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Best Bad Credit Personal Loans of July 2024

Explore top picks for bad credit loans to help get you back on track. Compare interest rates, fees, loan terms and lender eligibility before deciding if a personal loan is right for you and your credit.

Updated July 12, 2024

Written by Chris Kacsik | Reviewed by Rick Lyman | Commented by Brandon Rocha

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Best Personal Loan Provider	Rating	What Stands Out	Interest Rate (Min)	Minimum Credit Score	Visit Site	See More
Upstart	Review 4.5 / 5.0	Low interest rates	6.50%	600	Go to Upstart's website	Upstart Review
Upgrade	Review 4.4 / 5.0	Many ways to apply	8.00%	680	Go to Upgrade's website	Upgrade Review
Avant	Review 4.1 / 5.0	Wide range of loan amounts	9.95%	680	Go to Avant's website	Avant Review
Universal Credit	Review 3.9 / 5.0	Fast funding	9.99%	660	Go to Universal Credit's website	Universal Credit Review
OneMain Financial	Review 3.5 / 5.0	Offers secured loans	18.00%	660	Go to OneMain Financial's website	OneMain Financial Review

In This Review:

Best Loans for Bad Credit
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Key Considerations
How to Compare Bad Credit Lenders
Increasing Your Approval Odds
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Frequently Asked Questions
Methodology

Sponsored | credible

Get matched with prequalified loan options in 2 minutes.

Personal loan rates from 6.99% fixed APR*

Lightstream — Fixed APR from 7.49% | Loan Amount $5,000 - $100,000 | Check Rates on Lightstream's website

Upstart — Fixed APR from 7.80% - 35.99% | Loan Amount $1 - 5 years | Check Rates on Upstart's website

SoFi — Fixed APR from 7.99% - 29.99% | Loan Amount $5 - 7 years | Check Rates on SoFi's website

Check Rates Now

View 10 more lenders ▾

*Rates and Terms Provided by credible

Why You Can Trust the MarketWatch Review Team

Review Sourced and Vetted: Reviews have been reviewed and vetted by subject matter experts.

33 Providers Rated | 660 Data Points Analyzed | 41 Years of Experience | 17 Professionals Contributed

Our Recommended Bad Credit Personal Loan Lenders

- Upstart: Our top pick
- Upgrade: Best discounts
- Avant: Best for customer service
- Universal Credit: Best for fast approval
- OneMain Financial: Best for physical locations

Upstart

Best overall discounts

4.5 / 5.0 | Loan Amount $1K-$50K | Interest Rate 6.50%-35.99% | Minimum Credit Score 600 | Minimum Income $0

Get Pre-Qualified (Soft Credit Check)

Visit Upstart.com

Why We Like Upstart

Pros & Cons

Upstart Eligibility Requirements

Upgrade

Best discounts

4.4 / 5.0 | Loan Amount $1K-$50K | Interest Rate 8.00%-35.97% | Minimum Credit Score 680 | Minimum Income $0

Get Pre-Qualified (Soft Credit Check)

Visit Upgrade.com

Why We Like Upgrade

Pros & Cons

Upgrade Eligibility Requirements

Avant

Good for no-credit cases

4.1 / 5.0 | Loan Amount $2K-$35K | Interest Rate 9.95%-35.99% | Minimum Credit Score 680 | Minimum Income $25K

Get Pre-Qualified (Soft Credit Check)

Visit Avant.com

Why We Like Avant

Pros & Cons

Avant Eligibility Requirements

Universal Credit

Best lender

4.0 / 5.0 | Loan Amount $1K-$35K | Interest Rate 9.99%-35.99% | Minimum Credit Score 660 | Minimum Income $0

Get Pre-Qualified (Soft Credit Check)

Visit Universal Credit.com

Why We Like Universal Credit

Pros & Cons

Universal Credit Eligibility Requirements

OneMain Financial

Best for physical locations

3.5 / 5.0 | Loan Amount $1K-$20K | Interest Rate 18.00%-35.99% | Minimum Credit Score 660 | Minimum Income $0

Get Pre-Qualified (Soft Credit Check)

Visit OneMain Financial.com

Why We Like OneMain Financial

Pros & Cons

OneMain Financial Eligibility Requirements

What Are Personal Loans for Bad Credit?

Personal loans for bad credit are available to borrowers with poor credit scores of around 579 or lower. It's harder to qualify for a loan, especially an unsecured personal loan, when you have bad credit.

There are two main types of personal loans: secured and unsecured. Secured loans are backed by collateral, which the lender can sell if the borrower fails to pay on the loan. Unsecured loans do not require collateral. But lenders will charge higher interest rates and fees to borrowers with poor credit because it's a riskier loan. Lenders may also require a cosigner if a borrower has bad credit.

