

## Witness statistics

### Report for January – December 2018

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

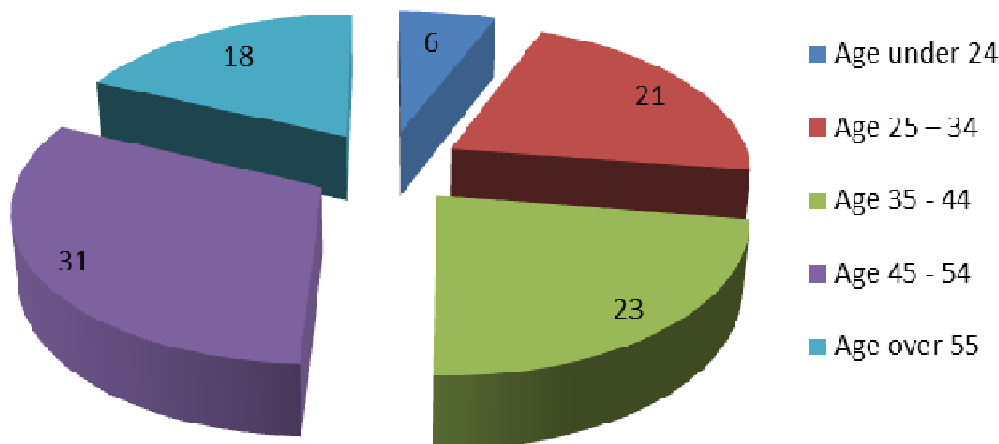
During 2018 LIAISE Officers offered intensive support to 152 victims of illegal lenders. When a victim engages with us we will ask them about their health, safety and financial situations in order to tailor assistance appropriately. Below is a summary of the findings – percentages are rounded to the nearest whole number.

#### Victim profile:

The gender split of borrowers was 51% female and 49% male. Up until 2012 around a quarter of supported victims were male so the LIAISE team have worked hard on encouraging the number of reports from males using different terminology with promotional materials. This seems to have taken effect with gender split of reporters being half and half over the past few years.

44% of victims supported were parents with an average of two children per family.

### **Age of borrowers - %**



#### Health:

The number of clients saying they had long term health conditions increased by 2% compared to 2017 up to 49%.

- 20% said they had a physical illness
- 18% had mental health issues
- A further 11% 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, an increase on last year's figure of 4%. 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 work with carer support services to raise awareness of the dangers of loan sharks.

Loan sharks can ruin lives:

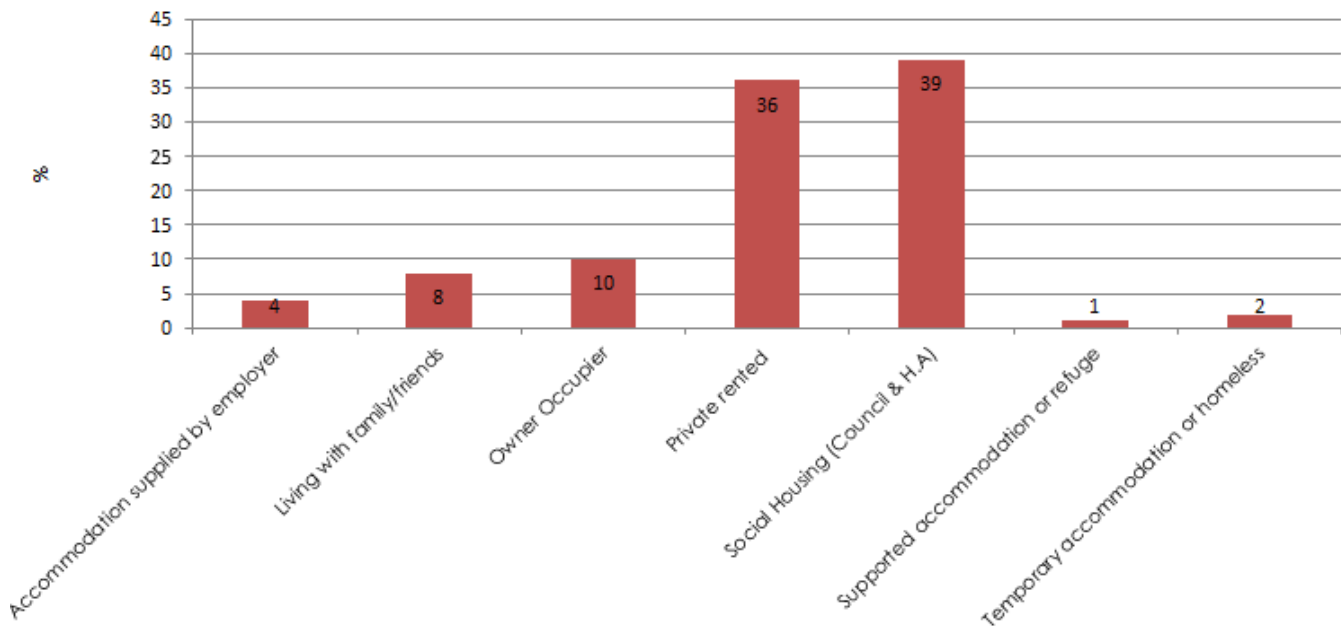
We regularly have conversations relating to a client's well-being; 25% of victims we have asked said that they had considered committing suicide during their life-time including 6% who had attempted suicide. 16% said this was during the time of their involvement with the loan shark.

