

DON'T GET IN WITH A LOAN SHARK... IT WILL COST YOU AN ARM AND A LEG

LOAN SHARK LENDING IS A CRIME

DON'T BE A VICTIM. WE CAN HELP YOU
(IN STRICTEST CONFIDENCE)

0300 555 2222
(local call rate, including inclusive minutes from mobiles)

OR YOU CAN TEXT THE FOLLOWING -
"loan (space) shark (space)
+ Your Message" to 60003
or email us at
stoploansharks@eastsussex.gov.uk

in partnership with

DEPARTMENT FOR BUSINESS
ENTERPRISE & REGULATORY REFORM

East Sussex
COUNCIL
eastsussex.gov.uk

Stop Loan Sharks – project overview

- A loan shark is someone who lends money without the licence required by the Consumer Credit Act 1974. Licences are issued by the Office of Fair Trading.
- A team of 30 people, employed by Birmingham City Council, working alongside trading standards are tackling loan sharks;
- There are 10 FIPOs (Financial Inclusion Partnership Officers). Their role is to promote the project to private, public and third sector organisations and to help loan shark victims.
- There are 20 Investigators including a seconded police officer work on intelligence, from a variety of sources, to prosecute illegal money lenders.

Team Successes

- Seized and confiscated **£300,000 cash**
- Helped over **6000** victims
- Written off over **£8 million** of illegal debt
- Prosecuted and secured significant custodial sentences totalling over **37 years** for illegal money lending activity and associated crime
- Taken **12** guns off the street
- **Over 290 targets under investigation now!**

Current Facts:

- An estimated 165,000 UK households using illegal money lending
- This equates to 6% of households in the most deprived areas
- People in the UK repay £120 million per year to illegal money lenders
- Victims most likely female, aged 30-40, on benefits, living in social housing
- Only a minority (3/10) of borrowers have chaotic lifestyles (e.g. drug/alcohol abuse or gambling problems), the rest have exhausted legal credit options or are targeted.
- Illegal Money Lending is concentrated in deprived communities with borrowers amongst the most vulnerable and marginalised in society

- **MYTH – You have to pay back what the loan shark says you owe**

FACT – A loan made by an illegal money lender (without a licence) is unenforceable without a validation order from the Office of Fair Trading. This means that you cannot legally be made to pay it back.

- **MYTH – If you borrow from a loan shark, you commit an offence**

FACT – It is the loan shark who is behaving illegally. Reporting the loan shark's activity will not get you into trouble with the authorities.

- **MYTH – Most people who use loan sharks do so to fund drug or alcohol abuse**

FACT – Only 3 out of 10 people who borrow from loan sharks do so to fund drug or alcohol abuse. 7 out of 10 borrow money for day to day living, or to cover unexpected expense such as replacing an item that has broken down.

- **MYTH – Illegal money lending is a victimless crime**

FACT – Clients of illegal money lenders are often intimidated into paying back substantially more than they borrowed, with threats of violence common. Whole communities are affected by their activities, as residents may be forced to turn to crime to enable them to pay back the inflated loans. Loan sharks are often linked to other criminal activity such as drug dealing and counterfeiting.

- **MYTH – Loan sharks provide a reasonable priced service**

FACT – The average cost of borrowing from a loan shark is three times the price of the highest cost of legal credit. The highest interest rate the team have come across so far was 117,000% APR. One victim was receiving benefits of £74 per week. The loan shark took £50 a week, leaving them just £24 to live on.

Please contact Jo Clarke for further information:

Jo Clarke
Financial Inclusion Partnership Officer
07833 059 280
Joanne.clarke@birmingham.gov.uk

To report a loan shark call: 0300 555 2222