A trap you can fall into when purchasing appliances, furniture, electronic items, or the like, is to use a rent-to-own company. You might think that this is the only way you can purchase these items, when in fact it is by far the most expensive possible way. Rent-to-own contracts have hidden interest rates of hundreds or even thousands of percent interest. You may even unknowingly be paying for used goods. Miss one payment and you could forfeit the item completely.

Credit card interest rate even as high as 25% are much better deals. If you have maxed out your cards, shop around for a store that will give you credit. The best approach might be to put away money each month until you can purchase with cash the product while it is on sale. The store might even have a layaway policy that might work for you. Shop around instead of falling victim to rent-to-own.

Source: National Consumer Law Center, Surviving Debt [50th NCLC Anniversary Edition], updated at www.ncle.org/library
Source URL: https://library.nclc.org/sd/0806