Average Personal Loan Interest Rates By Credit Score

Our table lays out the average personal loan interest rates based on data from Experian and Fiscal Credits. Your unique rate will be determined by the lender, and your credit score is only one of the factors taken into consideration for loan approval.

When You Might Consider a Bad Credit Loan

When does it make sense to look into a personal loan for bad credit? In a recent MarketWatch Guides survey, the top reason for survey respondents with bad credit (not our personal loans was debt consolidation (see it first) followed by paying unexpected bills (see it site).

Our survey showed that the average personal loan for those with bad credit was $10,070. Encouraging 53% of those with bad credit reported lower monthly payments. However, a full 7% of respondents said their monthly payments were more expensive, a much higher percentage than for those with higher credit scores.

If you're having trouble meeting your current financial obligations, adding another monthly payment may not be a good idea. But in some cases, the right loan can help you get back on track by consolidating a personal loan with bad credit. Consolidating a lower credit scenarios in your area first. The non-profit National Foundation for Credit Counseling and other agencies can connect you to resources.

Expert Reviewer

> While debt consolidation loans can help you get organized to get out of debt, they can also be a slippery slope if you don't address the root cause of the debt. Sometimes it's just the circumstances, but other times it could be lifestyle choices that need to be addressed.
>
> **Brandon Rocha** — Rocha Financial

Debt Consolidation

If you need to consolidate several high-interest debts into one monthly payment, then a debt consolidation personal loan could be a smart move. Average of credit card debt, and more than 40 million people with bad credit, a debt consolidation loan can significantly improve their credit scores. In a MarketWatch Guides survey, 41% of respondents said their credit score rise by an average of 111 points after taking out a debt consolidation loan.

Medical Bills

Medical expenses are a common reason people with bad credit in our survey took out a personal loan. According to a recent survey, 69% of Health Insurance Tracker, a non-profit online healthcare statistics website, 20% of adults in the U.S. owe more than $1,000 in medical debt and 5% of adults owe more than $10,000 in medical debt.

If you have medical debt, you can apply for a healthcare assistance program through the medical provider's billing office before resorting to a personal loan. If that doesn't work, a personal loan may help you consolidate lingering medical debt into a more manageable payment. Just be aware that you will most likely pay high fees and interest rates as part of your loan.

How To Improve Your Chances of Getting Approved

We consulted lender experts and mainstream personal loans you can take to improve your chances of getting approved for a personal loan with bad credit.

Question: How can individuals work on improving their credit score to access better loan options in the future?

Steven Emmons, CFP	"Personal credit services as a measure of your financial reliability and responsibility." It's a numerical representation of your creditworthiness, which lenders use to assess the risk of lending you money. Here are some steps you can take to enhance your credit score:
Dr. Congrong Chuang	1. **Check your credit report:** Review for errors and dispute inaccuracies.
Joe Cambarato	2. **Pay bills on time:** Timely payments are crucial for a good score.
Daniel Cohen, J.D.	3. **Reduce debt:** Lower credit card balances and outstanding debts.
	4. **Keep other accounts open:** Longer credit history improves your score.
	Steven Emmons, CFP — Senior Financial Analyst, Senior Financial Wealth Investment Management

How a Personal Loan Can Affect Your Credit Score

The process of getting a personal loan can temporarily lower your credit score by a few points. Most lenders require a soft check to prequalify for a loan with a credit pull, which does not affect your credit score.

Once you formally apply, a hard credit check will be performed by the lender which will affect your credit score. Hard credit checks can temporarily lower your credit score by a few points. Your credit score is affected also because the new financial obligation will increase your debt-to-income ratio. Lender expectations are increased if someone.

Once you receive a personal loan, you may temporarily dip, since you have added new debt. As you make on-time payments, however, your score will likely rise. Paying your bills on time is one of the best ways to raise your credit score. Conversely, if you miss payments, that will hurt your score.

Related: Learn more about how to get a loan with bad credit.

PERSONAL LOAN CALCULATOR

Find out how much you can borrow and what your estimated monthly payments and the total interest you'll owe on a personal loan.

LOAN INFORMATION

How much do you need to borrow? $10,000 — Min $1K, Max $100K

What is your loan term? 3 Years — Min 1 Year, Max 7 Years

What is your credit score? 596 — Min 300, Max 850

CALCULATE

MONTHLY PAYMENT $202.76

PRINCIPAL	$10,000
INTEREST	
Total Principal Paid	$10,000
Total Interest Paid	$2,166
Total Payment	$12,166
Interest Rate	19.00%

Powered by MarketWatch

Other Types of Bad Credit Loans

An unsecured personal loan is just one type of bad credit loan. Below are other common types of bad credit loans. Keep in mind that some of these options are more expensive than others, and borrowers can and borrowers can and pose a cycle of debt, which you're unable to paid back and your bad credit continue to accrue interest charges. Think carefully before utilizing one of the following:

Cash Advances

Payday loans are short-term, high-interest loans that you can usually get without a credit check to be paid back by your next paycheck. They're usually for amounts less than $500. These loans charge very high fees and interest rates. Payday loans are illegal in some states, including Arkansas, Connecticut, District of Columbia, New Jersey, and Pennsylvania. Car title loans are also a type of bad credit loan, in which you borrow up to a certain level, and then require you to pay it off when you can. But in addition to a lender's interest rate, you will also be charged a cash advance fee which will drive your annual percentage rate (APR) even higher.

