

STOP LOAN SHARKS

Intervention . Support . Education
Illegal Money Lending Team – England

The Illegal Money Lending Team (IMLT) investigate and prosecute illegal lenders whilst providing support for borrowers.

During 2023 Liaise Officers offered intensive support to borrowers affected by illegal lenders. This report is a summary of the findings of information gathered from those clients along with some of their experiences.

Percentages are rounded to the nearest whole number.

Loan sharks effect lives:

81% of borrowers were in a state of extreme stress, worry or depression because of their involvement with the loan shark.

31% had been threatened with physical harm or assaulted before reporting the lender to the IMLT. Threats included physical harm and in 9% of cases suggesting or forcing sexual services as payment in kind from borrowers.

31% of borrowers had thought about or attempted suicide.

I couldn't eat or live properly because all of my money was going to the lender. I felt suicidal and desperate. I was paying so much back that I had to keep borrowing in order to eat the following month. When I changed my phone number the lender contacted family members to get them to make me repay.

It came down to the kids eating or me. We were in so much debt because of the loan shark. My shame stopped me from accessing help and disclosing to anyone what was happening until I was contacted by the Stop Loan Sharks Team. On paper my income looks great but in reality we were constantly playing catch up due to paying her.

The loan shark said they'd kill me. I went to a bridge and was going to jump off because of the threats the lender had made – the thought of my children stopped me doing it.

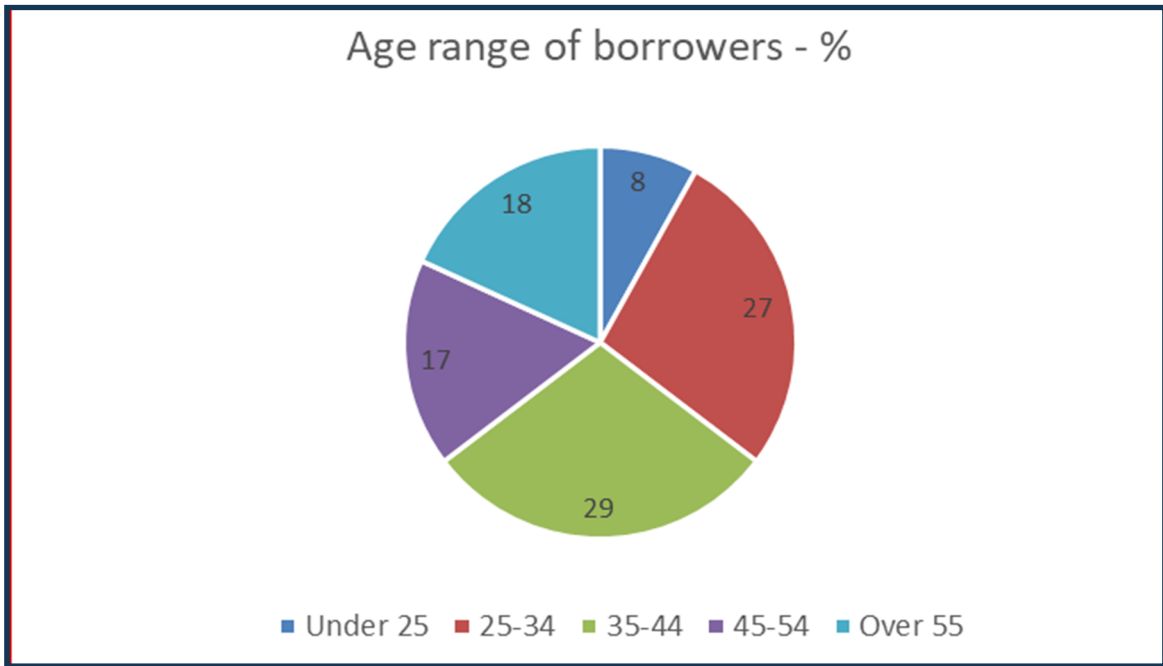
The loan sharks turned up at my home night and day. I've been working two jobs to make ends meet. My wife is threatening to leave me because of the situation.

I've had to sell my mobility scooter to pay the lender. If I don't pay he kicks off, shouting and screaming at me.