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. We have a free publication available specifically aimed towards health professionals.

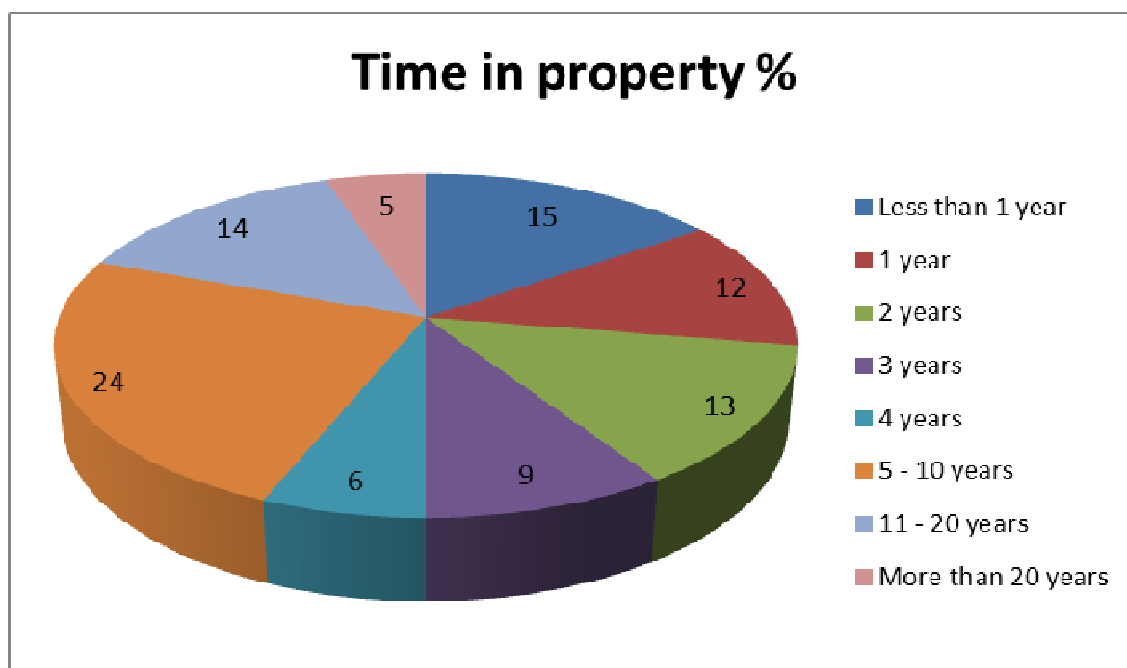
75% of borrowers said that they were in a state of worry, stress, depression or severe anxiety because of their involvement with a loan shark and 38% told us that they had been abused verbally and/or threatened with physical harm (or actually harmed) by the loan shark.

