

**STOP LOAN SHARKS
WITNESS STATISTICS
REPORT**

Content	Page
Victim profile:	2
Health:	2
Housing:	3
Working with partners:	4
Reporting a loan shark:	5
Money	6
Employment:	6
Debt Advice:	8
Credit Unions:	9
Lives:	10
Reasons for borrowing:	12
The effect of loan sharks on people's lives	13
Contact details for the Illegal Money Lending Team	14

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

During 2017 LIAISE Officers worked with 122 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.

50% of victims were parents with an average of two children per family. LIAISE Officers have dealt with more victims without children during 2017 than in previous years. 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:

47% of clients reported long term health conditions:

- 13% said they had a physical illness
- 12% had mental health issues
- A further 13% said they suffered from both mental and physical illness.

A previous Government report* states that 28% (15million) of the population of England have long term illnesses so, because of the number clients telling us of health issues, one of the 2018 objectives for the LIAISE team will be to target health services such as hospitals and support groups.

We asked if borrowers had attended an interview during the last twelve months, with regard to their health in order to start or continue claiming benefits. 19% said that they had.

11% had received a positive outcome with benefits being awarded or changed. 6% reported negative outcomes and 2% were still awaiting decisions. 5% 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 began targeting carer support services to raise awareness a couple of years ago in 2017 the number of carers reporting a loan shark to us who are carers has halved since 2015.

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 16% who attempted to take their life.
- This is a greater amount than 2016 figures of 27% who had considered suicide and 12% who had attempted it.
- 25% of those who said they'd considered suicide or had attempted to kill themselves said it was due to 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.

76% 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 43% 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:

70% of respondents paid rent for their property – an overall decrease of 10% on 2016. There was an increase in those who owned their property and those living with friends or family.

Tenure	2012 %	2013 %	2014 %	2015 %	2016 %	2017 %
Social Housing (council or housing association)	62	50	41	42	50	42
Private rented	21	24	35	31	30	28
Owner Occupier	9	9	15	10	11	15
Living with family/friends	6	11	5	8	6	11
Temporary accommodation or homeless	0	5	1	2	1	2
Supported accommodation, refuge or in care	0	0	1	0	1	2
Accommodation supplied by employer	2	1	0	2	1	0

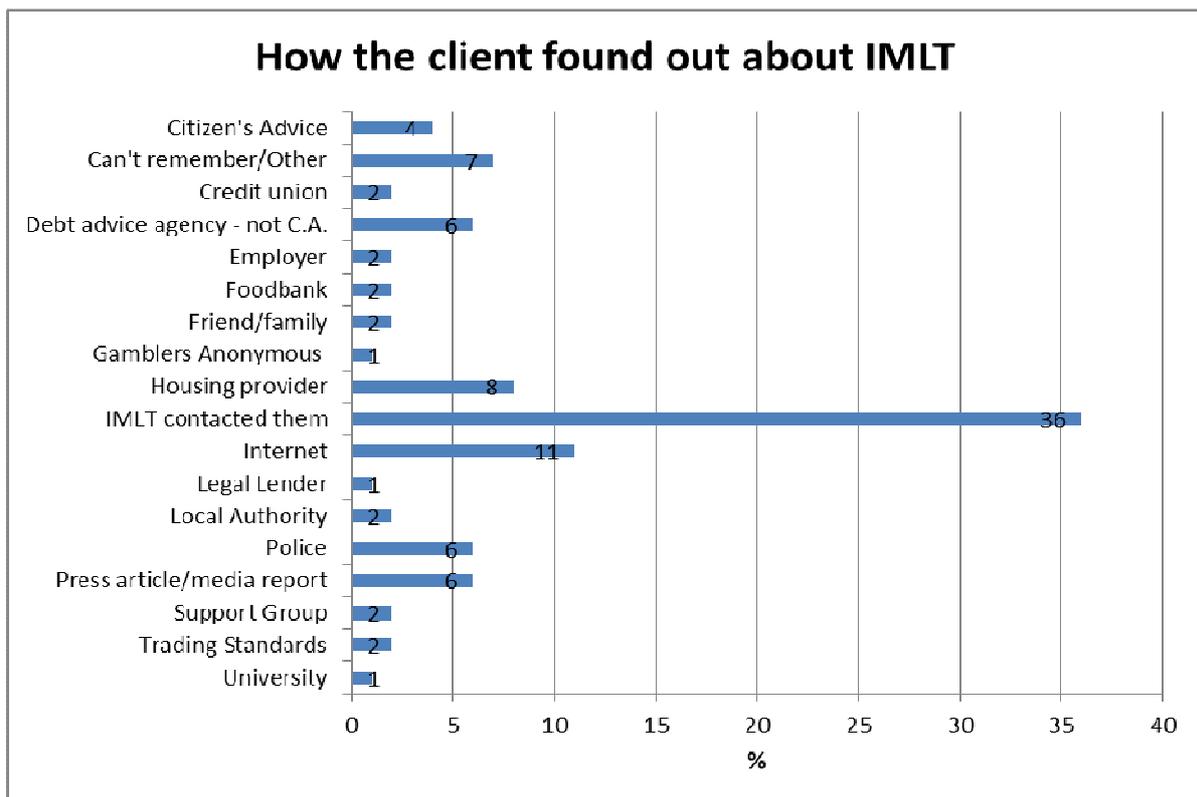
Tenure:



