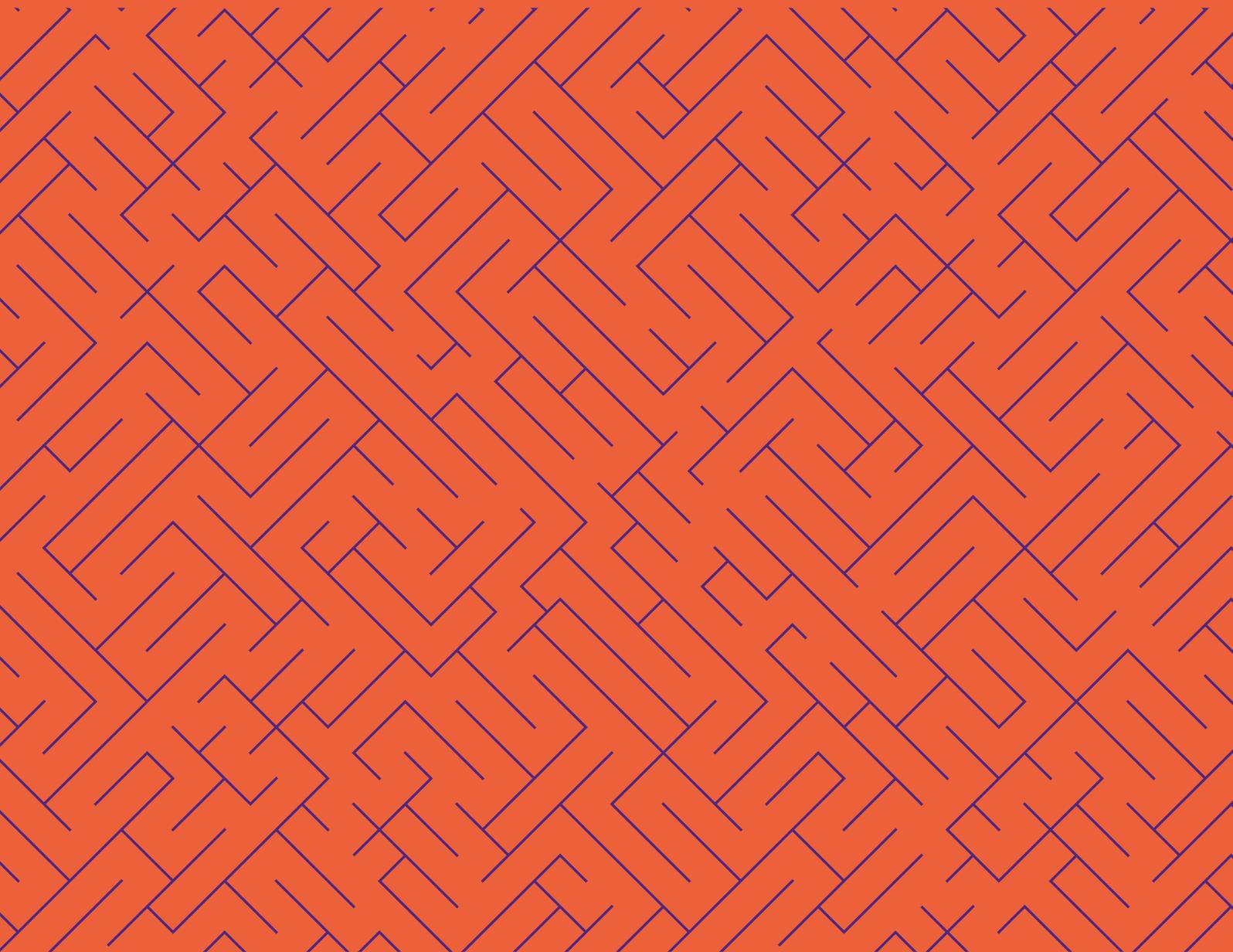


Spotting an illegal money lender



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Borrowing money can take many forms, for example a credit card, an overdraft, a loan, a car finance agreement or a mortgage, and most of us will borrow money at some point in our lives.

This resource is designed to help you spot a money lender that is operating illegally, and to know what to do if you have borrowed money from an illegal lender. This is especially important if you have experienced economic abuse. You may be struggling to make ends meet and in a vulnerable economic position.

