

Illegal Money Lending Team

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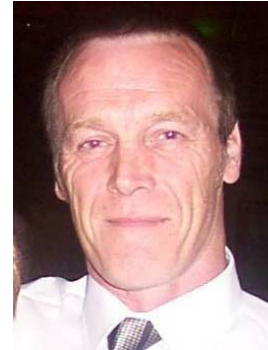
Who we are

- Before – relatively risk free, lack of prosecutions
- National teams of investigators, police officers and financial inclusion partnership officers
- Funded by BIS

BIS

**Department for Business
Innovation & Skills**

Rogues Gallery



What is a loan shark?

- A loan shark is someone who lends money without the licence required by the Consumer Credit Act 1974.
- These licences are issued by the Office of Fair Trading to individuals or companies whom they believe are “fit and proper”.

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

Typical Characteristics...

- Can take illegal securities e.g. cash card
- Never advertise – incentives for introducing a friend
- Communicate mainly in person or via text
- Repayments of at least twice the amount borrowed
- May encourage the use of legal credit options to pay towards the debt e.g. credit union or crisis loan

Who is affected?

- 2009 report estimated 200,000 UK households use IML
- Households in most deprived areas
- UK repays £120 million per year to IML
- Victims most likely female, aged 30-40, on welfare benefits, living in social housing

Loan Shark Customer

- Often young singles and younger single parents
- Frequently heavily dependent on family support
- Poor financial skills:
- Problems with prioritising
- Difficult to resist temptation
- Typically history of failed catalogues and home credit loans
- No engagement with creditors
- Budget entirely allocated on receipt so frequently left with nothing
- Sustained week to week by informal lending compromising family and social networks
- Become increasingly desperate for cash to meet essentials
- May say they have borrowed from a “friend”
- May try to hide amounts when completing I&E forms

Challenges

- Illegal money lending is difficult to infiltrate.
- Victims are not aware of the law regarding money lending.
- Other agencies are not aware of the law regarding money lending.
- Victims feel morally obligated to pay back the money.
- Victims often feel embarrassed by their situation and feel trapped by the loan shark.
- Victims are unwilling to shut off their only source of borrowing

