

Illegal Money Lending

Short Guide

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Background

- Illegal Money lending Pilot teams were established in 2004/05
- National Roll-out occurred from 2007 across all of Great Britain
- 2011 restructure to 3 national teams; Wales, Scotland and a one England team based from Birmingham
- The program takes a truly holistic approach to supporting IML victims

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Key Project Objectives

- ✓ Achieving and understanding of the nature and scale of the loan shark problem
- ✓ Reducing the incidence of illegal money lending
- ✓ Addressing the climate of fear that works against reporting
- ✓ Changing the perception that lenders can operate with exemption from punishment
- ✓ Supporting victims in finding viable alternative sources of credit following the removal of an illegal lender

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The Issue

“The activities of illegal lenders are profoundly damaging to both individual victims and the communities in which they operate.

Illegal money lending locks in and reinforces financial and social exclusion, compromising the viability of household and family budgets

degrading quality of life, not least through the exacerbation of anti-social behaviour, drug use, violence and crime in areas in which these issues are already deeply problematic.”¹

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The illegal money lender

- A person who, not being the holder of a license¹, lends money to others and charges interest, especially at a high rate.
- *Synonyms:* Loanshark
- Criminal offence: Financial Services Market Act 2000

¹The Consumer Credit Act 2006 requires most businesses and individuals that offer goods or services on credit or lend money to consumers to be licensed by the Office of Fair Trading (UK). Trading

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The Victim

Previous research suggests that a person in Great Britain taking an illegal loan tends to be:

- At a vulnerable stage in life
- On tight budget margins
- In deprived, low-income areas
- Over 50% of victims have exhausted all legal credit
- Around 30% have drug, alcohol or mental health problems¹

BUT LONDON SEES A MUCH BROADER RANGE OF PEOPLE THAN THIS!

¹
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Typical characteristics

- No credit agreements given
- No receipts for payment or payment books
- Most payments are cash and weekly
- Violence and/or intimidation - threats
- May suggest payments in kind to themselves or others
- Often work alone or have a tight group of collectors

Why do people not get help?

- They don't realise help is available
- They are too afraid to seek help even from the Police
- They have been threatened with violence
- They are already victims of violence
- Shame, Embarrassment, Pride
- Language Barriers
- Fear of getting themselves into trouble

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The IML Support Process

- Receiving a referral and risk assessment from the investigators
- Meeting the client
- Completing a full needs assessment
- Creating an action plan with the client
- Referring to appropriate agencies
- We can meet clients at outreach venues
- We can work jointly with other agencies

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If someone says they have borrowed from a friend...

← Ask if their “friend” is lending to anyone else

← Ask how they make payments:

Does the lender take them to the cash point as a favour

- Does the “friend” come round?

- Ask if the “friend” is charging them interest

Achievements

- 100% successful prosecutions.
- 400 prosecutions
- 586 years' worth of custodial sentences
- 31,287 victims supported
- 83,960,638 million worth of illegal debt written off

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Our similarities

- Support Others
- Protect Young People & Adults from Harm
- You can tease out info from direct contact, visits, face to face sessions & community outreach
- Offer free, impartial & confidential advice & support
- Non judgmental environment

Why is this relevant to you?

Our victims are your clients;

- ✦ Victims are in regular contact with you
- ✦ Loan Sharks target your clients
- ✦ Need to work together to support individuals/families
- ✦ Identify extent and nature of illegal money lending amongst client group
- ✦ How to raise awareness – training, leaflets
- ✦ How can org's help – proactive, websites

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Brief Intervention....

Some useful ways to open the discussion about loan sharks....

- “We’re trying to improve our service and offer people a bit more. We’re providing advice on reporting loan shark debts, that may have come about due to owing money to friends/acquaintances perhaps? Are you interested in finding out more; it only takes a few minutes?”
- “Would it be ok to have a quick discussion about & Illegal lenders? We like to cover this with all of our clients. It’s an opportunity to have a think about if you have become involved with a Loan shark. Have you borrowed money from a friend who charges interest in repayments?”
- I just want to restate that this discussion will be confidential, in the same way as any other information about you.

Remember.....

- Illegal lending is a crime
- victims are not in any trouble and do not commit a criminal offence if they take out an illegal loan
- An illegal debt is not enforceable (s40 CCA)
- A national 24/7 hotline exists for advice and to report
0300 555 2222
- Illegal loans cannot be recovered through the county court

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How to Report:

To pass information to the team you can:

- Call the hotline on 0300 555 2222
- E-mail:
reportaloanshark@stoploansharks.gov.uk
- Text 'Loan shark (+ your message)' to
07860022116

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Your local Liaise Officer

- Anna Fraser, London Region
- Anna.fraser@birmingham.gov.uk *
- Tel: 07557 203 150
- Contact for advice & support
- Contact for proceeds of crime funding
- Contact for events & training

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