The lender had my bank card. They constantly harassed me demanding extra payments.

Affected all aspects of my life! They contacted my parents telling them I owe money. They came to my workplace to intimidate me. The loan shark told me to become a prostitute to pay off my debt.

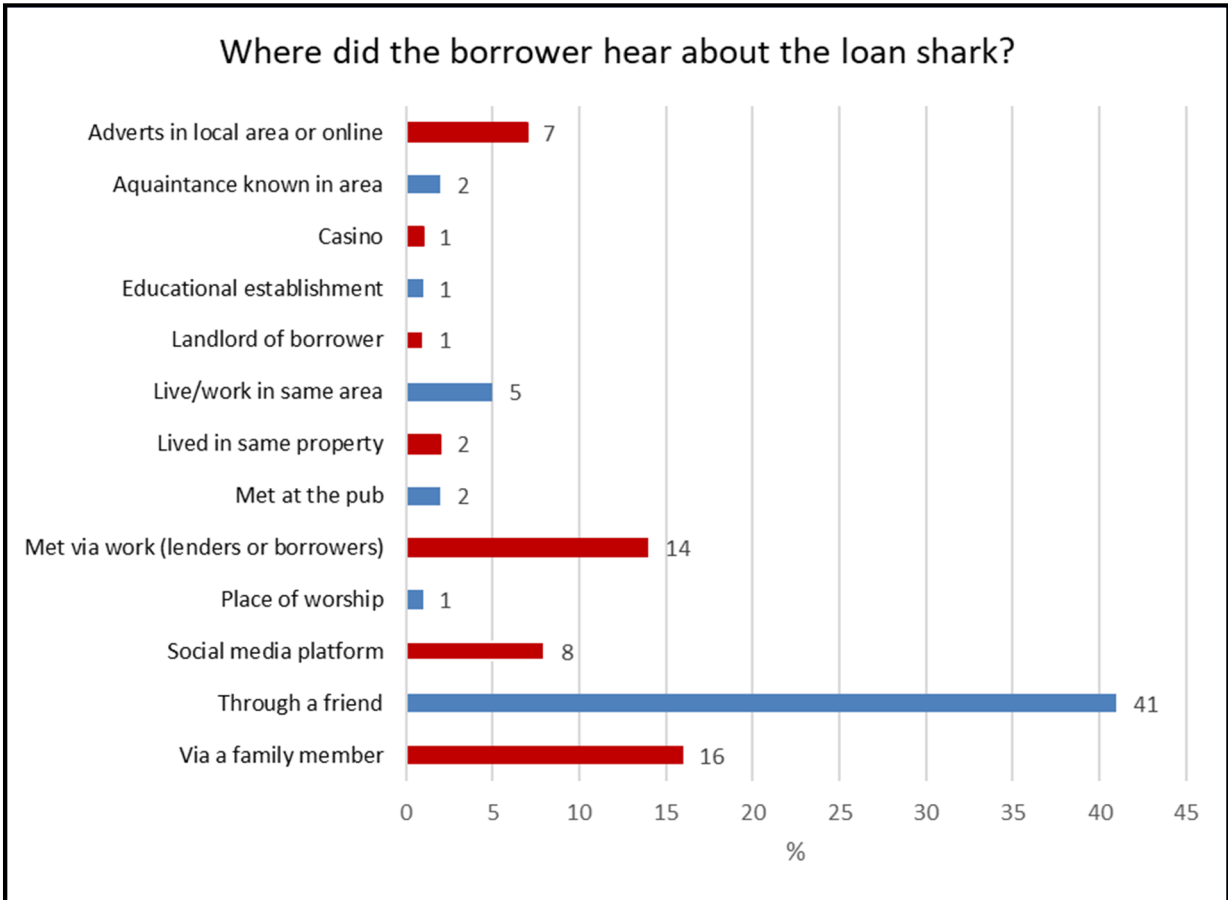
I've been sexually assaulted and threatened that he had someone who would "deal with me".



The youngest borrowers supported by the Illegal Money Lending Team during 2023 were 19 years of age and the oldest, 91!

60% Of borrowers identified as female.

40% Of borrowers identified as male.



