

2019 Summary Report

FROM:

You just get yourself into more of a mess. I was embroiled I couldn't see. He has destroyed people's lives.

I was living on a knife edge. Worried that he would make threats. Worried about my family.

Felt awful owing money. I hated having to look over my shoulder constantly.

I feel as though everything I have worked hard for I have lost – my savings and maybe my home!

I wanted to kill myself, I could see no other choice

TO:

I can see now he wasn't my friend he was just in control. We will now only buy something if we can afford to and not borrow money.

If it wasn't for you I wouldn't be here now. I was planning to take my own life today but here I am sitting talking to you. You saved my life.

I can pay my bills now, I am trying to budget. I feel very stupid it was just easy money at the time when I needed it.

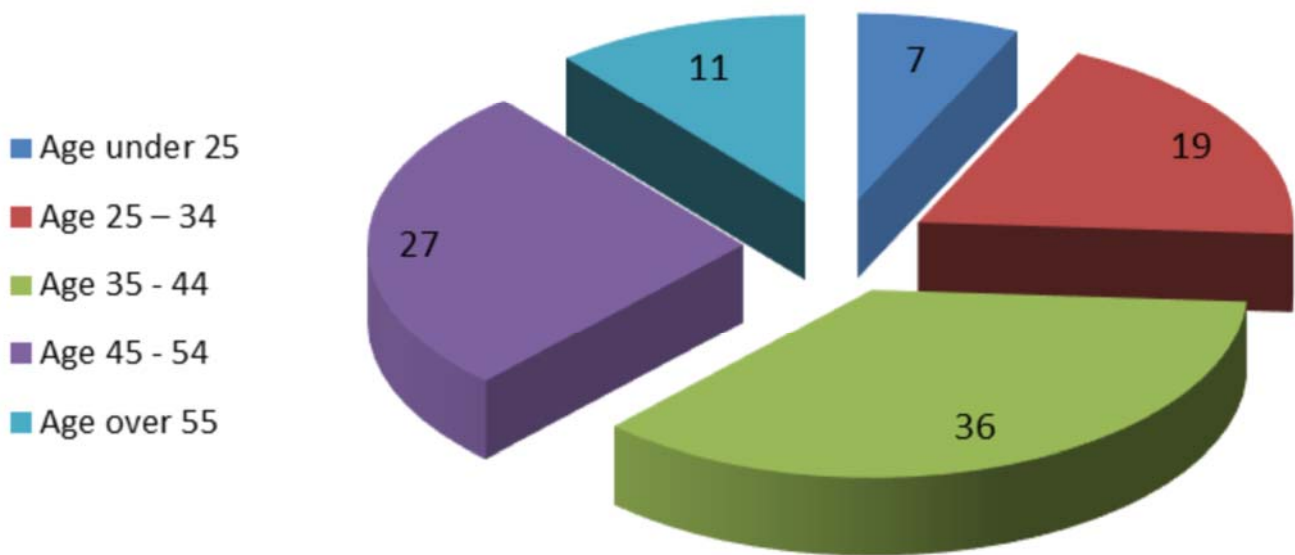
I will always trust my gut when it comes to decisions in the future and not trust that "friend" doing you a favour.

I can see a way forward and have been amazed by your support. You are angels!

During 2019 LIAISE Officers offered intensive support to victims of illegal lenders who engaged with the team.

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.

Age of borrowers - %



The gender split was 45% female and 55% male.

55% of victims were parents with an average of two children per family.

Health:

46% The number of clients saying they had long term health conditions

14% Told us they had a physical illness

21% Disclosed mental health issues

11% Suffered from both mental and physical illness.

9% of borrowers said they acted as a carer for someone over 18.