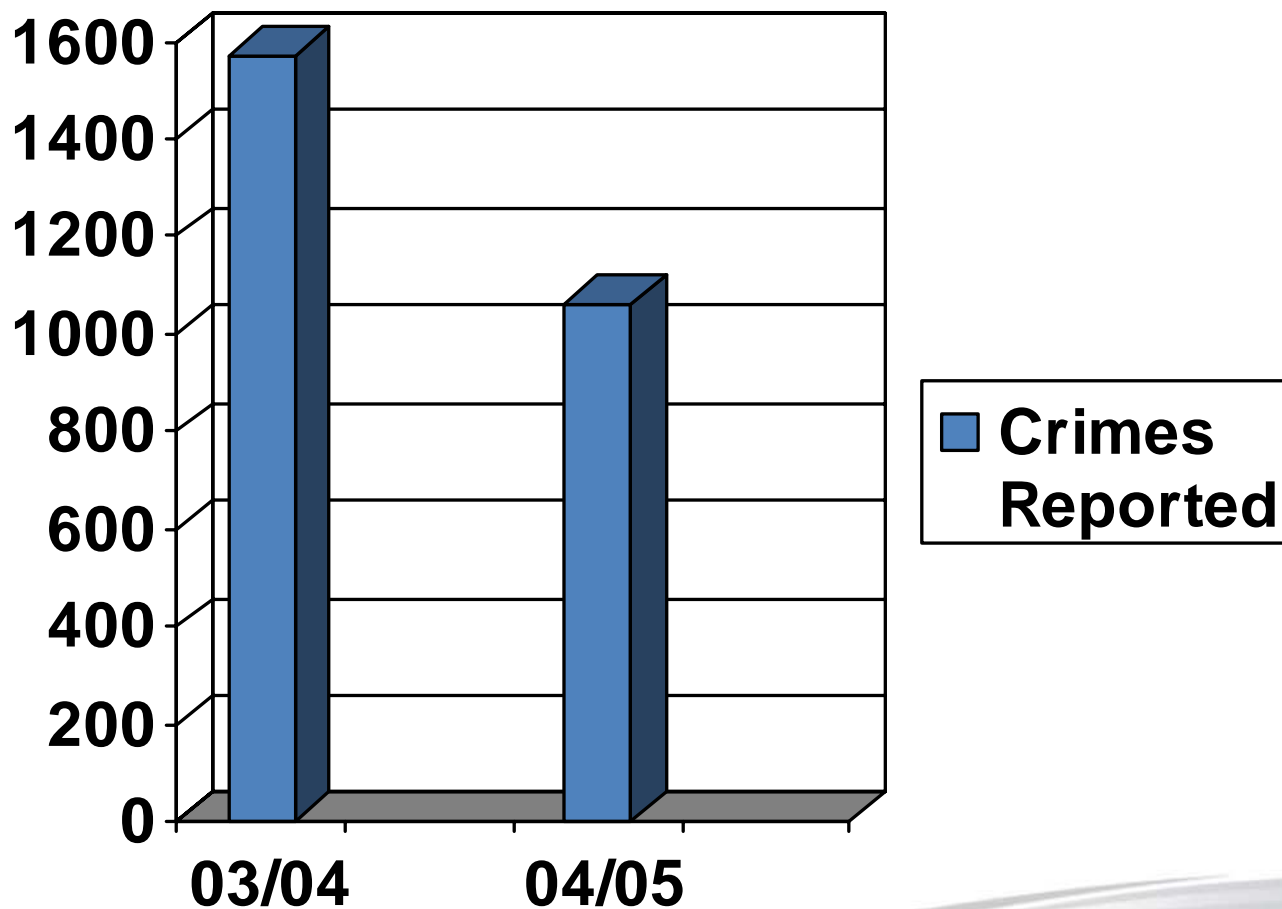
Results

- Over 800 targets have been identified
- Over 11,500 victims have been helped
- Over **£24,000,000** illegal “debt” wiped out
- Prison sentences totalling over 60 years for illegal money lending & associated offences
- Secured over 100 prosecutions
- 14 firearms off the streets
- Over £500,000 cash seized
- POCA ongoing for over £10,000,000

It is not a community service



“Arnies” area



Nicholson & Rogers

- Found guilty of 20 offences
- Charged 125% interest rate
- £1million property and owned several high performance cars
- Between June 2007 and March 2008 he collected over £648,000
- Sentencing – given life sentence (will serve min. of 7 years) partner given 4 years



“Jane”



- Struggling to pay household bills
- Young family
- Introduced by friend
- Borrowed £500
- Lost job – couldn't pay
- Raped

Financial Inclusion Partnership Officers

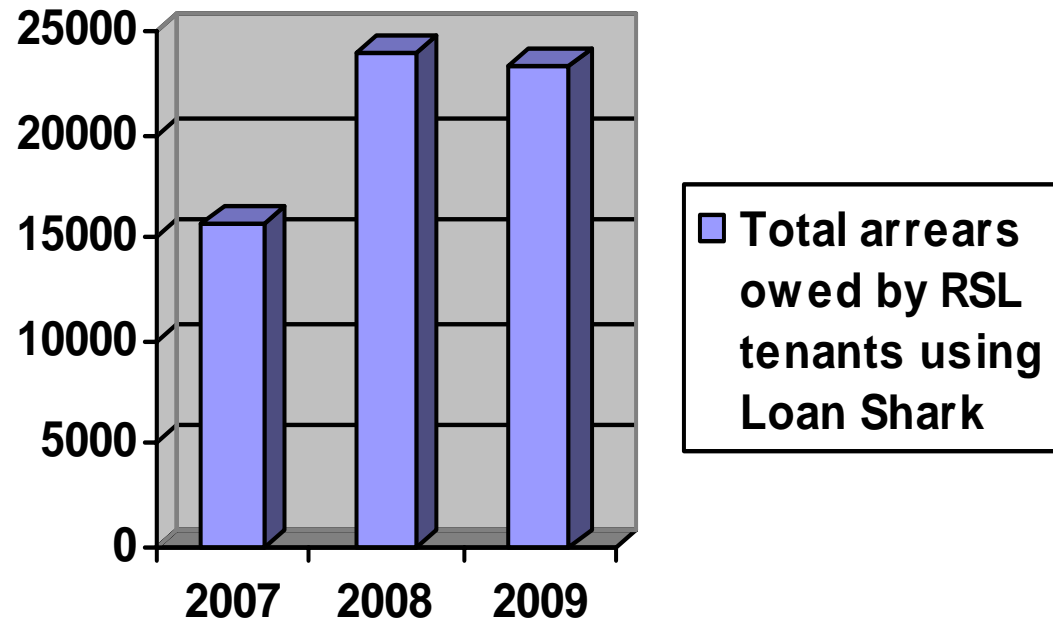
- Access to debt advice, affordable credit, basic bank accounts and home contents insurance
- Raise awareness and crime prevention
- Set up referral processes/partnerships
- Rehousing
- Victim and witness support
- Research