Car Title Loans

A car title loan is a short-term secured loan for a small amount of money, generally $5,000 or less. These loans generally charge high fees and interest rates. Normally you have to pay your title loan back in 30 days or less, and you'll need to surrender the title to a pawn shop or lender in order to qualify for the loan. If you don't pay back your principal, the title loan company can take your car as payment.

Payday Loans

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Credit Builder Loan

- Credit Builder Loan: Is designed to help people who have little or no credit history build credit. With a credit builder loan, the borrower makes payments to a lender, and the lender reports those payments. Once all the payments have been made, the borrower receives the full loan amount. So in addition to helping build your credit, it can have both a penny.

However, it is important to be aware that there are still fees and interest charges associated with a credit builder loan, and it is important to make sure that you can afford the monthly payments, you do not get your money back until it is paid off — and if you miss payments you will hurt your credit. Credit builder loans are also a relatively new product, so it may be difficult to find one.

Alternatives to Bad Credit Loans

If you're thinking that taking on a personal loan, you may want to consider these alternatives that might have a lower impact on your finances and you're better suited to your needs.

Source	Pros	Cons	Best For
Credit cards	Allow you the flexibility to pay off your balance over time.	Credit cards usually charge higher interest rates than personal loans.	Smaller purchases or amounts that you can pay off within a few months.
Home equity loans/home equity lines of credit	Lower rates because it is a secured loan.	Your home is at risk if you don't pay back the loan.	Lower monthly payments that you can't afford with a credit card or other loan.
Peer-to-Peer lending	These loans will generally be lower than credit card or payday loans, and you can borrow from friends and family.	These loans are not regulated like traditional lenders, and borrowers can be taken for a ride.	If you don't mind paying higher fees and interest rates.
Borrowing from family/friends	Might be able to borrow the money at a lower interest rate.	Possibility of ruining relationships if you don't pay back loan.	When you're in a pinch and have a close relationship with someone who could help you.

How to Compare Bad Credit Lenders

The difference between moving into right lenders and the wrong lender can be hundreds or even thousands of dollars in total interest over the life of the loan. With so many lenders to choose from, it's important to use the right criteria to pick the best loan for you.

Research Lenders

Research different bad lenders and pick specific with your top three picks to find out how much the loan will cost you. Look at their rates and terms and compare the loans you want to consider. Find the cost of the loan - APR, fees and repayment terms. The APR affects your monthly payments. Origination fees affect how much money you'll be able to borrow and the repayment term affects the total amount you'll pay back for your loan.

> "Research lenders thoroughly to avoid predatory lenders who offer unbearable terms and high fees. Check reviews and Better Business Bureau ratings."
>
> **Dr. Congrong Chuang** — Founder, Chuang Financial

Consider the Trade-Offs

What's more important to you? A lower monthly payment or a lower total cost for your loan? Most bad credit lenders will charge you either a higher interest rate or higher fees. A lower interest rate may mean higher origination fees. Keep in mind that fees come directly out of the amount of money you're borrowing, decreasing the amount of money you receive. Interest rates are tacked on to your monthly payments, increasing the total cost of the loan.

> "Be aware of additional fees that can significantly increase the overall cost of the loan, such as origination fees, late fees and prepayment penalties."
>
> **Dr. Congrong Chuang** — Founder, Chuang Financial

Monthly payments

How much can you afford to comfortably repay each month? Make sure you can make the monthly payments without stretching your budget. A lower repayment term usually means lower payments but a higher total cost of the loan.

Questions to Ask Before Applying

Some questions to consider before selecting a lender include the following:

- Can I get prequalified without a hard credit check?
- What are the available repayment terms?
- Can I choose my own loan term?
- What is the maximum loan amount?
- What is the APR?
- Are there any origination fees or prepayment penalties?
- Are I eligible for any discounts?
- Are there limits on what I can use the funds for?
- Are there special benefits like a fixed rate program or lower payments if I'm having trouble making payments?
- Is it easy to speak with a customer service representative?

Ask the Experts: What factors should individuals with bad credit consider when searching for a personal loan?