Loan sharks can ruin lives:

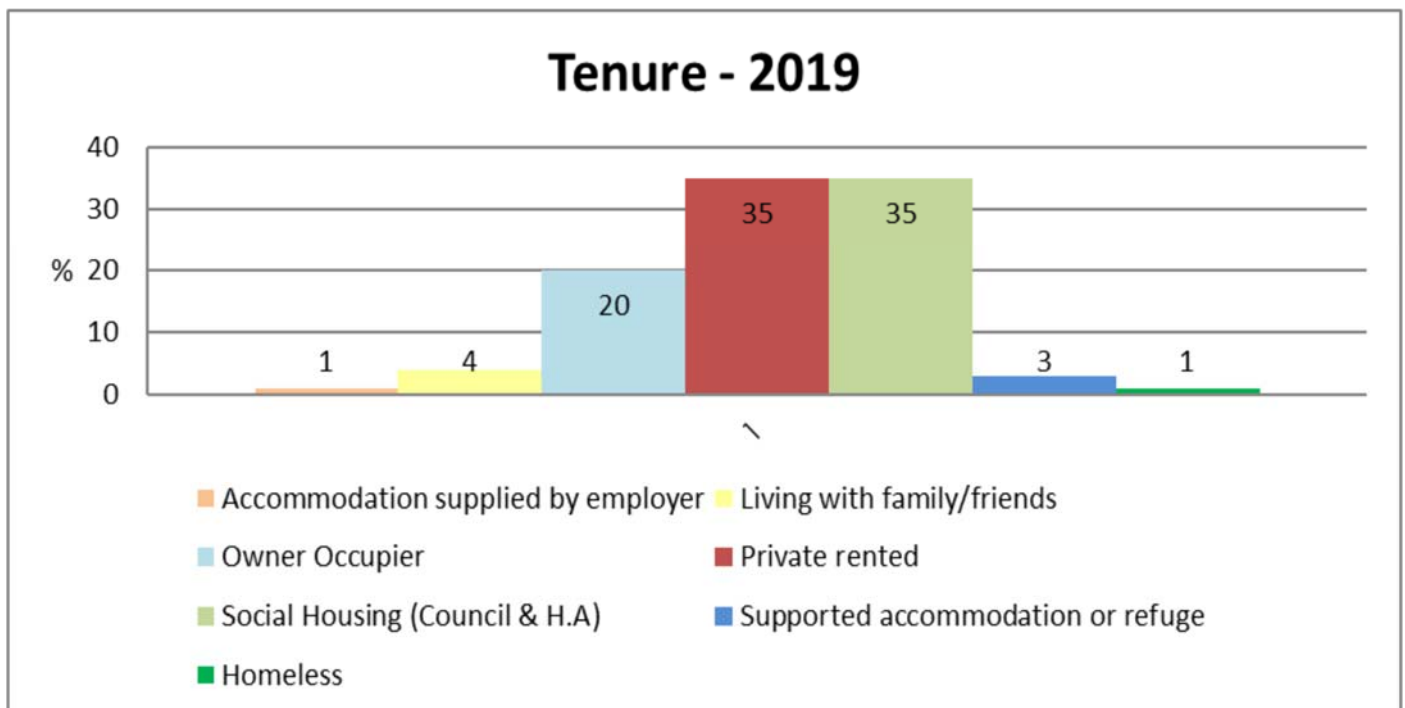
We regularly have conversations relating to a client's well-being;

34% of victims we have asked said that they had considered committing suicide during their life-time including 17% who had attempted suicide.

79% 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 44% told us that they had been abused verbally and/or threatened with physical harm (or actually harmed) by the loan shark.

Housing:

75% of respondents paid rent for their property. This figure includes private rented accommodation and social housing.



20% of victims were owner occupiers - the highest figure since the team started recording this statistic in 2011.

Most of the clients whom had lived in their current accommodation for less than two years paid rent for their property including supported housing or refuges.

We welcome reports from victims themselves, family members, friends or organisations. Please ask your clients about loan sharks especially if they refer to loans from "a friend". Often illegal lenders will be friendly at the point of borrowing and many people will believe they are doing them a favour - until they miss a payment.

- "The loan is paid back ten times but they keep coming every week for payment. They don't state what is left to pay. I have been assaulted on more than one occasion"
- "I've already paid over and above for the loan. My windows were smashed with a brick and my children were in the front room when it happened"
- "One of my friends had thier fingers broken by the lender for missing payments. I'll never miss a payment!"
- " I was at the cash machine getting my last £20 out for nappies and food. The loan shark took it all off me and then threatened to come round the house and beat me up in front of my family"
- "The lender kept offering loans to pay off the previous one - it never ends".