Economic abuse and money lending

Many people who have experienced economic abuse will have borrowed money. You may have been forced to do so by the abuser, the abuser may have borrowed money in your name without your knowledge, or you may have had no choice but to borrow money to cover the cost of day-to-day essentials or to pay back other debts the abuser has left you with.

Economic abuse can force you into a situation where you feel you have no choice but to borrow from an illegal lender. The abuser's behaviour may have left you with a poor credit rating, making it difficult for you to borrow from a legal lender. Or an illegal lender may have offered you a loan that at first seems attractive and later proves dangerous.

There are some key signs to look out for that may help you identify an illegal lender, and there are steps you can take for support if you think you have borrowed from a lender that is operating illegally.

What is an illegal lender and how do they operate?

'Loan shark' is a common term used to describe illegal lenders. It is estimated that more than 300,000 people are in debt to illegal money lenders in the UK.¹ Anyone charging interest on money loaned without proper authorisation from the [Financial Conduct Authority \(FCA\)](#) may be acting illegally.

Illegal lenders cannot be trusted and borrowing from them may mean trouble for you. They're often friendly at first, but that is unlikely to last and can often lead to threatening or violent behaviour.

“To be so powerless, I can't explain what it's like, it's overwhelming. Not being able to provide for your children. You have absolutely no control over your life.”

1. Interim evaluation of the national illegal money lending projects –summary. Report prepared by POLICIS for the Department for Business, Innovation and Skills, October 2010.

How to spot an illegal money lender

There is no one way to be sure that a money lender is operating illegally, however, if you can answer 'yes' to one or more of these questions, you might be borrowing from a loan shark:

- Did they offer you a cash loan?
- Did they refuse to give you any paperwork?
- Did they add huge amounts of interest to your loan?
- Have they threatened you?
- Are you scared of people finding out?
- Have they taken your bank card, benefit card, passport, watch or other valuables from you?

The dangers of illegal money lenders

People borrowing from a loan shark may borrow relatively small sums that can turn into a debt of many thousands of pounds with no clarity on when the loan might be repaid. Borrowers may be subjected to threats, intimidation and/or violence to themselves or to their families.

Borrowers may also be forced to commit crimes when they cannot afford to repay their loan and debt to legal companies may spiral out of control, putting tenancies and some of the key pillars of normal life at risk.

What you can do

If you believe you have come across an illegal money lender, you can report them to the [Illegal Money Lending Team](#) via this safe and confidential [online form](#). A member of the team will contact you at a time that suits you to talk confidentially about the lender, and will explain how to get the support you need. All conversations are kept in confidence.

If you think you're in danger right now or are being threatened by a loan shark, consider going to the police – even if a loan shark has threatened you with the police themselves. Authorised lenders do not threaten to use the police to collect a debt.

Remember – you are not in trouble and have done nothing wrong; they are the ones committing the crime and the loan is legally unenforceable.

Alternatively, if you are struggling to escape a loan shark, get help from your local Illegal Money Lending Team. Talking to someone who understands what you are going through can really help. Your local team will be able to help and support you, and investigate your situation more fully.

Contact your local Illegal Money Lending Team

England

Illegal Money Lending Team

W www.stoploansharks.co.uk

E reportaloanshark@stoploansharks.gov.uk

T 0300 555 2222 (or text 07860 022 166)

Northern Ireland

Trading Standards consumer line

W www.consumerline.org

T 0300 123 6262

Scotland

Trading Standards Scotland

W www.tsscot.co.uk/report

T 0800 074 0878

Wales

Illegal Money Lending Unit

W www.tradingstandardswales.org.uk/moneylending

E imlu@cardiff.gov.uk

T 0300 123 3111 (or text 07772 608 931)

What to look for in a legal loan provider

In almost all cases, a lender has to be authorised by the Financial Conduct Authority (FCA) to lend money in the UK. The FCA makes sure that authorised firms are lending responsibly, ensuring that consumers are protected.

You can check to see if your lender is fully authorised by the FCA by [searching the FCA register](#) or visiting www.loansmart.org.uk. If you can't find the lender you are looking for, you should contact the FCA to check if the lender is authorised.