Housing:

**Tenure - 2018**



75% of respondents paid rent for their home, either to a social landlord or private property owner.



15% of victims had lived in their property for less than one year, compared to 10% in 2017 and 3% in 2016. This may reflect the rise in shorter tenancy agreements across the UK. The ages of those living in premises for less than one year ranged from 21 to 58 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	How did the borrower hear about IMLT?	Percent
Citizen's Advice	11	Local Council	1
Debt advice agency - not Citizen's Advice	3	Other	1
Facebook	2	Police	11
Family member/Friend	8	Poster in library	1
Housing provider	3	Support group	1
IMLT contacted the borrower	41	Trading Standards	1
Internet search (IMLT website)	14	TV program	1
		Work colleague	1

## Debt Advice:

30% of respondents said that they had visited a debt advisor; this is 7% less than in 2016. Almost half of those who had received debt advice had done so through Citizen's Advice with others going to Stepchange, their local council or housing provider or the Department Of Work and Pensions.

This may reflect that people are working irregular hours now, meaning it is hard to visit a debt advisor in person or that they don't have the knowledge of support that's available or the confidence to access.

11% said they had told the debt 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." Another reason mentioned for not telling was because the Advisor hadn't asked whether their client had loan shark debt. The IMLT provide a free "advisor script" to help with discussing illegal lenders with clients.

## Credit Unions:

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

- 59% had heard of the term "Credit Union"
- Whilst having heard of the term, 25% of clients didn't know what a Credit Union is but the remaining 34% did with 3% being existing members.
- 40% said they had never heard of a Credit Union. This reflects trends in the general population in England and the awareness of Credit Unions generally. In other countries, Ireland and the USA for example, credit unions are very well embedded in communities and most people will have heard of their local organisation and membership numbers tend to be a lot higher.

The IMLT use Proceeds Of Crime money (ill-gotten gains taken from illegal lenders) to help promote the credit union movement, as it is a safe alternative to borrowing from a loan shark.

We always ask clients if they would consider joining their local credit union and 43% said they would. We provide details of their nearest Credit Union to all who are interested. Of those that said they wouldn't consider joining, most said that they were happy using mainstream banking facilities or that there wasn't adequate coverage in their area.

## Reporting:

We ask clients 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.

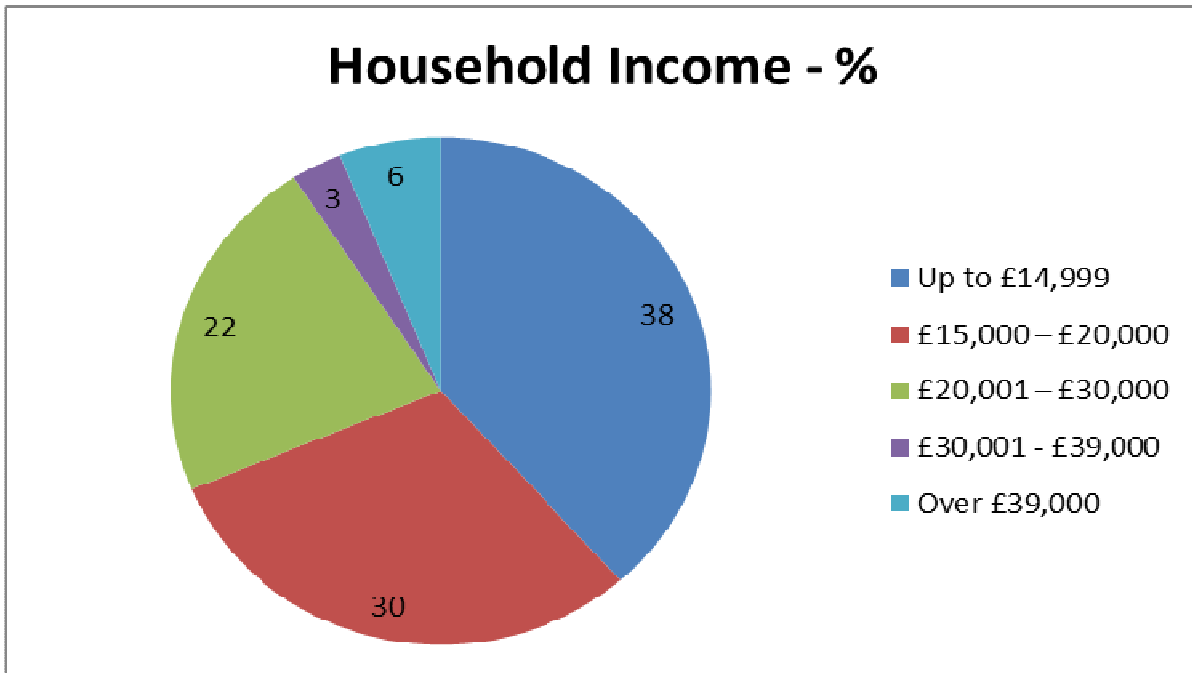
What would have enabled you to report the lender sooner?	%
I didn't know about the IMLT: If I had, I would have reported sooner	27%
Nothing would have made me report any sooner	24%
I didn't realise that the lender was acting illegally	15%
I was embarrassed to admit I'd got involved with a loan shark	3%
I didn't report until the threats started	5%
I was too scared to report sooner	9%
I was nervous/didn't have the confidence to report	8%
I don't know what would have made me report sooner	5%
I told a different agency but info wasn't passed on	1%
I was encouraged to report by partner agency	1%
As it's a new loan and I hadn't had any hassle, I wouldn't have reported yet	1%

