

# STOP LOAN SHARKS

Intervention . Support . Education

## Witness statistics

### Report for the interim period January – June 2017

The England Illegal Money Lending Team (IMLT) prosecute illegal lenders and provide support for borrowers.

During the first half of 2017 LIAISE Officers worked with 59 victims of illegal lenders who were willing to complete our questionnaire. We asked them about their health, safety and financial situations in order to tailor assistance appropriately. Below is a summary of the findings – percentages are rounded to the nearest whole number.

#### Victim profile:

The gender split was 54% female and 46% male.

47% of victims were parents with an average of two children per family. LIAISE Officers have dealt with more victims without children this year. We have done a lot of work with Children's Services and Family Information projects so this may have had an impact, embedding the anti loan shark message in order to discourage borrowing.

Ages of borrowers were from 20 years to 73 years of age.

#### Health:

The number of clients saying they had long term health conditions increased by 8% to 48%

- 13% said they had a physical illness
- 23% had mental health issues
- A further 13% said they suffered from both mental and physical illness.

Poor physical health can lead to an increased risk of developing mental health problems. Similarly, poor mental health can negatively impact on physical health, leading to an increased risk of some conditions.

9% of borrowers said they acted as a carer for someone over 18. The Carers Trust states that nationally seven million, one in ten people may be a carer for a loved one during their lifetime. LIAISE Officers have been working with carer support services to raise awareness.

## Loan sharks can ruin lives:

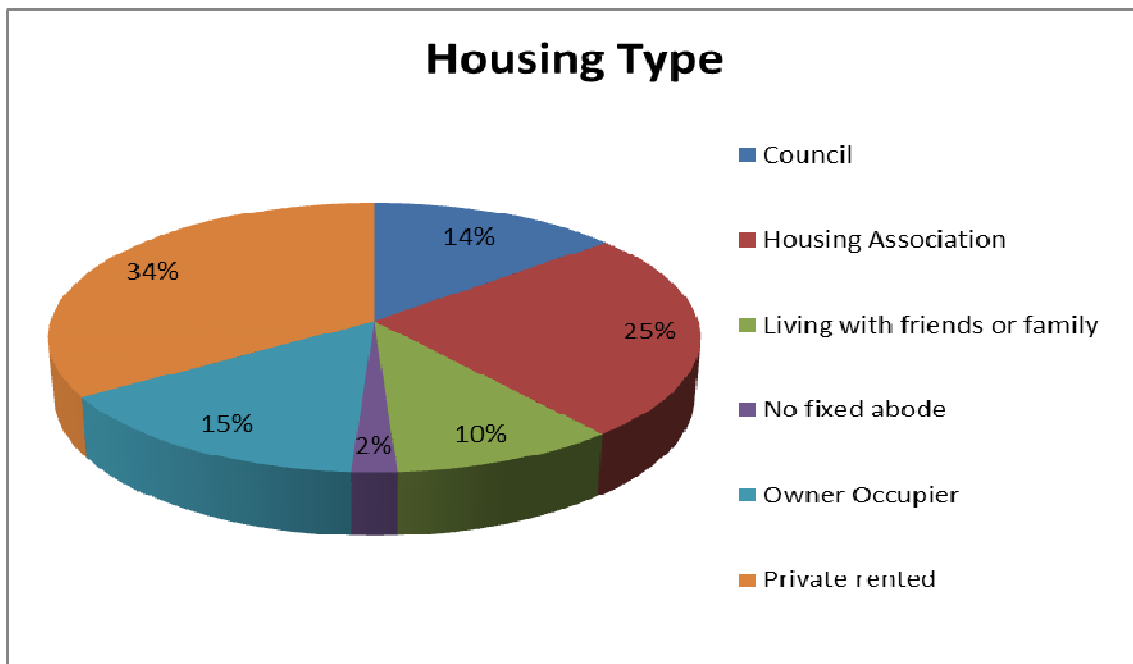
We regularly have conversations relating to a client's well-being; 32% of victims we have asked said that they had considered committing suicide during their life-time including 11% who attempted suicide.

