



Stop Loan Sharks
National Campaign Evaluation
23 April 2014

Trading Standards Scotland

Team overview:

- Background
- Remit
- Composition



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Illegal Money Lending

- Loan sharks are unlicensed money lenders who charge extremely high interest rates and add other 'charges' to loans whenever they want;
- Victims will often lose control of the situation entirely;
- Loan sharks may start out as a 'friend' helping out but their attitude will soon change if the loan is not repaid in under their exacting conditions;
- Loan sharks often use threats, intimidation and violence to get more money;
- Loan sharks take things like a bank card or passport or benefit card as 'security';
- Whole communities can be affected if borrowers are forced to turn to crime to pay back out of control loans.



Stop Loan Sharks Campaign

- Campaign Aims
- Target audience
- Dissemination



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Campaign Evaluation

- Whilst stating they had never used a loan shark for borrowing, they have used payday lending companies;
- They would be unlikely to report a loan shark via the telephone or internet as they were terrified it could be traced back to them;
- They are keen to hear about the alternatives to borrowing from the likes of payday lending companies more widely and want to know more about safer borrowing options;
- Expanding on above, they were not aware that you could borrow money from a credit union;
- They were worried that their children may be lured into borrowing from a loan shark.



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Key Findings

- *“Because the banks are not lending anymore you have to use PDL companies and then that goes on your credit record.”*
- *“More and more folk are going to PDL despite the fact the interest is horrendous but what else can you do if you need the money?”*
- *“I’m a member of the Credit Union but I didn’t know you could borrow off it.”*



Illegal Money Lenders vs Payday Lenders

- Define as high cost credit – don't forget the Provident!
- Be aware of consequences of eradicating payday lenders completely
- Many are legal and do serve a purpose



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Conclusion

- Not just alternatives
- Not just affordability
- We need to understand the full picture of why people are borrowing in the first place.



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