Prior to 2017 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 over the past two years to spread the word that victims can come forward and report a loan shark without giving us their name.

This approach seems to have worked as nobody we've supported recently has mentioned that reason for not reporting sooner. 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 support for the borrower.

## Money:

### Household income and expenditure:



97% of respondents had bank accounts. This number has risen gradually from 82% in 2011 reflecting the need for accounts for benefit transfer or wage payments.

64% of victims were claiming benefits, which is an increase of 5% on 2017. 13% of respondents claiming benefits were on Universal Credit – a rise of 3% on 2017.

14% had requested welfare help from local councils – an increase of 6% compared to 2016 but 3% lower than last year. The low figure over-all may mean that some people aren't aware that they might be able to access help with gas or electric or get a voucher for white goods from their local authority. According to a survey conducted during the year by Church Action on Poverty last year, some local authorities are having to cut the amount of welfare provision provided with a quarter of welfare provision schemes having closed since 2013.

17% had visited food banks within the last year. The number has been higher in previous years; More than half of the victims we've supported during 2018 have been employed or self-employed so may believe that they cannot ask for support from a food bank.

74% of respondents didn't have home contents insurance – the highest figure for the last five years. Reasons given were that it was unaffordable or they had believed that they owned nothing of value.

46% had pre-payment meters installed for fuel supplies whilst 27% paid by direct debit or standing order through their bank. 13% had fuel costs included in their rent payments or paid for by their employer.

## Debt:

Quite often, if a client is repaying a loan shark they may get into debt with legal creditors.

59% of victims interviewed owed money for:

- Loan repayments and/or credit card bills to banks
- Council tax arrears
- Door-step loans
- Utility bills
- Credit Union arrears
- Nursery arrears
- Hire purchase companies or catalogues
- Pay-day and sub-prime loans
- Rent or mortgage arrears
- TV licence payments
- Outstanding phone bills

The lowest amount owed to legal creditors by one individual was £100 for rent arrears whilst the highest amount of debt owed by one person to legal creditors was £54,879 including money owed for mortgage arrears and pay day loans. 29% of clients had priority debts including rent, mortgage or council tax arrears.

