Just B2B

BUSINESS FINANCE

Secured vs unsecured loans

A quick comparison so you know which route fits your business, your assets and your appetite for a personal guarantee.

Both are lump-sum loans repaid over an agreed term. The difference is whether you put up security.

Secured loans

- Borrowed against property or business assets
- Usually a lower rate and larger sums
- Longer terms are available
- The asset is at risk if you cannot repay
- Can take a little longer to arrange because the asset is valued

Unsecured loans

- No asset put up as security
- Faster to arrange
- Usually smaller sums over shorter terms
- The rate reflects the lender's risk
- Often needs a personal guarantee from a director

> **Personal guarantee.** This is a promise to repay from your own money if the business cannot. It is common on unsecured lending. Read it carefully and ask what it covers.

Which fits you

If you need a larger amount over a longer term and have an asset to secure, a secured loan is often cheaper. If you need funds quickly, or do not want to tie up an asset, unsecured is usually the faster route.

BEFORE YOU APPLY

- [ ] Know the amount and term you want
- [ ] List any assets you could secure
- [ ] Ask whether a personal guarantee is required
- [ ] Compare the total repayable across offers
- [ ] Have recent accounts and bank statements ready

Compare lenders

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