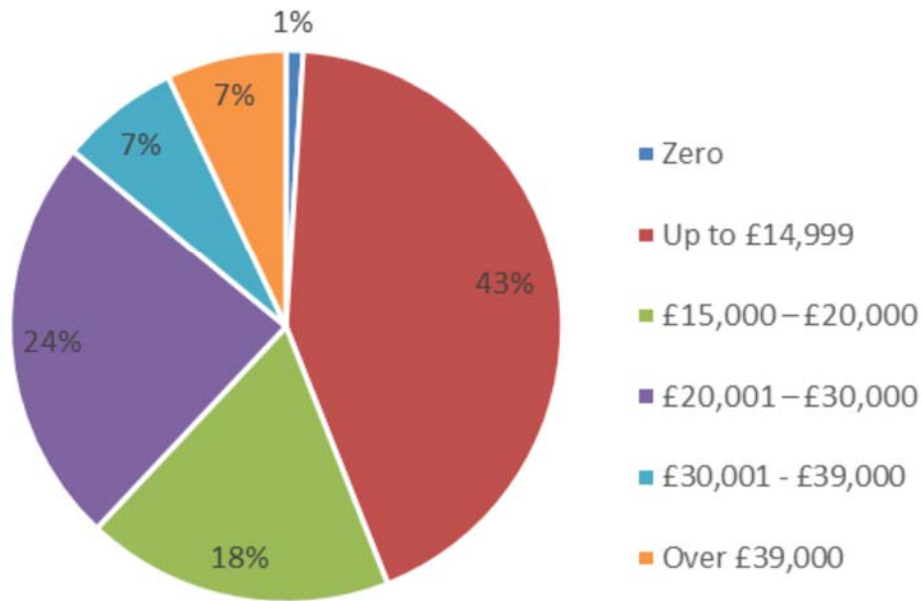
92% of borrowers said they would never use a loan shark again

Working with partners:
 We ask victims 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, but we also encourage partner agencies to report any worries directly to us.

How did the borrower hear about IMLT?			
Source	%	Source	%
Age UK	1	Internet search, general	10
Church	1	Internet search, specifically IMLT website	9
Citizen's Advice (C.A.)	6	Police	7
Debt advice agency - not C.A.	2	Poster in local area	1
Family member/Friend	7	Social Services	1
Financial Conduct Authority	1	Support Group	1
Housing provider	8	TV Programme	2
IMLT contacted the borrower	44		

Most of the younger people were referred by housing organisations or found out about the IMLT via the internet.

Household Income - 2019



We ask clients about their household income.

The number with an income of under £14,999 has increased up to 44% compared to 38% two years ago.

- 97% of respondents had bank accounts
- 73% of respondents were without home contents insurance
- 44% had pre-payment meters installed for fuel supplies and 36% paid by direct debit or standing order through their bank. 2% had SMART meters installed.
- 7% had fuel costs included in their rent payments
- The rest of clients paid via the post office or via top-ups by phone, or reported being homeless.

Debt Advice:

39% of respondents said that they had visited a debt advisor.

49% of those who had accessed debt advice said they had told the Advisor about the loan shark;

In the 49% of cases where victims had told the debt advisor about the loan shark, only 27% of advisors had reported the case directly to the IMLT.

Comments made by victims who said they hadn't mentioned the lender included "I was too scared," "I didn't think they could help" and that the Advisor hadn't asked whether their client was involved with a loan shark.

Benefits and Debt:

62% of victims were claiming benefits.

23% of respondents claiming benefits were on Universal Credit.

We have had reports of lenders asking victims to ask for an advance on their Universal Credit payment to pay off their loan.

21% - number of clients requesting welfare help from local councils – up 7% on 2018's figure.

24% - visited food banks within the last year – again a rise of 7%, compared with last year.