## Repayments:

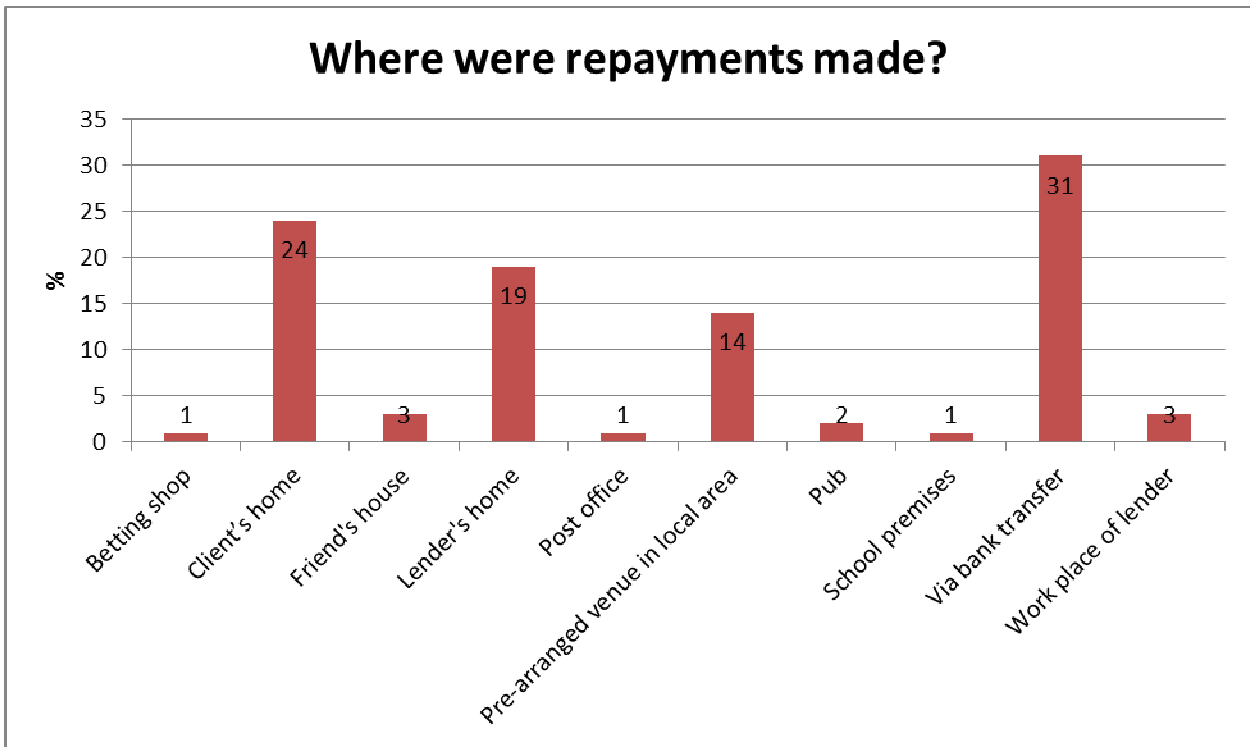
We asked the victims that we have supported about the amounts they initially borrowed and have paid back so far: The lowest amount borrowed was £40 for household bills and the highest was £80,000 to help with business costs.

One person who borrowed £9,500 during the last year has paid back over £20,000 so far and the lender says he still owes at least £9,000 more.

Another borrower received £1000 from the loan shark. Nine months later he had already repaid £1,450 and still owed £2,300.

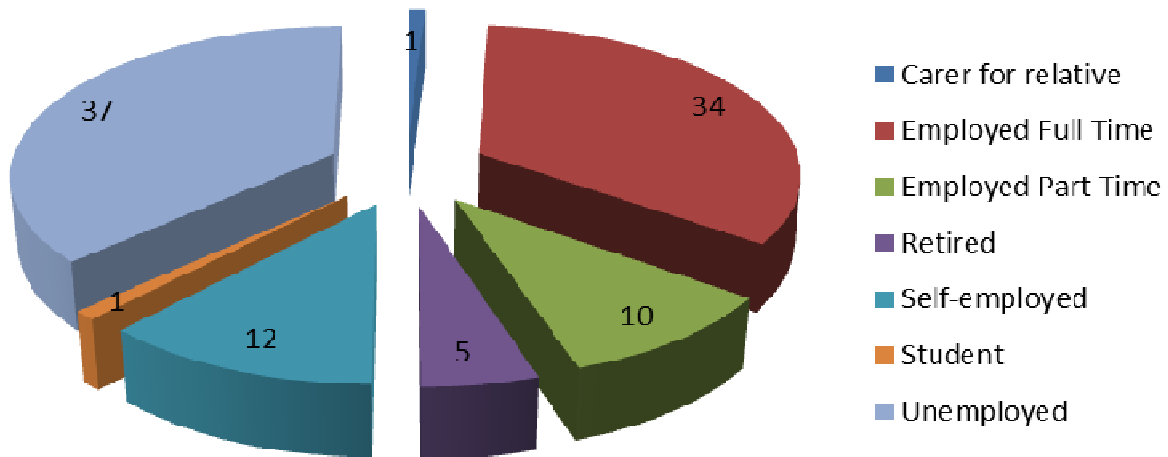
A further client was expected to make repayments of almost £4,000 per month!