- This year 25% of those who said they'd considered suicide or tried to kill themselves said it was due to involvement with the loan shark.

The LIAISE Team are working with health and well-being partners across the country to help raise awareness of the signs that a service user might be involved with a loan shark and the effect it can have.

67% of borrowers said that they were in a state of worry, stress, depression or severe anxiety because of their involvement with a loan shark and 46% told us that they had been abused verbally and/or threatened with physical harm (or actually harmed) by the loan shark or even forced into criminal activity before interaction with our team;

## Housing:



73% of respondents paid rent for their property – an overall decrease of seven percent on 2016. This was because there was a decrease in those living in social housing stock although there was a slight increase in tenants living in private rented accommodation. There was also an increase in owner occupiers and those living with friends or family.



18.5% of victims had lived in their property for less than one year, compared to 3% in 2016. This may reflect the rise in private rented accommodation across the UK, which often has short tenancy agreements. The ages of those in new premises ranged from 25 to 57 years.

#### Working with partners:

We ask all the victims that we support how they found out about our team: The majority were contacted by the IMLT after warrants were executed in the lender's property and evidence found.

How did the borrower hear about IMLT?	Percent
Citizen's Advice	5
Council	4
From their employer	4
IMLT contacted them	43
Internet search	7
Housing Provider	13
Other debt advice organisation	4
Press article or TV programme	7
Police	7
Support Group	2
Other	4

Of the 7% of clients who found out about the IMLT through an internet search, all were under 40 years of age. All of the clients who contacted us via debt advice agencies were over 33 years of age.

**Debt Advice:**

31% of respondents said that they had visited a debt advisor; this is a 6% decrease on the figure from 2016.

47% of those who had accessed debt advice said they had told the Advisor about the loan shark; Comments made by victims who said they hadn't mentioned the lender included "I was too scared" and "I didn't think they could help." The main reason mentioned for not telling was because the Advisor hadn't asked whether their client had loan shark debt.

**Credit Unions:**

LIAISE Officers always speak to clients about credit unions. We ask if they know what a credit union is:

- 23% knew what one was – a 7% reduction on last year
- 20% had heard of them but didn't know what they are – a 5% rise on last year
- 55% said they had never heard of them – a 3% increase on last year
- 2% were already members of their local credit union

We then asked clients if they would consider joining their local credit union and 64% said yes. We will then provide details of their nearest Credit Union.

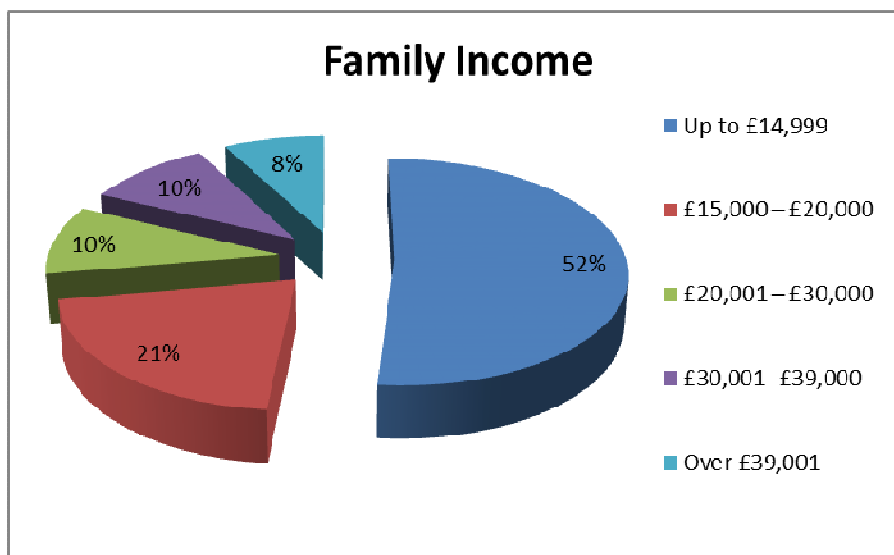
We also asked what might have enabled borrowers to report the illegal lender to us sooner. We do this to make sure there are no barriers to reporting that could be improved by the Team.