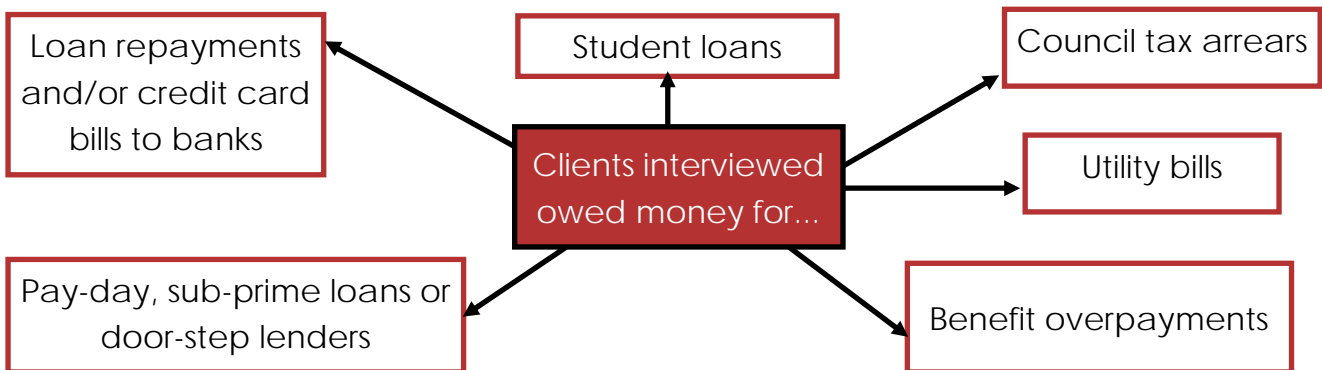
46% went without food, fuel or rent in order to pay the loan shark.

69% of clients owed money to legal creditors as well as the loan shark: The average amount owed was £12,749.26 - a rise of more than £5,000 on 2018.

40% of clients told us that they had priority debts including rent, mortgage or council tax arrears.

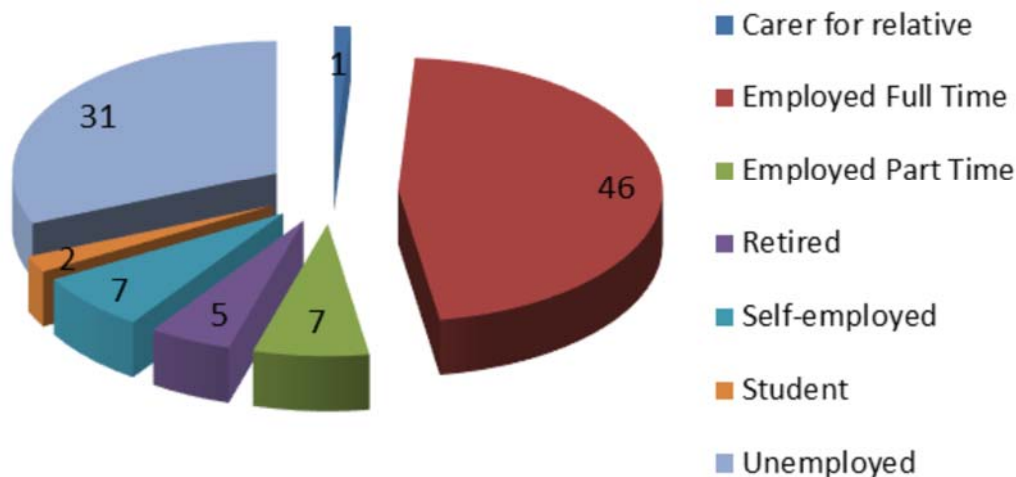
The lowest amount owed to legal creditors by one person: £100

The highest amount owed to legal creditors by one person: £88,000



53% of those who we've supported this year are in full or part time employment – an increase of 9% on last year. This trend follows Government trend statistics showing less unemployment across the country.

Employment status - %



Lives:

64% of victims believed the loan shark was their friend at the point of borrowing, most lenders will make borrowers believe that they are doing them a favour.

61% of victims supported during 2019 were told about the lender by friends or family members whilst 10% met the lender at either their own or the lender's workplace.

27% knew the loan shark as they lived in the same area and/or visited the same places including pubs, school gates or even the local hospital. 85% of borrowers made the decision to take out the loan individually, either because they didn't have a partner at the time or because they hadn't told them.

Reporting:

We ask clients what might have enabled them 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.

38% said nothing would have made them report sooner but 17% said if they had known about the IMLT they would have contacted us.