We have recently started asking where the client made the repayments to the lender as this may help identify other borrowers and places to promote the anti loan shark message.



Employment:

### Employment status - %



37% of those who we've supported this year are unemployed – a slight decrease on 2016 and similar to last year. This trend backs Government statistics showing less unemployment across the country.



## Lives:

65% of victims supported during 2018 were told about the loan shark by friends or family members. 15% got to know them within their local community including support groups and social groups. 12% met the lender at work. Loan sharks will appear friendly at first until repayments are missed.

70% 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 or, if debts to legal companies start to mount up the borrower may have no choice but to keep topping up their loan.

48% of borrowers believed the loan shark was their friend at the point of borrowing. Whilst 22% of victims had been paying their loan back for less than a year at point of contact, some had been repaying for up to 15 years.

Worryingly, 42% went without food, fuel or missed rent or mortgage payments in order to repay the loan shark and 17% had visited food banks.

## Reasons for borrowing:

Reason	%	Reason	%
Household bills/Everyday living expenses	28	College/university costs	2
Business costs	10	Holiday	2
Health care or funeral costs	7	Home improvements	2
To help out family members	7	Loan passed on because of non-payment by relative	2
Celebration event	6	Rent & Deposit	2
Drug or Alcohol Addiction	6	travel costs	2
Furniture or electrical goods	5	Baby expenses	1
Gambling	5	Car tax	1
Mortgage/rent arrears	4	Debt consolidation	1
Vehicle Purchase or repair	4	Vets fees	1
Benefits sanction/late wage payment	2	Visa costs	1

Every year the main reason for borrowing money is for everyday bills such as food, fuel or rent. New reasons mentioned this year have been vets fees, university costs and a loan that was passed on because of non-payment by a relative.

A higher percentage of people have borrowed for business costs this year than ever before (figures from 2013 – 2017 averaged 4%), this may be because it can still be hard to borrow from main stream lenders for enterprise or it might be that the lender is a member of the same business community.

11% of clients stated that they had borrowed to support drug or alcohol addiction or gambling, compared to of 8% last year and 5% in 2016 . The IMLT have been raising awareness with support organisations so this might explain extra reports from that demographic.

We asked if borrowers would ever use the loan shark again: 85% said they definitely wouldn't.

We asked why victims regretted getting involved with a loan shark. Some of their comments are recorded below – taken at the first meeting with the client. Comments have been edited in order to protect identities.

All my monthly income at the time went to the loan shark. He threatened to send people round to hurt me and my family.

It's been really bad. We work hard and have no quality of life just to pay him back.

I was contemplating suicide but have now started to face up to the issue and want to move forward.

Loan shark equals extreme stress, lack of money, suicide attempt, pressure on marriage, weight loss, and a lack of sleep, always worried and on edge!

I've paid what I owed - she just won't take no for an answer!

Terrible knock on effects on my health and life.

We have been so scared of what might happen if we didn't pay. It made our mental health problems worse and we have had to live on nothing. We have lived a 2 year nightmare.

To report a loan shark please call the IMLT helpline:

**0300 555 2222**

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

For more info about the work of the IMLT please contact Dave Benbow,

Email: [david.a.benbow@birmingham.gov.uk](mailto:david.a.benbow@birmingham.gov.uk).

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

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