

How to politely refuse an advance or loan request from an employee?

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You are an HR manager at a company and John, an employee in the administration department, comes asking for a loan from the company. It is the standard rule of the company not to give any advance or loans to any employee. However, you should deal with such situations with tact as it is quite daunting for a man to ask for financial assistance. Gently, [influently](#), explain to him the company rules of rejecting the loan. If possible, you can suggest certain alternatives to get a loan. It is very important that you handle the employee's request carefully to avoid any misunderstandings.



Things To Remember When Refusing An Advance Or Loan Request

1. Politeness

Be polite in your conversations. When an employee walks in through your door to ask for a loan, he has high expectations. He will be disappointed when he hears your negative reaction. Instead of rude answers, politely listen to his request and [answer his questions with polish and finesse](#). Explain to him, the company rules and policies.

2. Suggest alternatives

It is good to help the employee by suggesting alternatives from where he can get the financial aid such as the partner bank involved with your company. It will open doors for him and he will leave your office with at least some hope. Do not offer him false hopes like you will discuss it with the higher management etc. Give honest replies to his queries. Making false promises is against professional ethics and should be avoided at all costs.



Sample Conversation:

Situation----- John walks in your office.

You: Hello John, come in. Have a seat.

John: Thanks.

You: So, what is it that you wanted to talk about?

John: I wanted to discuss about a personal loan request. I am planning to buy a home in the next few months and wish to take a loan. With the high amount of interest rates, the private banks are charging, I was hoping to get a loan from the company at cheaper interest rates.

You: It is a great thing that you are aiming for a house of your own. However, I am sorry to say that the company follows a strict policy concerning employee advances or loans.

John: But why? Other companies have such facilities.

You: Yes. Could be. But this rule is implemented for both the employees as well as our safety. We don't want the employees to be under any financial bond with us.

John: Oh. That's a bad news for me.

You: However, I have a suggestion. Our banking partner HDFC has an option of cheaper flexible interest rates for our company employees. May be you can get reasonable rates from there.

John: Okay. Thanks for letting me know. I will check out with the bank.

You: All right. Let me know if you need any other assistance. I would be happy to help!



The above sample shows how to politely refuse financial assistance to an employee from a company. Keep the rapport intact with proper usage of spoken English communication skills. You can also take the help of [spoken English courses](#) online that contain many more samples for you to draw reference.

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- By Chander Madan

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