It's a great help to us if partner agencies can spread the message that we can help. Other reasons given for not reporting included embarrassment, not having the confidence to come forward, not realising that the lender was committing a crime or benefit delays which resulted in the client having no money to pay the lender.

Credit Unions:

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

26% had heard of them and knew what they are including 2% who were already members.

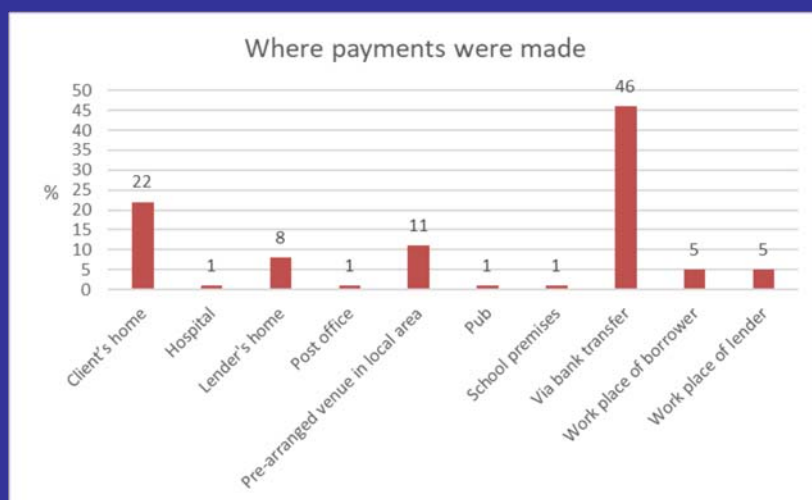
19% had heard of them but didn't know what they are and the remainder had never heard of a credit union.

We asked clients if they would consider joining their local credit union and 56% said yes. Details of their nearest Credit Union were then provided.

Of those that said they wouldn't consider joining, reasons given included that they were happy and able to use mainstream banking facilities or that there wasn't a credit union in their area.

Others said they wouldn't have enough money to save or they felt the Credit Union wouldn't provide as good a service as their bank.

Repayments:



The majority of victims' payments were made via bank transfer. Borrowers can also be told to make payments in car parks, parks or outside local shops. In some cases the loan shark collected money outside school gates or the local hospital.

We asked the victims that we have supported during 2019 about the amounts they initially borrowed and have paid back so far. 71% 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.

Median total amount borrowed - £3,500

Median total amount repaid - £11,050

Most borrowers paid at least twice the amount lent back and some repaid up to ten times the original amount.

The lowest amount borrowed was £60 for new baby expenses and the highest was £125,000 over four loans to help with business costs.

One person who borrowed £75 paid back over £13,000 during the last eighteen months and still has an outstanding balance of £600. Another borrower received £300 from the loan shark during the last two years. After repaying £15,000 so far, the lender is demanding a further £170.

Loan shark debts can go on for years, some of the victims we helped last year had been repaying loans for up to thirty years.

By far, every year, the main reason for borrowing is every day living expenses - just getting by till the next pay day.

Reason for borrowing	%	Reason for borrowing	%
Baby expenses	2	Health care or funeral costs	6
Benefits sanction/late wage payment	2	Holiday	8
Business costs	8	Home improvements	2
Celebration event	5	Household bills & everyday living expenses	25
Childcare	1	Legal costs	3
Clothing	1	Moving costs	2
Council tax arrears	1	Rent & Deposit	2
Debt consolidation	1	Rent arrears	2
Drug or Alcohol addiction	4	Tax bill	1
Education costs	3	To help out family members	8
Furniture or electrical goods	4	Vehicle Purchase or repair	5
Gambling addiction	4	Vets fees	1

STOP LOAN SHARKS

Intervention . Support . Education

To report a loan shark please call the IMLT hotline:

0300 555 2222

Email: reportaloanshark@stoploansharks.gov.uk

For more information about the work of the IMLT please contact

Cath Wohlers, LIAISE Manager.

Email: Catherine.wohlers@birmingham.gov.uk.

Visit our website at www.stoploansharks.uk

For updates on the Stop Loan Sharks campaign visit:

www.facebook.com/stoploansharksproject

Or Twitter: @loansharknews