23% of victims had lived in their property for less than one year, compared to 3% in 2016. The ages of those in new tenancies ranged from 23 to 57 years and 69% were male.

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.



Of the 11% of clients who found out about the IMLT through an internet search, all were under 50 years of age which may reflect the current demographic with regards to internet usage and age.

Reporting a loan shark:

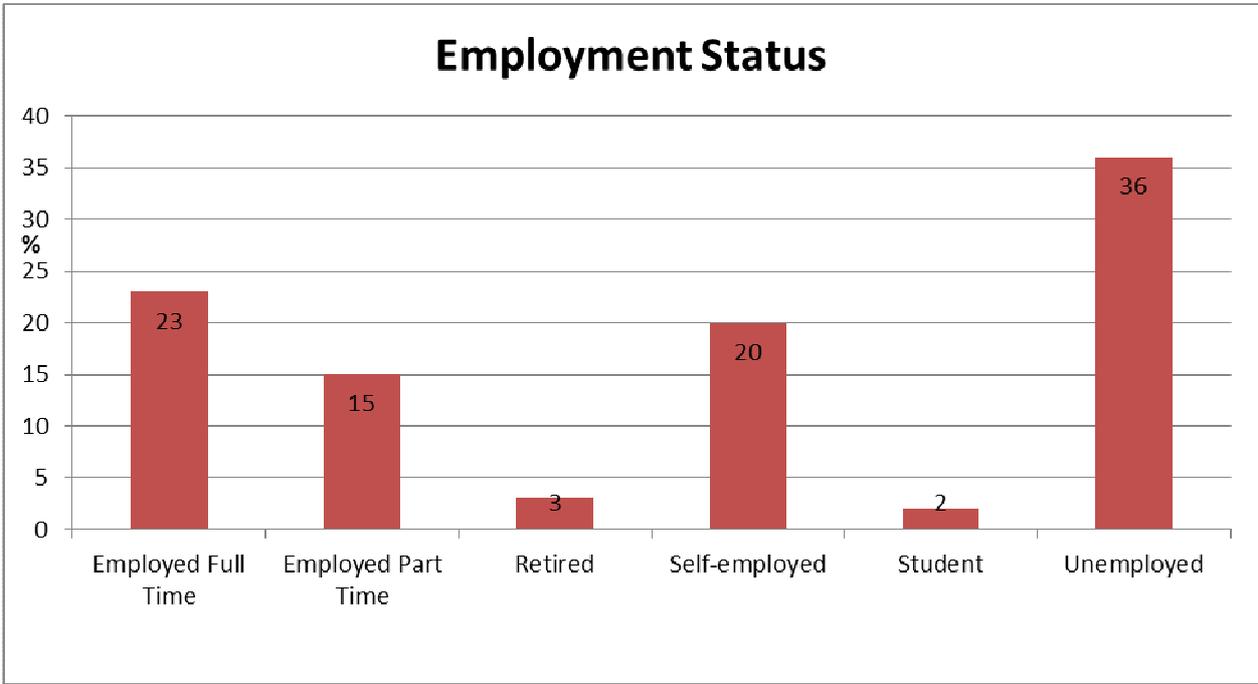
We ask what might have enabled borrowers to report the illegal lender to us sooner. We do this to make sure there are no barriers to reporting that could be improved by our team or to gain knowledge that we can share with front-line partners.

