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## Essential Things to Know about Pre-approved Personal Loan

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You can use a [pre-approved personal loan](#) to cover short-term financial needs without pledging any collateral security. Such loans are helpful and cost-effective but you need to use them wisely.

A Pre-approved personal loan is an offer given by Banks/NBFCs/Fintech for existing customers based on their current financial standing, excellent CIBIL score, and flawless credit history or behaviour is required.

You will get pre-approved personal loan offers regularly, or on some special occasions. Here are all the essential things you need to know about the pre-approved personal loan.

### Pre-approved personal loan traits

Pre-approved offers are granted based on a lender's prior assessments of your credit profile, these loan offers differ from regular loan offers. Here are a few characteristics of pre-approved loans.

These are attractive offers and generally available only for a limited period of time, you can avail it only during their active period.

The lender also assesses your eligibility for a pre-approved personal loan before issuing a loan offer for you.

The interest rate and other charges on sanctioned loans are personalized based on your credit portfolio.

It is easier to avail pre-approved personal loan than a regular loan because lenders already have your details, you don't have to apply from the beginning.

Pre-approved personal loans are offerings without collateral for customers.

It can be changed from time to time.

### Eligibility criteria for a pre-approved personal loan

Pre-approved personal loan eligibility criteria will vary from lender to lender. An existing customer still needs to meet some basic criteria before getting such offers.

A CIBIL score must be 750 or higher.

The borrowers must have a steady income.

Relationship with the lender must be good; to maintain this relationship you have to be a regular visitor to their working office.

Repayment track record and credit profile must be strong to avail of a [personal loan](#).

It is a paperless process to avail of pre-approved loans. You can get a pre-approved loan without income proof because lenders already have these details on file. But, some lenders may request to complete some paperwork.

### Advantages of Pre-approved Personal Loans

There are several benefits associated with pre-approved personal loans. They're given below.

Since the bank already has your details, the amount will be disbursed to your account within a day.

Availing of a pre-approved loan can help you get flexible tenure on repayment. Lenders would trust you with your creditworthiness; it results in flexible loan tenure.

Due to your excellent credit score, you can get reasonable interest rates on these loans, due to your clean financial record; the lenders would offer loans at low-interest rates.

You can use this personal loan amount to fulfill any of your needs. It can be used for any purpose like education, home improvement, vacation, shopping, and more.

Pre-approved loans offer need paperless documentation or no documentation because lenders have your KYC, income proof, identity proof, and other details.

Pre-approved personal loan processing is very quick after verification of all your details.

Since these loan offers are offered mostly to increase revenue, the lender may award certain offers along with it. It may be in form of fee waiver, lower interest rates, and flexible repayment terms.

**Conclusion**- You should borrow a pre-approved personal loan only when required. These offers are only available for a limited time, borrow them wisely. Make repayment on time if you avail it because you are responsible for timely repayment otherwise it will negatively impact your CIBIL score.

Don't be in too much hurry to avail it because lenders provide these kinds of offers from time to time. Take your time to assess whether your current income is sufficient to cover all expenses or not.

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