Secured vs unsecured car loans

If you are in the market for buying a car, you may be aware of secured and unsecured car loans. Secured car loans provides the lender the security that they would be able to recoup their loan by the sale of the asset or the car, thereby providing them with a greater sense of comfort when lending money.

What is a secured loan?

Secured loans are often used for the purchase of assets like cars, equipment or property. The asset being purchased usually becomes the security for the loan but substitute assets can also be used as security.

If for any circumstance, the borrower fails to repay the loan, the lender can sell the secured asset to recover the full amount borrowed.

What is different about an unsecured loan?

Unsecured loans are riskier for lenders because no security item is provided by the borrower. Because of this risk, unsecured loans generally come with a higher interest rate than secured loans.

Who are unsecured loans for?

Individuals, small and large businesses often use unsecured vehicle loans and they can be used for cars, trucks, motor bikes, yellow equipment like excavators or even concrete pumpers.

Chocolate Money has a dedicated vehicle finance expert who is able to advise and assist with your vehicle purchase with the most appropriate vehicle to your situation.