What would have enabled you to report the lender sooner?	2017
I didn't know about the IMLT: If I had, I would have reported sooner	15%
I always thought someone else would report it	1%
It's taken a while to get the confidence/mental well-being/support to report	8%
Knowing it was NOT a crime to borrow/worried about getting into trouble myself	2%
I didn't know he or she was an illegal lender. If I'd have known, I would have reported earlier	10%
I didn't report because myself and/or my family were in danger	3%
I wouldn't have reported as I had no issues with the lender	6%
Only reported because threats had started	4%
Told a different agency but info wasn't passed on	1%
Wouldn't have reported yet as it's a new loan and hadn't had any hassle from subject.	1%
I don't know what would have made me report sooner	21%
Nothing would have made me report any sooner	28%

In 2016 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 since worked hard to spread the word that victims can report a loan shark without giving us their name. No clients that we supported during 2017 gave that as a reason for not reporting.

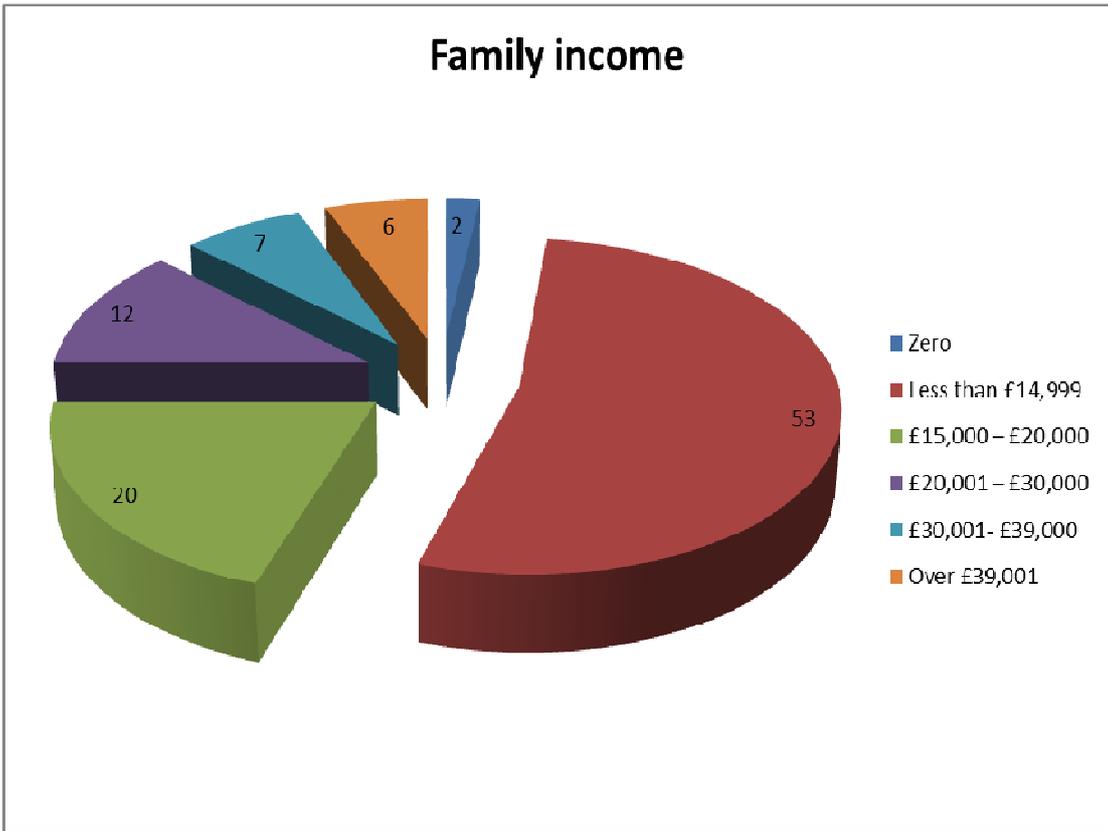
Ideally we would like the client to engage and be willing to give us a statement so that we have the tools to investigate further and also provide appropriate support to the borrower but we can take anonymous information about a lender if needed.