A larger number of clients met the lender online during 2023 than ever before. It may mean that the loan shark profile is changing along with modern society although the main way of meeting illegal lenders never changes. The lender will generally be someone known within a neighbourhood, work or social community via word of mouth or friends or family.

HEALTH



64% of clients stated that they had a long term health condition:

18% had physical ailments

27% suffered from a mental health illness

19% both physical and mental health conditions.

Reason for borrowing	%	Reason for borrowing	%
Addiction - alcohol	2	Furniture/electrical equip purchase	5
Addiction - drugs	4	Health or funeral costs	4
Addiction - gambling	4	Holiday	6
Business costs	6	Household bills	33
Childcare Costs	2	Legal fees	2
Christmas costs	6	Mortgage payments	1
Clothes	2	Motor vehicle repair or purchase	6
Covid expenses	1	Other celebration event	2
Debt consolidation (legal creditors)	4	Pet care/medical bills	1
Driving lessons	1	Rent payments	4
Education costs	4	To help out family	3
Entertainment	1	Travel expenses	1

33% took out loans from loan sharks for everyday household bills and costs. 24% of borrowers specifically stated food, fuel costs or essential items for the children as the reason for the loan.

Some clients stated that life changing events such as marriage breakdown, job loss, family bereavement or ill health were a factor in the decision to borrow.

50% of borrowers went without food, fuel or making priority payments in order to pay the loan shark.

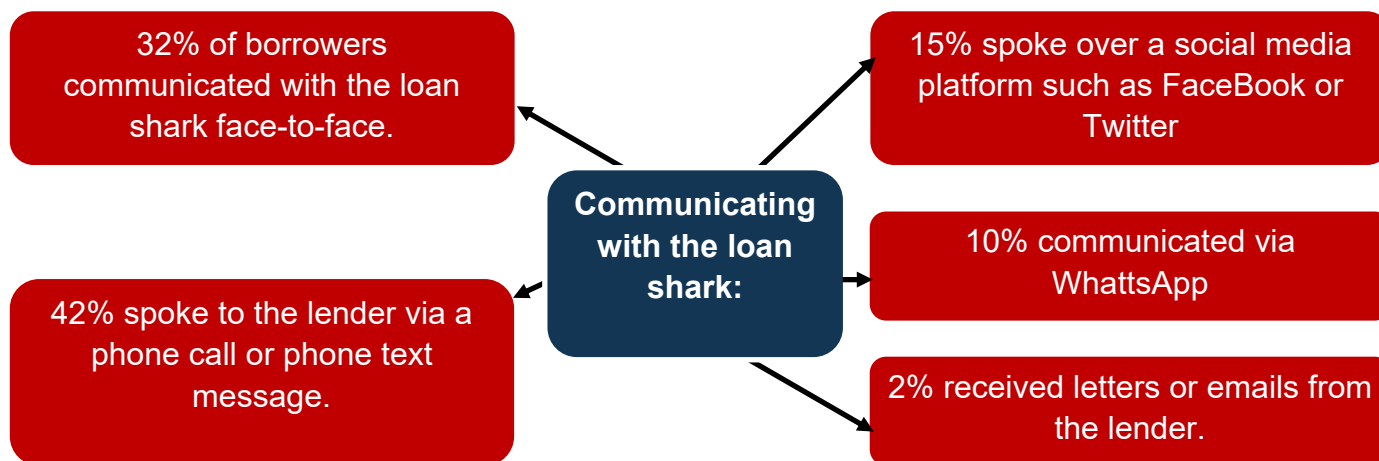
31% of clients had used a food bank.

25% had asked for financial help - for example a fuel meter top-up voucher, from their local authority.