What would have enabled you to report the lender sooner?	%
I didn't know about the IMLT: If I had, I would have reported sooner	12%
I always thought someone else would report it	2%
Having the confidence to come forward	4%
Family, friends or employer supported me which allowed me to report	4%
I didn't know he or she was an illegal lender. If I'd have known, I would have reported earlier	17%
I don't know what would have made me report sooner	13%
I didn't report because myself and/or my family were in danger	13%
Nothing would have made me report any sooner	33%
I wouldn't have reported as I had no issues with the lender	2%

Last year some clients said if they had known that they could remain anonymous at the time of reporting it may have encouraged them to come forward sooner. The Illegal Money Lending Team have worked hard this year to spread the word that victims can come forward and report a loan shark without giving us their name. Ideally we would like the client to engage and be willing to give us a statement so that we have the tools to investigate further and also provide intense support to the borrower.

### Money:

#### Household income and expenditure:



- 54% of victims were claiming benefits, which is a decrease of 8% on 2016
- 9% of respondents claiming benefits were on Universal Credit compared to none in 2016
- 12% had requested welfare help from local councils – an increase of 4% compared to 2016
- 14% had visited food banks within the last year.
- 70% of respondents didn't have home contents insurance, a slight rise compared to the past three years.
- 46% had pre-payment meters installed for fuel supplies whilst 44% paid by direct debit or standing order through their bank.
- 95% of respondents had bank accounts.

## Debt:

### Legal creditors:

64% owed money for:

- Loan repayments and/or credit card bills to banks
- Council tax arrears
- Door-step loans
- Utility bills
- Hire purchase companies or catalogues
- Pay-day and sub-prime loans
- Rent or mortgage arrears
- HMRC for tax overpayment return
- Outstanding phone bills

The lowest amount owed to legal creditors by one individual was £30 for council tax arrears. The highest amount of debt owed by one person to legal creditors was £19,000.

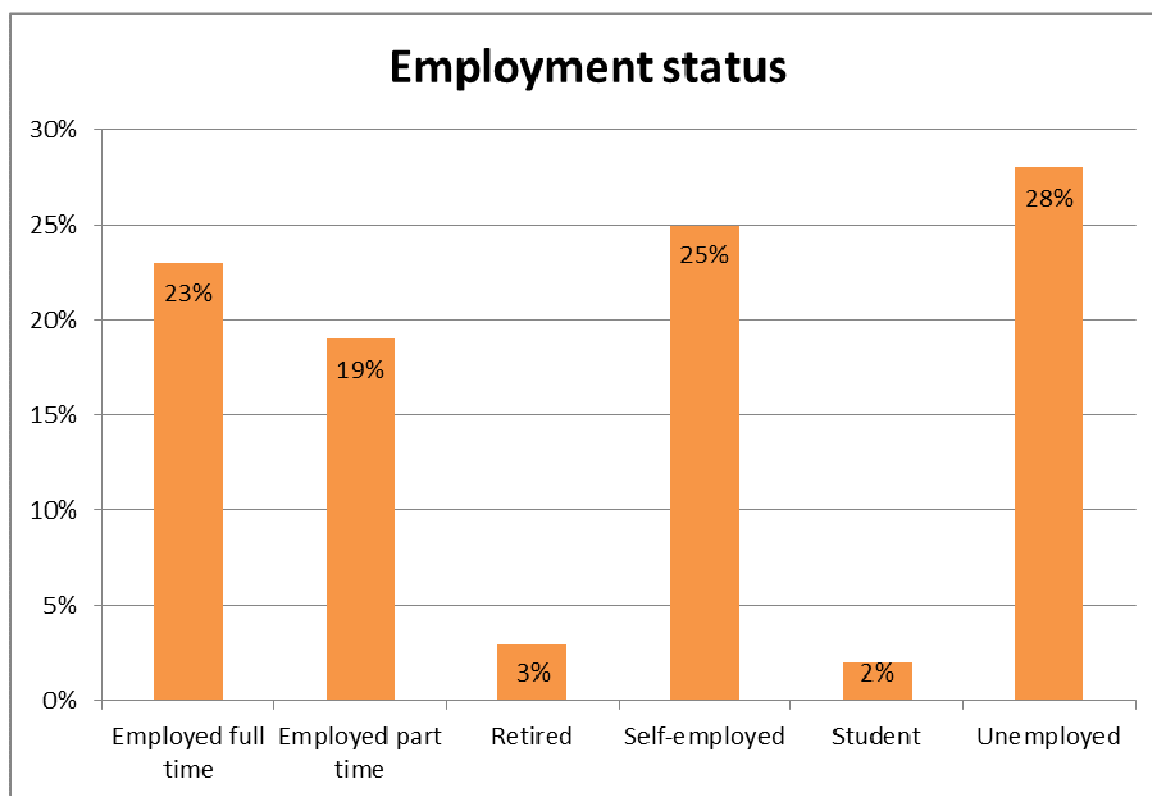
Out of those that disclosed their debts to legal creditors, 48% had priority debts including rent, mortgage or council tax arrears, an increase of 15% compared to 2016.