Employment:



36% of those who borrowed from loan sharks were unemployed – a decrease of 5% on 2016 and of 12% on the 2015 figure. Government statistics show the current unemployment level is 4.3%***, so a much larger ratio of those we have helped were unemployed compared to the general demographic across the country.

Household income and expenditure:



Of those with incomes below £14,999 42% were male and 58% female; just over half were unemployed whilst 18% were self-employed and 18% employed. The remainder were either students or retired. The 2% who reported zero income stated that it was because of late benefit payment or sanctions.

- ❖ 58% of victims were claiming benefits, which is a decrease of 4% on 2016. Some clients who work but are on low incomes claim top-up benefits or help with housing costs.
- ❖ 10% of those respondents claiming benefits were on Universal Credit compared to none in 2016. This will be due to the wider rollout of Universal Credit, and the fact that more people generally are now on this benefit compared to previous years.
- ❖ 17% had requested welfare help from local councils – an increase of 9% compared to 2016.
- ❖ 19% had visited food banks within the last year, an increase of 5% on 2016.
- ❖ 70% of respondents didn't have home contents insurance, a slight rise compared to the past three years.
- ❖ 49% had pre-payment meters installed for fuel supplies, an increase of 7% compared to 2016 figures whilst 29% paid by direct debit or standing order through their bank which is a decrease of 19% on last year.

94% of respondents to our questionnaire had bank accounts, a slight decrease of 2% from 2016.

- 71% had access to a current account
- 21% had a basic account
- 2% had Post Office or Credit Union accounts.

Friends Provident Foundation states that 1.5 million adults in the UK still have no bank account which can mean they pay more for basic services such as fuel or utilities. Half of those “unbanked” would like to have access whilst the remainder prefer to deal in cash.

Debt Advice:

35% of respondents said that they had visited a debt advisor; this is a 5% decrease on the figure from 2016.

46% of those who had accessed debt services 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 it was something they could

help with.” The main reason mentioned for not telling was because the Advisor hadn’t asked whether their client was involved with a loan shark.

Often clients will say they “owe money to a friend” which, if not questioned further can mean that a report of a loan shark may be missed. If an advisor does come across a client involved with a loan shark, they can report details of the lender without involving their client if preferred. The IMLT can provide a list of questions about the loan shark to allow the advisor to get as much information as possible from the victim.

Debt to legal creditors:

Legal creditors: Clients who had received debt advice told us they had contacted Citizen’s Advice, Stepchange, Christians Against Poverty, their housing provider, local authority welfare teams or a local support group for help.