Some of our partners

- Credit Unions
- CAB's, money advice agencies, JCP
- Housing Associations
- Surestarts, childrens centres
- Police, Fire Service
- Witness Support
- Age Concern, drug and alcohol agencies, Connexions, PCT

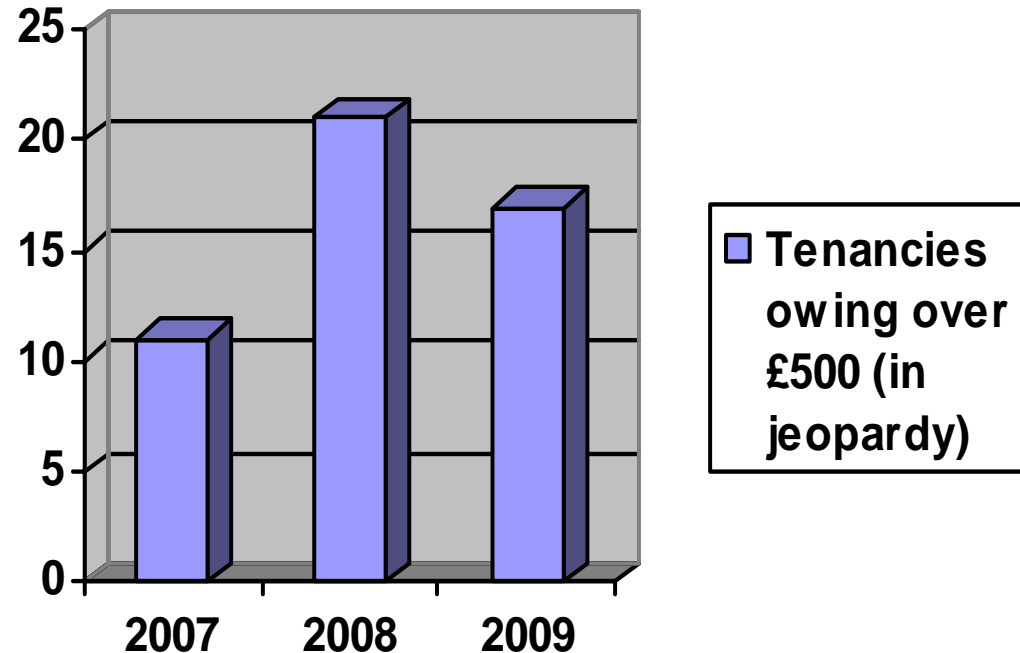
Benefits for Housing Providers

- Rent arrears fall
- Anti-social behaviour falls
- Promote insurance with rent schemes



Cheshire case study – tenancies in jeopardy

- 2007 – no loan shark
- 2008 – loan shark operating then arrested
- 2009 – tenancies in jeopardy stop increasing and start to decrease



Classic Signs

- Debts to family or friends
- Arrears (council tax, rent)
- Unwillingness to discuss financial affairs
- Petty crime (victims without chaotic lifestyles)
- ASB
- Paying arrears with large sums of cash

Opportunities for support

- Have conversations whilst out on patch
- Be willing to ask questions especially if your suspicious
- ‘Family or Friend’ debts in paperwork
- Use data you hold to identify areas of possible activity (ASB, arrears, voids)
- Pass info with partners/colleagues
- Report suspicious activity
- If unsure call me

How to spot a loan shark

- No paperwork
- “I owe a mate some money”
- Suddenly struggling to pay bills, irregular payments
- Violence and intimidation - ASB
- Hidden debt, secretive
- Don't know how much they owe

Following the call

- Further intel gathered through background checks
- Liaison with local police
- Loan shark usually held on remand
- Further statements taken



How to contact us

- A 24/7 confidential hotline

0300 555 2222

- reportaloanshark@stoploansharks.gov.uk
- www.direct.gov.uk/stoploansharks
- Text "loan shark" and your message to

60003



STOP LOAN SHARKS
They are dangerous and acting illegally

A loan shark lends money illegally. They are unlicensed traders who rip you off and often use threats and violence to enforce their loans. If you have borrowed money from a loan shark you haven't broken the law, they have. To report them in confidence:

- call **0300 555 2222***
- text 'loan shark' and the details to **60003**
- email reportaloanshark@stoploansharks.gov.uk

To check whether someone loaning you money has a licence from the OFT, visit: www.oft.gov.uk/consumercreditregister

For more information please visit:
www.direct.gov.uk/stoploansharks

* local call rate, including inclusive mobile minutes

Any questions?

Thank you

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direct.gov.uk/stoploansharks