



Presented by  
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## **Chris talked about Credit Unions**

- Using credit unions to backfill the void, once a loan shark has been removed from an area, helps prevent other illegal money lenders taking over.
- The Kings Heath Credit Union in Birmingham had a 15% increase in membership following the arrest of “Arnie”.
- One victim stated “until I spoke to the credit union I did not realise what a rip off “Arnie” was. I have had two loans already and been able to pay them back quickly because of the small amount charged for having the loan.”

## **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”.

## **What are some typical characteristics displayed by loan sharks?**

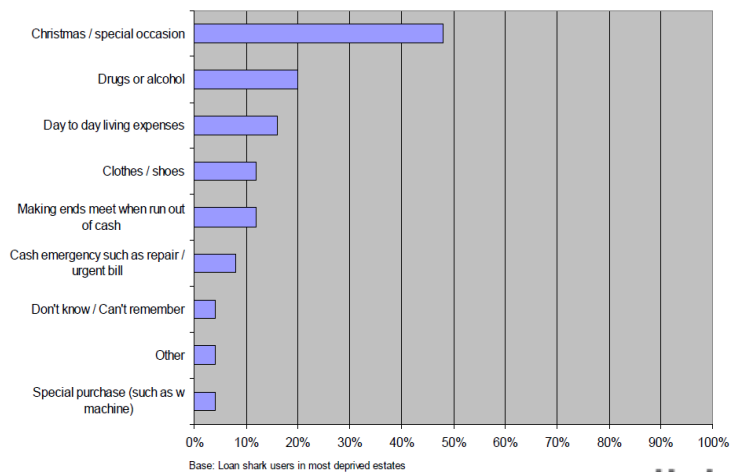
- No credit agreements given – “you owe me this much today”
- No receipts for payment or payment books
- Violence, intimidation or threats if repayments are missed
- Loans to young people (under 18’s)
- Can take illegal securities e.g. cash card
- Never advertise – find clients by word of mouth.
- Repayments of at least twice the amount lent, often with very high charges for defaulting
- Personality changes when victim can no longer meet payments

## **Who is affected?**

- 2006 report estimated 165,000 UK households use IML
- This equates to 6% of 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
- Less prevalent in the UK compared to international counterparts

**Much of loan shark funds used for same purposes as home credit but significant minority use cash for drugs or alcohol**

Application of loan shark funds



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## Loan Shark Customer

- Often very 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
- • Series of risks as become increasingly desperate for cash to meet essentials

## The Research

- IML is profoundly damaging to individuals and communities
- It is concentrated in deprived micro-communities with borrowers amongst the most vulnerable and marginalised in society
- Only a minority of borrowers have chaotic lifestyles, the rest have exhausted legal credit options or are targeted

- High street lenders not able to give small loans

## The affects on a community

- Their control over their victims rests on a climate of fear which both protects revenue flow and acts against reporting
- There is a high degree of cross-over between illegal money lending and criminal lifestyles with some victims drawn into theft, drug running, prostitution
- Illegal lending hollows out the finances of victims, exacerbates crime and anti-social behaviour and deepens financial and social exclusion

## What happens when we start operating in a new area?



- Using a brand mark.
- Poster campaigns. Advertisements on public transport.
- A 24/7 hotline . 0300 555 2222

## Addressing the issues

- Using the full weight of the legislation available:
- Consumer Credit Act 1974.
- Proceeds of Crime Act 2002.
- Theft Act 1968 –Demanding money with menaces  
Blackmail.



- Injunctions and anti social behaviour Orders.

## **Following the execution of the warrant.....**

Supporting victims to move on by signposting towards

- Debt advice
- Benefit maximisation

Assisting victims in finding sources of legitimate finance

- Access to appropriate financial products
- Financial capability – ability to choose and use
- Encourage saving – crisis purchases

Some may need help with problems caused by

- Domestic violence
- Housing issues
- Addiction

## **The story so far.....**

- Over 300 targets have been identified (and increasing)
- Over 6000 victims have been helped.
- Over £8,000,000 illegal “debt” wiped out.
- Prison sentences totalling over 37years for illegal money lending.
- We have seized over £300,000 in cash.
- 14 court cases pending

**It is not a community service..**





## Housing Providers

### Linking in with Housing Providers

- They have pulled out all the stops when a victim needs to be re-housed.
- They have provided a vital source of intelligence when loan sharks have been targeting their clients.
- **BENEFITS TO HOUSING PROVIDERS**
- Removal of loan sharks can lead to increased rent recovery for housing associations
- Tenancy turnover – decrease in homelessness and abandoned tenancies
- Anti social behaviour – this reduces with a loan sharks removal
- Desirable housing – safer estates can mean easier let properties

- Loan Shark team have made themselves available during inspections to highlight partnership working etc

### **Working in partnership**

- To build effective relationships with key partners
- Concentrated programme of networking to increase awareness
- Key part in local authority's financial inclusion strategy
- Trading Standards
- Local housing Departments/Housing Associations
- Credit unions
- WM police
- Social services depts
- DWP
- Financial Services Authority
- Community safety partnerships

**We hope we can carry on our successes with your help.**