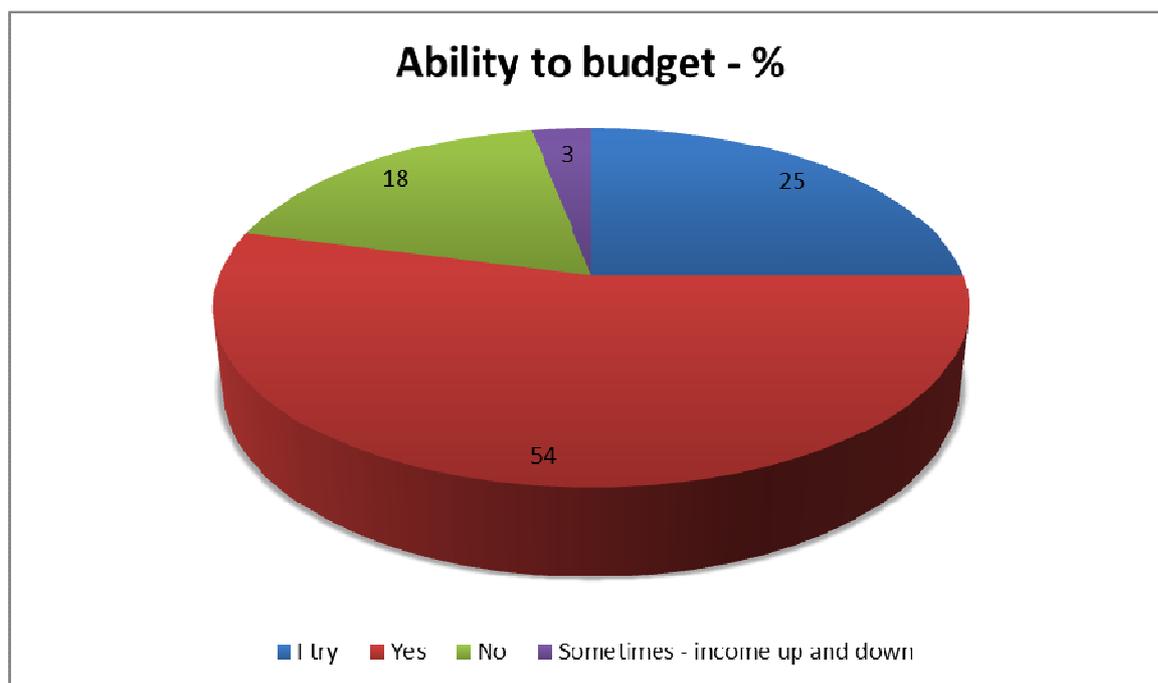
72% stated that they were in arrears with:

Loan repayments and/or credit card bills to banks	Hire purchase companies, pawn shops or catalogues
Council tax	Outstanding phone bills
Rent/mortgage	HMRC for tax overpayment return
TV licence payment	Pay-day and sub-prime internet company loans
Credit Union loan repayments	Utility bills
Door-step loans	Toll road fines
Bailiff/court fines	

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 £157,000. The average amount owed was £9,499.77

We always ask clients if they are able to budget in their every-day life. 54% said that they could or were able to try, once they weren't repaying the loan shark. This compared to the 2016 figure of 65% is a decrease of 11%.

Some clients said that they were unable to budget adequately because of differing amounts of income each month and others said they were finding things hard all the time.



Credit Unions:

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

- 58% had heard of a Credit Union, with 28% knowing exactly what one is
- 46% said they had never heard of them
- 5% were already members of their local credit union

We then asked clients if they would consider joining their local credit union and 58% said a definite yes whilst a further 5% said they would consider it. If a client is interested in becoming a member we will provide details of their nearest service.

The IMLT use Proceeds Of Crime Awards (criminal gains taken from a loan shark) to help Credit Unions increase their membership. We do this by adding bonus payments to new member's accounts. This is available to those whom have saved for a period

of time – usually three months, thus helping those who might not be able to use products from main stream banks access safe and ethical services whilst starting off the habit of saving.