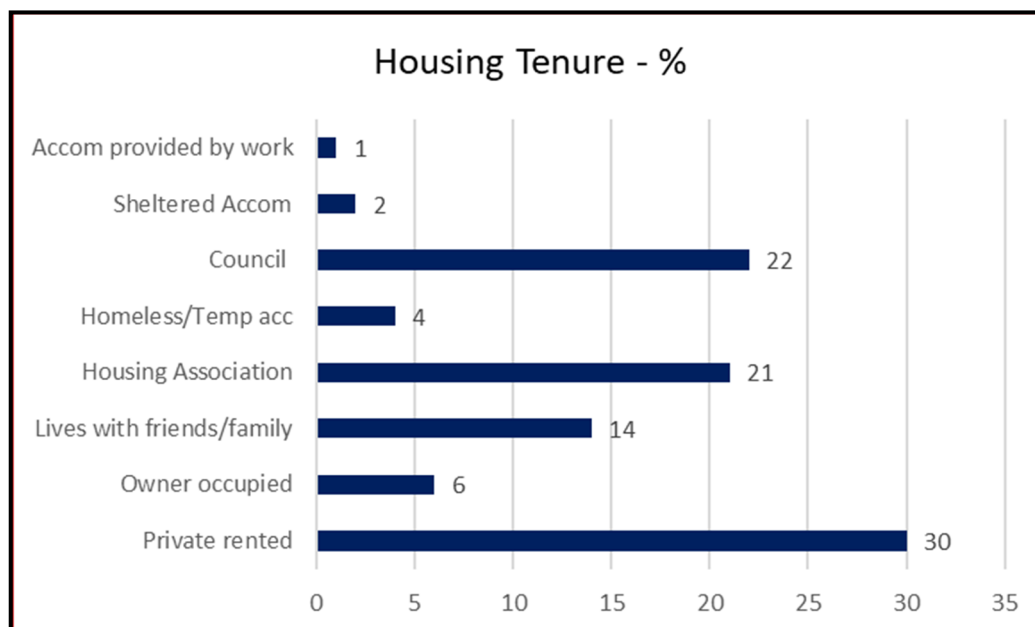
The Illegal Money Lending Team can provide partners with publicity materials to go with fuel vouchers or inside food bags, free of charge.

Where clients made their payments:	Percent
Bank Transfer direct to lender's account	62
Borrower's home	17
Client's workplace	2
Lender's home	6
Lender's workplace	2
Local area - different locations	7
Outside school	1
Pub	1
Taken to the cash point machine by the lender	2

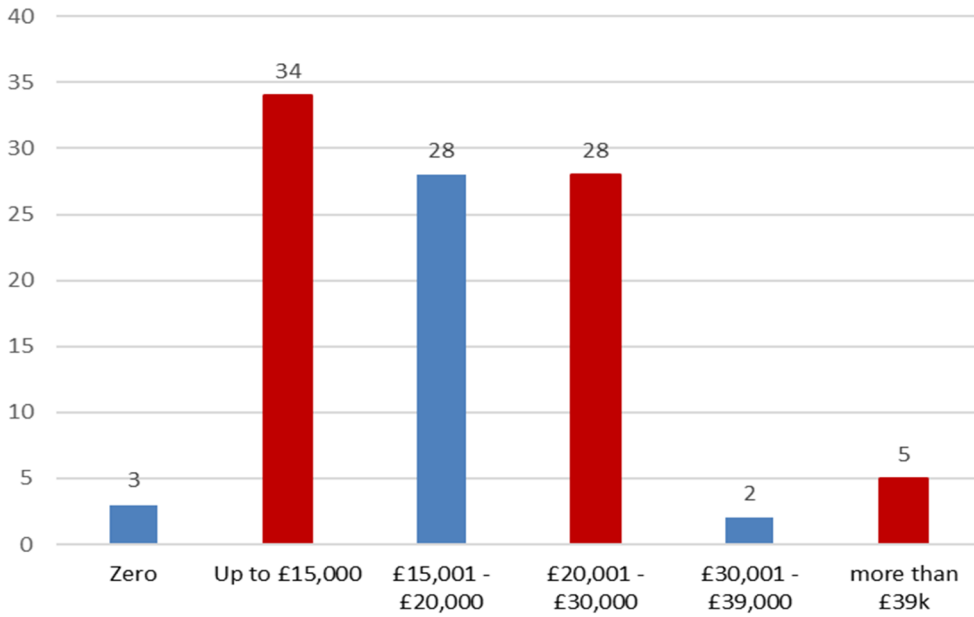
More clients paid via a bank transfer to the lenders account than in previous years but there are still a large number that will make repayments out and about in the local community or at a work-place setting.



