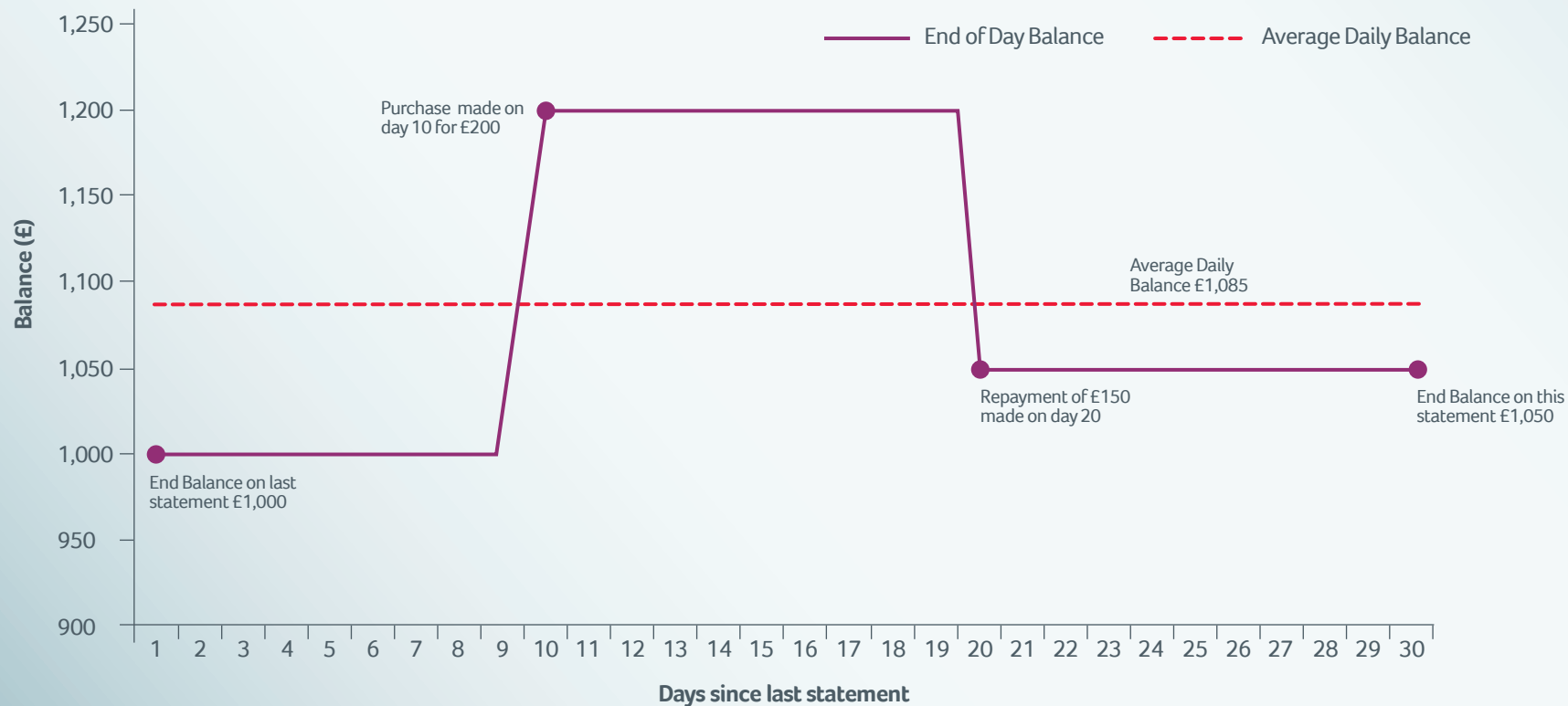
## How interest is calculated

Here are the steps we use to calculate the amount of interest to be charged to your account on the statement date each month.

1. We use your interest rate rounded to seven decimal places.
2. This rate is divided by the number of days in the year to give a daily rate of interest.
3. The daily rate of interest is multiplied by the average balance at the end of each day since your last statement was produced.
4. This figure is multiplied by the number of days since your last statement was produced.

We do this for each type of balance (e.g. card purchases, balance transfers) to determine the total interest charge for your account.

Here's a worked example:



- › Simple annual rate of interest for card purchases: 17.4793858%
- › Daily rate of interest =  $17.4793858\% \div 365 = 0.0478887\%$
- › Average daily balance x daily rate of interest =  $\text{€}1,085 \times 0.0478887\% = \text{€}0.5195924$
- › Daily interest charge x days since last statement =  $\text{€}0.5195924 \times 30 = \text{€}15.58777185$
- › Interest charge applied to statement = **€15.58**

### The Effective Annual Interest Rate

If your balance includes any unpaid interest, interest is also charged on this. This is known as compounding of interest. The Effective Annual Interest Rate (shown in the Summary Box) takes into account compound interest using a standard calculation all credit card providers use.

This allows you to compare our cards to other products in the market. All card providers are required to show you a summary box before you apply for their card so you can compare the key features of the product.

### The Annual Percentage Rate (APR)

You will also see a representative APR in your Terms, Summary Box and Pre-Contract Credit Information (Standard European Consumer Credit Information – SECCI).

This APR is based on the most frequently used transaction type (normally card purchases) and allows you to compare the cost of borrowing between providers.

**If you have any questions about how interest is charged to your credit card, please call us on 0800 011 3210 (or +44 191 284 9005 from abroad). We're here 24 hours a day, 7 days a week.**

Calls are charged at your service provider's prevailing rate and may be monitored and recorded.