Lives:

- 66% of victims were either told about the lender by friends or family members
- 13% met the lender at work
- 11% knew the loan shark as they lived in the same area and visited the same places

Others met the loan shark on social media sites, or because the lender was their landlord or previously a legal lender who had kept their details.

77% 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, 43% went without food, fuel or missed rent or mortgage payments in order to repay the loan shark.

Emergency situations:

We also asked where or whom clients would go to in case of a sudden emergency such as the car or boiler breaking down; answers included:

- 47% said they would ask friends or family members
- 11% who said that if they weren't repaying the loan shark they would be able to start saving
- 6% who told us that they would go without until they had some money
- 1% said they would try a bank
- 4% let us know that they would try accessing a loan from a Credit Union
- 15% told us that they would have nowhere to access emergency money. Advice was given on options available.

19% had visited food banks in the last year compared to 14% during 2016 and 17% had applied for welfare payments from local councils compared to 8% in 2016.

Targeted work will be undertaken by the team in the next year to raise awareness with food banks and the local authority teams that provide welfare support.

We asked the victims that we have supported about the amounts they initially borrowed and have paid back so far: The lowest amount borrowed during 2017 was £20 to pay for electricity and the highest was £200,000 to fund a gambling addiction.

One victim supported during 2017 borrowed £15,000 and believes he has paid back over £400,000.

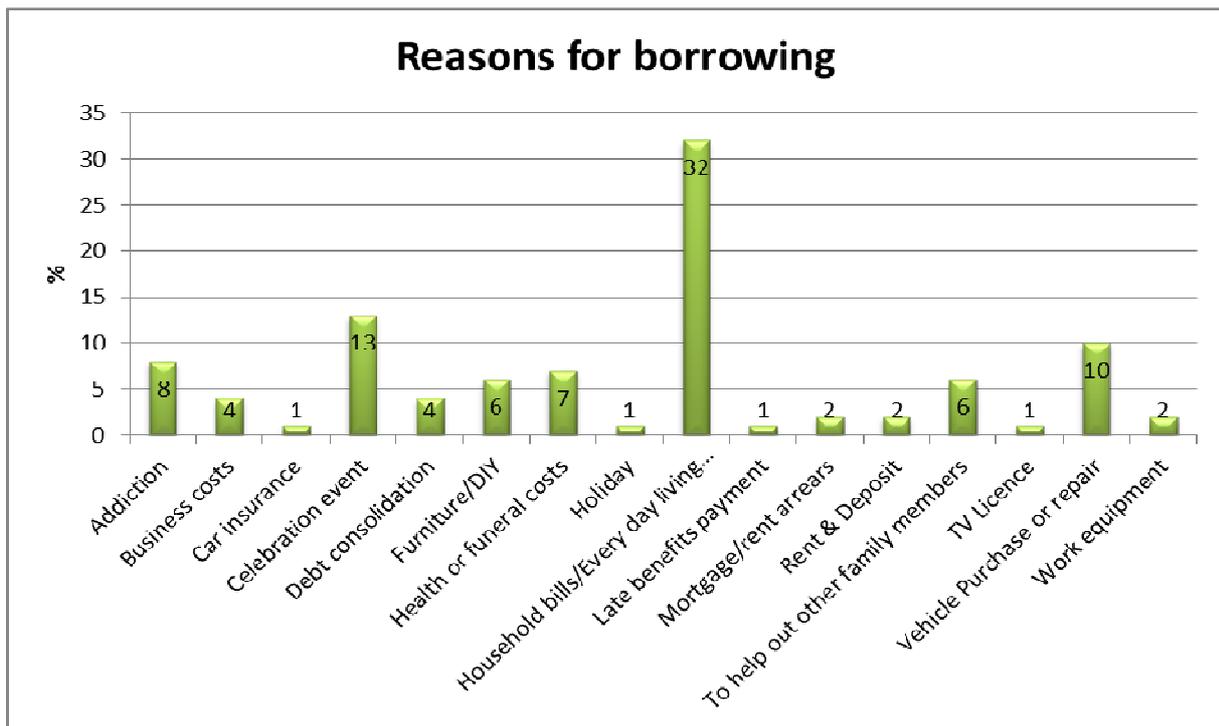
Of those that disclosed the information, a total amount of £872,170 was borrowed and a total amount of £17,16015 paid back proving that most clients have to pay back at least double with many paying much, much more.

