



### Biting Back Against the Sharks

Stakeholder Managers work alongside financial inclusion delivery partners in D2N2 to raise awareness of illegal loan sharks operating in our area and encourage links with ethical alternatives e.g. Credit Unions.

Money worries top the list of causes for stress and anxiety for people. There is one type of money worry that is worse than any other. An estimated 310,000 households across the country are in debt to a loan shark.

Loan sharks operate illegally, without the correct permissions from the Financial Conduct Authority. These criminals usually appear friendly at first but quickly trap their borrowers into spiralling debt. Many lenders will resort to the most extreme and callous methods to enforce repayment including threats, violence and intimidation. Paperwork is rarely offered so victims are often in the dark as to how much they are actually paying. Exorbitant extra amounts and interest are added at random- the highest interest seen by an illegal lender was equivalent to 131,000% APR. In some cases the loan sharks have been known to take items as security including passports, driving licences or even bank or post office cards with the PIN in order to withdraw directly from borrowers' accounts.

Aged 17, Mike\* was keen to buy his first car. When Peter\* offered to lend him £250, Mike agreed and began paying back in instalments until the loan was repaid. It was then that Peter mentioned additional interest, as Mike struggled to repay this Peter offered a further loan. Over the next two decades Peter trapped Mike in a never ending spiral of debt, forcing him to repay a staggering £90,000 on this loan. Mike struggled to get by, working two jobs to keep up repayments. Mike's home life suffered and at his lowest point he attempted suicide. The loan shark physically attacked Mike and threatened his family. After what Mike describes as "years of sheer hell", he spotted an article in the local paper about a loan shark who had been prosecuted by the Illegal Money Lending Team. He plucked up the courage to call the hotline and from that moment on was fully supported by the team. Peter was prosecuted and received a custodial sentence.

Help is available. The England Illegal Money Lending Team work to identify, investigate and prosecute these lenders. The team have 100% success rate at court, and also provide a holistic victim support service to help alleviate the pressure on those people affected by this crime. We



understand how difficult it is for people to come forward. Loan sharks often prey on vulnerable people and manipulate their victims until they gain control over their lives. Victims report feeling powerless, depressed and even suicidal. Because of this, anyone who reports a loan shark will get individual support from a dedicated officer. The team will take information anonymously or in confidence. The first step is to call our hotline and let us tell you what we can do to help you. No pressure will be put on you; we simply want people to make informed decisions about what to do, not a decision based in fear and misinformation.

Nationally, Illegal Money Lending Teams have secured more than 338 prosecutions for illegal money lending and related activity, leading to over 222 years' worth of custodial sentences. They have written off £63 million worth of illegal debt and helped over 27,500 people. Call 0300 555 2222, or email [reportaloanshark@stoploansharks.gov.uk](mailto:reportaloanshark@stoploansharks.gov.uk)

**\*Names have been changed**

<http://www.stoploansharks.co.uk/wp-content/uploads/2019/10/Summer-Newsletter-2019-2.pdf>



### Credit Unions

Credit Unions are local not-for profit financial co-operatives that specialise in providing affordable loans and simple savings.

**Loans:** Credit Unions offer loans suited to your individual needs and interest rates you can afford. Because Credit Unions are focussed on serving their members rather than maximising profit, they can offer smaller shorter term loans that many banks simply do not offer.

The maximum interest rate any Credit Union will ever charge for a smaller loan is just 3% per month on a reducing balance, which equates to 42.6% APR - this means the most expensive credit union loan in Britain is still eight times cheaper than a payday loan.

A Credit Union loan is cheaper than Brighthouse (69.9% APR), 118118 Money (99.9% APR), Provident (299.3% APR) and many Loan Providers \*\*

\*\* Based on information from those companies websites 28.10.2019

**Savings:** Credit Unions encourage all their members to save and provide simple savings accounts that follow you to put away even small amounts every week/month. Your savings with a Credit Union are fully protected by the Financial Services Compensation Scheme (up to £85,000) and most Credit Unions can provide you with a mobile/smart phone app that allows you to track your balance and when you are ready to transfer funds to your main bank account.

Across the UK, 2 million people are already members of their local Credit Union – you can find your local Credit Union here: <https://www.findyourcreditunion.co.uk/>

<https://www.moneysavingexpert.com/loans/credit-unions/>



### Money Sorted in D2N2

Our Building Better Opportunities [Money Sorted in D2N2](#) offer provides support and personally tailored interventions for people experiencing the greatest financial difficulty. Money Sorted enables individuals to take control, build their confidence and skills and help them tackle barriers and problems in order to improve their financial well-being.

Money Sorted is for unemployed or economically inactive people with the right to work and live in the UK who are experiencing financial difficulties and worries and would like support.

### Money Sorted offers

- Individual support delivered by skilled Personal Navigators
- Assessment of financial well-being
- Personal Financial Resilience Planning
- Support with current financial circumstances debt management
- Financial capability support/ training, tailored to the needs of the participants
- Money Mentor option
- Support to move into training or employment

### Derbyshire Law Centre (Money Sorted delivery partner)

Staff and volunteers at Derbyshire Law Centre have been shortlisted for the Law Society's prestigious Excellence Awards 2019 in the Access to Justice Category. Law Centre solicitor Lisa Haythorne has also been shortlisted for the In-house Solicitor of the Year award.



This year is the 30<sup>th</sup> anniversary of the Law Centre first opening its doors to offer free specialist legal advice. The Centre now employs a team of 26 people including caseworkers, administrators, coordinators, homeless prevention workers, paralegals, personal navigators, solicitors, trainee solicitors and a social worker.

Winners are announced at the Law Society's Excellence Awards ceremony in London on 23 October 2019.