### Loan sharks:

We asked the victims that we have supported in the last six months about the amounts they initially borrowed and have paid back so far: The lowest amount borrowed was £120 and the highest was £200,000 to fund a gambling addiction.

One victim supported this year borrowed £15,000 and believes he has paid back over £400,000.

## Employment:



28% of those who borrowed from loan sharks were unemployed – a decrease of 13% on the previous year. This trend reflects the Government statistics showing less unemployment across the country.

## Lives:

66% of victims supported during the first half of 2017 were either told about the lender by friends or family members or they got to know them within the local community.

- 17% met the lender at work.
- 2% knew the lender as they were their landlord
- 9% knew the loan shark as they lived in the same area and visited the same places

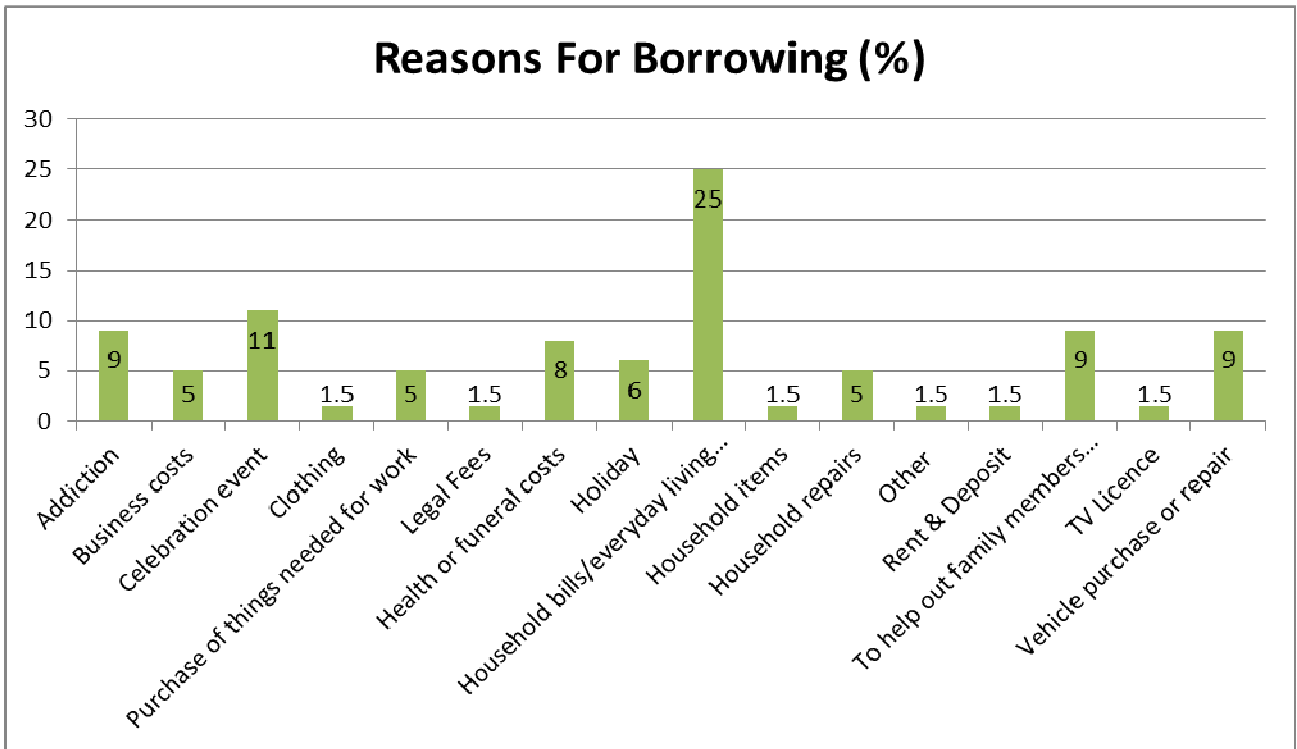
Loan sharks go where people go!