Some clients had been paying the loan back for less than a year when we contacted them whilst others had been repaying for over 20 years.

We asked where the borrower made payments:

Where repayments were made	%
Around the area - various places	4
At the client's home	32
At the lender's home	9
At work	5
Local shops/area	14
School gates	1
Via bank account, either by transfer, direct debit or being driven to cash point	35

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 whilst others wanted to pay towards family weddings or Christmas.

We asked if clients had tried other credit options before using the loan shark; 39% of clients said they had tried legal lenders such as credit unions, banks, internet and door-step lending companies. Most were refused because of low or no credit score.

We asked if borrowers would ever use the loan shark again: 90% said they never would.

When we first meet clients, we ask them if they regret getting involved with a loan shark and what the effect on their life has been up to that point in time. Some of their comments are below.

Answers have been edited in order to protect identities.

I am in a financial cycle that I can't get out of and it is getting worse.

My life is ruined: I have brought my family down with me. I have borrowed money from them so they are in debt because of me. I am a nervous mess.

My relationship has nearly broken down, I am in mortgage arrears, and my children have gone without. I have thought about killing myself.

The lender turned up at my property despite me begging them not to because my family didn't know anything about the situation at the time. I feel very ashamed now my family have found out.

The hassle isn't worth it. The worry never goes. It hasn't helped by situation I am in even more debt.

I was living on the breadline anyway and the payments to the subject have forced me into more debt. I've been verbally abused in front of her children and, on one occasion, the lender spat in my face when trying to get money.

The lender has scared us, threatened us and made us leave our home. I am depressed and in debt which makes me sad and feel stupid and worthless. They just pick on vulnerable people; it makes me sick that I fell for it.

He was using my identification to transfer money out of the country.

We had to keep the kids off school, because we couldn't afford school dinners.

It affected my mental health – I tried to kill myself. Financially, I'm in lots of debt and emotionally I am constantly up and down.

I am petrified that my house will be repossessed because I am struggling to find the mortgage payments.

The lender is just greedy. I had nothing over Xmas last year - no gas, electric or food.

My marriage has broken down, the family were evicted from our home, I have considered suicide.

I have no family I am on my own and they know that. I am scared of what they might do. Whenever I get my money, they just come and take it from me.

I was scared. We had no money, no gas and electric for 8 weeks. I depended on my family for food and so I could have a shower.

It's ruined my life. I'm afraid to stay at home in case he calls. I've slept rough for the last week just so I'm out of the area.

I thought I was getting the money to start a new life but all I have done is made things worse. I feel very naive.

The lender took my pin number for my bank card. We would only have £100 left for the week to buy food for the children and pay bills – so much pressure it was hard to cope.

I have been paying him over 20 years but he still says I owe him money!

This has been a wake-up call to get all my finances sorted and never borrow from anyone again.

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

Email: reportaloanshark@stoploansharks.gov.uk

Visit the IMLT website at www.stoploansharks.uk

For press enquiries about the work of the IMLT please call Holly Luckman on 0121 464 4699 or 07703373535

For updates on the campaign visit
www.facebook.com/stoploansharksproject

Twitter: @loansharknews

Sources:

* *Department of Health report 2015*

** *Government Office Of National Statistics, December 2017*

STOPLOANSHARKS
Intervention . Support . Education