12% of clients met or spoke with the lender via FaceBook. The IMLT have a FaceBook page <https://www.facebook.com/StopLoanSharksEngland/> which is used to spread the anti loan shark warning. Text and graphics are available for partner's sites.



Household Income - percent



65%

Of borrowers had household incomes of less than £20,000.

Those on lower incomes are less likely to have tried getting loans with legal companies.

Only 7% of clients had any savings at all to fall back on.

28%

Were receiving either Carers Allowance or some form of disability benefit either as a sole allowance or in addition to Universal Credit.

50%

Claiming Universal Credit, a benefit that is available for those on low incomes who are in work or those whom are unemployed.

50%

Have children, with half being lone parents.



Borrowers supported during 2023 included:	Health Sector Workers	Cooks	Support Officers
	Drivers	Housekeepers	Childcare Employees
	Finance Officers	Retail Workers	Gardeners
	A Chief Executive	Mechanics	Factory Operatives

Amounts borrowed and repaid:

The lowest amount borrowed £30 for household bills after the borrower lost his job. The borrower repaid £480.

Other reasons given for borrowing included education costs, business expenses, health and funeral costs and to help out other family members.

35% had been paying back for less than a year when they were offered support whilst 3% had been repaying for more than 20 years.

The highest amount borrowed was £99,000 for gambling debt. The borrower repaid £450,000 to the loan shark over 25 years. When clients state that they have gambled within the previous year they are always asked if they are worried about their gambling activity. 5% said that they did have a concern so were referred to partner agencies for support.

22% had only borrowed once but 17% had borrowed more than 10 times with an additional 14% not remembering exactly how many times they'd borrowed. Often lenders will encourage repeat borrowing and sometimes take the balance of the outstanding loan off the next one making it look like they are helping customers out.

Access to credit, advice and money:

71% of people we supported owed money to other organisations in addition to the loan shark.

The lowest amount owed to legal companies was £85 for after-school club fees.

The highest was £33,500 to various creditors.

43% of borrowers have sought debt advice. Some borrowers did not tell the advisor about the loan shark debt as they were ashamed or didn't think it was something the officer could help with. The Illegal Money Lending Team have been working with debt advice organisations to make sure the support workers know to ask about loan sharks when completing financial statements and for the first year ever no clients who had accessed debt services stated that they hadn't been asked the question.

43% of borrowers believed that the loan shark was their friend at point of borrowing. This is a lower amount than in previous years which might be due to illegal lenders "advertising" online via social media platforms rather than meeting potential new clients face-to-face.

We ask clients about credit unions:

A credit union is a safe and ethical organisation that provides savings and loan products.

46% had never heard of the term "credit union".

22% had heard of a credit union but didn't know what one is.

15% knew what a credit union was but were not members.

17% were already members of a credit union.

How did the borrower hear about the Stop Loan Sharks team?	Percent
Credit Union	1
Debt Advice - Citizen's Advice	4
Debt Advice - other agency	2
Debt Advice - Stepchange	1
Enforcement - Police/FCA/Trading Standards	5
Health Sector	2
Housing Provider	4
IMLT contacted them	56
Internet search	12
Local Authority	2
Media coverage (TV, radio, news publications)	1
Other Advice Agency (help for older people or vulnerably housed)	3
Probation Services	1
Via a family member/friend	6
Via a previous IMLT client	1

Partnership working:

A total percentage of 32% of referrals came via partner organisations in 2023.

There may be borrowers accessing services who are not being told about the support and advice available from the Illegal Money Lending Team. The IMLT encourage partners to book free Stop Loan Sharks training.

Please visit the Stop Loan Sharks website at www.stoploansharks.co.uk to order publicity materials, read the latest news releases or find out how to become an official IMLT partner.

With an estimated 1.08 million people using a loan shark in England, we need to find ways of ensuring borrowers are aware of the IMLT as soon as possible. If you would like to discuss ways of shark-proofing your organisation, please get in touch.

Contact

Catherine.wohlers@birmingham.gov.uk

Call 0300 555 222

or access Livechat via www.stoploansharks.co.uk

for advice if someone you know is involved with an illegal lender.