79% had borrowed from the loan shark more than once. Sometimes, a lender will encourage the borrower to take out further loans to help with re-paying previous ones.

Worryingly, 39% went without food, fuel or missed rent or mortgage payments in order to repay the loan shark.

14% had visited food banks in the last year and 8% had applied for welfare payments from local councils.

Reasons for borrowing:



Every year the main reason for borrowing money was for everyday bills such as food, fuel or rent. Some borrowers mentioned borrowing for specific items such as purchasing a bicycle to get to work or a radio for the borrowers taxi.

We always ask clients if they are able to budget in their every-day life. 79% said that they could or were able to try once they weren't repaying the loan shark.

We asked if borrowers would ever use the loan shark again: 93% said no – an increase of 2% on last year.



We asked borrowers why they regretted getting involved with a loan shark. Some of their comments are below; they have been edited in order to protect identities.

“The hassle isn’t worth it. The worry never goes. It hasn’t helped my situation; I am now in even more debt.”

“I have no family, I am on my own and they know that. I am scared of what they might do. It’s like they know where I am going to be and when I have my money: they just come and take it from me.”

“I’ve got no money, can’t buy food and can’t pay bills!”

“I couldn’t take the kids to the restaurant or buy them what they needed. I couldn’t buy them clothes as all my money went towards paying my loan. I couldn’t sleep, I couldn’t tell my partner as it would have ended my relationship.”

“I feel angry now I realize the amount of money he has had off me.”

“He shouldn’t have been lending – he wasn’t legal. He took money that should have been spent on my family – I feel foolish for not challenging him sooner.”

“It caused anger, stress, sleepless nights worrying about pay day, I was always thinking if my benefits stop how will I pay him?”

“My mother and I are home in the day with my kids and I’m afraid of her turning up & threatening us”

“I’m scared that his going to hurt my son, he has threatened to slash his face with a knife”

“It’s really affected my mental health; I tried to kill myself.”

“It’s affected me financially, I’m in lots of debt and emotionally, I am constantly up and down.”

**To report a loan shark call the IMLT hotline – 0300 555 2222**

Email: [reportaloanshark@stoploansharks.gov.uk](mailto:reportaloanshark@stoploansharks.gov.uk)

For more information about the work of the IMLT please contact Cath Wohlers, England IMLT on Tel 07500 809339

Email: [Catherine.wohlers@birmingham.gov.uk](mailto:Catherine.wohlers@birmingham.gov.uk).

Visit our website at [www.stoploansharks.uk](http://www.stoploansharks.uk)

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