“What to do when there is nowhere to turn to?”

Getting support

If you are in debt caused by economic abuse, whether to a legal or illegal money lender, you are not alone. Help is available.

Before taking any action to tackle your debts, it is important to speak to a qualified debt adviser. If you are confident to do so, it will help to explain that you are a victim of economic abuse. This will help them take your safety into account when advising you on the best way to deal with your debts.

A qualified debt adviser can outline the options you may have for dealing with your debts and help you to make any important financial decisions. They can support you to contact creditors and may be able to negotiate with them your behalf. They will also be able to discuss other debt solutions with you, including ways of clearing or managing your debts.

Money Advice Plus offers specialist advice to people who have experienced domestic abuse as part of the [Domestic and Economic Abuse Project](#), which is a partnership with Surviving Economic Abuse. Organisations including [StepChange](#) and [National Debtline](#) also have qualified advisers trained to offer specialist debt advice.

It is important not to take action to tackle debts until you speak to a qualified debt adviser, as some debt solutions can have serious long-term consequences.

Useful organisations

Debt information and advice

Debt Advice Foundation

W www.debtadvicefoundation.org

T 0808 043 4050 (Mon–Fri, 8am–8pm;
Sat, 9am–3pm)

Offers free, confidential advice and information, and recommends solutions. Runs a debt advice helpline with qualified debt advisers.

Debt Support Trust

W www.debtsupporttrust.org.uk

T 0808 085 0226 (Mon–Fri, 8am–7pm)

Speak to an expert debt adviser by phone or email, or complete a debt questionnaire online to access tailored debt advice and information on debt solutions.

Money Advice Plus

W www.moneyadviceplus.org.uk

T 01273 664 000 (Mon–Fri, 9am–1pm &
2pm–5pm)

Offers debt and benefit advice to people in financial difficulty to help them deal with debt problems and manage bill payments.

Money Advice Trust

W www.moneyadvicetrust.org

T National Debtline 0808 808 4000
(Mon–Fri, 9am–8pm; Sat, 9.30am–1pm)

T Business Debtline 0800 197 6026
(Mon–Fri, 9am–8pm)

Runs the National Debtline and Business Debtline, which are free, impartial and confidential debt advice services.

StepChange

W www.stepchange.org

T 0800 138 1111 (Mon–Fri, 8am–8pm;
Sat, 8am–4pm)

Get expert debt advice, online or by phone, based on your situation. Recommends debt solutions and provides debt information.

Turn2us

W www.turn2us.org

T 0808 802 2000 (Mon–Fri, 9am–5.30pm)

Offers support to people in financial hardship. Website has a benefits calculator, grants search and a 'find an adviser' search. Also has a grants scheme and a telephone helpline.

General money information

Money Advice Service

W www.moneyadvice.service.org.uk

T 0800 138 7777 (Mon – Fri, 8am – 6pm)

Offers money advice and support by phone and online. Website has a budget planner, debt calculator and money manager tool.

The Money Charity

W www.themoneycharity.org.uk

Provides advice and information about debt, savings and financial products. Website hosts a budget builder and money manual.

Legal advice and information

Community Legal Advice

W www.communitylegaladvice.org.uk

T 0845 345 4345 (Mon–Fri, 9am–8pm; Sat,
9am–12.30pm)

A free, confidential legal advice service for people on low income or benefits.

Further support

If you are experiencing economic abuse, you are not alone. We have more information that can support you to take steps towards safety and begin to regain control of your finances. Visit www.survivingeconomicabuse.org/resources for information including:

- Steps you can take towards economic safety
- Grants, benefits and financial help
- What is coerced debt

Surviving Economic Abuse (SEA) is the only UK charity dedicated to raising awareness of economic abuse and transforming responses to it. We are determined that women are supported to survive and thrive.

Loan Smart is a charity that raises awareness of illegal money lending and provides practical information for borrowers. It aims to encourage anyone thinking of borrowing money to first check that the lender is fully authorised.

For more information

Visit www.survivingeconomicabuse.org

Created November 2019
Next review November 2020

Registered charity number 1173256