Dr. Congrong Ouyang, Assistant Professor of Personal Financial Planning
Kansas State University

Joe Camberato, Chief Executive Officer
National Business Capital

Daniel Cohen, J.D., Founding Partner
Consumer Attorneys

How To Boost Your Loan Approval Odds

If you have a poor credit score of below 580, you will probably find it hard to secure a personal loan. Also, "good credit can result in more favorable loan terms," notes Steven Evensen, CFP, investment advisor representative. There are options, but the rates and fees might be higher than you would prefer. There are ways to boost your odds, however, but they will take time.

Consider a Small or Regional Lender

While many lenders use automated approval systems without a lot of leeway, "there are the small lenders and community or regional banks, some of which still underwrite personal loans by hand and will actually walk you through the process," said Christopher M. Naghibi, chief operating officer at First Foundation Bank.

His bank and other smaller regional banks like it still use a manual underwriting process, which makes it easier to approve your loan as an exception if you have mitigating factors — for example, if you don't have a steady job history, but you have been in the same industry for decades, Naghibi said.

Raise Your Credit Score

If you know you have a low credit score, take steps to improve that number before applying. Make sure to pay your bills on time, as that has a huge influence on your score. If you don't know your score, you can check your credit report for free once a year at annualcreditreport.com. Look over your report and fix any mistakes.

Steven Evensen, CFP
Investment Advisor Representative

"Improving your credit score is a gradual process, but it's essential for accessing better loan options. Here are some steps you can take to enhance your creditworthiness: Check your credit report for errors, pay bills on time, reduce debt, limit new credit applications, keep older accounts open and diversify your credit mix."

Add a Co-signer

Adding someone who has a higher credit score to your loan can help reduce your rates. Some lenders don't allow a co-signer, so make sure your preferred lender does before taking this step. Note that your co-signer would be responsible for the loan if the primary borrower fails to do so. That lowers the risk for the lender, and therefore your rates.

Our Experts

Steven Evensen, CFP

Steven Evensen is a certified financial planner (CFP) and investment advisor representative at Gerber Kawasaki Wealth & Investment Management. He specializes in comprehensive financial planning for young families and individuals with equity compensation. His services include retirement, education, estate planning, investment, debt management and cash flow planning.

Congrong Ouyang, Ph.D.

Dr. Congrong Ouyang is an assistant professor in the Department of Personal Financial Planning at Kansas State University. She teaches courses on financial planning, research methodologies, and statistical software for financial planning research to undergraduate and doctoral students.

Joe Camberato

Joe Camberato is the chief executive officer of National Business Capital. He has been in the industry for two decades and helps provide information on lending, mortgages and personal finance.

Daniel Cohen, J.D.

Attorney Daniel Cohen is the founding partner of Consumer Attorneys and co-chairs the firm's Consumer Finance practice. Daniel has a proven record of effectively representing consumers across the United States in class action lawsuits, securing both monetary awards and non-monetary relief on their behalf in numerous cases.

Recap of Our Top Picks for Bad Credit Loans

- Upstart Personal Loans Review: Our top pick
- Upgrade Personal Loans Review: Best discounts
- Avant Personal Loans: Best for customer service
- Universal Credit Personal Loans: Best for fast approval
- OneMain Financial Personal Loans Review: Best for physical locations

Frequently Asked Questions About Loans for Bad Credit

Is it possible to get a loan with a 500 credit score? +

What's the easiest loan to get with really bad credit? +

How do I improve my chances of getting a personal loan? +

What are the easiest types of loans to get approved for? +

Methodology: Our System for Ranking the Best Personal Loans

Our team put together a comprehensive 100-point rating system to evaluate personal loan companies. We gathered data points from 28 of the most prominent lenders in the US and analyzed disclosures, licensing documents, sample loan agreements, marketing materials and websites. Our rating system takes into account four broad categories.

- **Affordability** (35%): How expensive each company's loans are to pay back.
- **Loan features** (35%): The breadth of loan terms and features available to prospective customers.
- **Customer experience** (20%): Ease of application, prequalification and customer service interactions.
- **Company reputation** (10%): An exploration of lenders' Better Business Bureau files, customer reviews and outstanding regulatory actions.

Our top-rated lenders may not be the best fit for all borrowers. To learn more, read our full personal loans methodology.

Editor's Note: Before making significant financial decisions, consider reviewing your options with someone you trust, such as a financial adviser, credit counselor or financial professional, since every person's situation and needs are different.

Sources

1. Consumer Financial Protection Bureau (2020), What are the costs and fees for a payday loan?
2. Consumer Financial Protection Bureau (2022), What's the difference between a credit counselor and a debt settlement or debt relief company?
3. Consumer.gov, Car Title Loans

KFF.org (2024), The Burden of Medical Debt in the United States

If you have feedback or questions about this article, please email the MarketWatch Guides team at editors@marketwatchguides.com.

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