

# Approaches to Payday Lending

## Islington Council Initiatives

20 June 2014

**Bob Outram**

Head of Income Collection & Debt Coalition

# Many debtors in denial &/or distress



**They need help**

# Current Economic Climate

Welfare Reform



# IDC Islington Debt Coalition

Tackling Debt Together



Supporting  
Individuals in  
debt

Prioritise  
Tackling debt at  
the heart of local  
anti-poverty  
strategy

Provide  
Access to  
affordable  
credit

Ensure  
Independent  
financial  
advice is  
accessible

Analyse  
Nature of debt  
problems in  
Islington

Promote  
Financial  
capability and  
change attitudes  
on debt

Help  
Prevent  
Residents  
becoming  
indebted

**AGE**  
*Concern*

the charity for  
your community



**EPIC Trust**  
Empowering People through  
Independence and Choice



**Homes for  
Islington**

improving housing through partnership



**CITY AND ISLINGTON  
COLLEGE**



**ROCKET  
SCIENCE**

**we can**



*Cripplegate Foundation* Helping since 1500

**Islington Law Centre**




**Disability Action in Islington**

**ivac**



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# Islington Debt Coalition

- Partnership of local / national organisations
  - Undertaken Quantitative & Qualitative Research
  - Alert residents about dangers of Loan Sharks
  - Publicity drives to inform residents where they can get help and access more affordable credit
  - Promoting the London Capital Credit Union
  - Steering residents away from Payday loan companies
- 

# Is this your Christmas list?

Then it's time to get **help**.

Struggling with money is nothing to be ashamed about.

We have helped hundreds of people and we can help you too.

For free and confidential help call the new **Islington Advice Line\*** on **020 7288 7676** or email [admin@rcjadvice.org.uk](mailto:admin@rcjadvice.org.uk)



[www.islington.gov.uk/moneyadvice](http://www.islington.gov.uk/moneyadvice)

\*The advice line will direct you to debt advice provided by Islington Citizens Advice Bureau, Islington Law Centre, Islington People's Rights and Disability Action in Islington.

- ✓ Worrying about rent or mortgage
- ✓ Can't afford electric and gas top-ups
- ✓ Skipping meals to pay for presents
- ✓ Using pay day loans or loan sharks

# Is Christmas costing too much?

Don't use payday lenders or loan sharks...

Borrow money for **less**

Get an **Instant Saver Loan** or a **Christmas savings account** at your local Credit Union

Contact the Credit Union on **020 7561 1786**  
[info@credit-union.coop](mailto:info@credit-union.coop)  
[www.credit-union.coop](http://www.credit-union.coop)

For help with **problem debts** call the new **Islington Advice Line** **020 7288 7676** or email [admin@rcjadvice.org.uk](mailto:admin@rcjadvice.org.uk)



[www.islington.gov.uk/moneyadvice](http://www.islington.gov.uk/moneyadvice)





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## In lots of debt and don't know what to do?


There is plenty of free and confidential help in Islington.

Call Islington's Citizens Advice Bureau on **020 7288 7676** or visit [www.islington.gov.uk/moneyadvice](http://www.islington.gov.uk/moneyadvice)

## Need a loan and want to pay less for borrowing?

Call your local Credit Union, the savings and loan co-operative on **020 7561 1786** - and ask about a Saver Loan.





## Struggling with money?

- Benefit cuts left you unable to manage?
- Worrying about paying your rent or bills?
- Skipping meals?

Then it is time to get help.

For confidential and free advice contact the **Islington Advice Line\*** on:  
**020 7288 7676**  
[admin@rcjadvice.org.uk](mailto:admin@rcjadvice.org.uk)

For free benefits advice and support contact the council on:  
**020 7527 4990** (option 4)  
[Claimit@islington.gov.uk](mailto:Claimit@islington.gov.uk)

\*The Islington Advice Line has advice and support provided by Islington's Citizen Advice Bureau, Islington Law Centre, Islington People's Rights and Disability Action in Islington.

[www.islington.gov.uk/moneyadvice](http://www.islington.gov.uk/moneyadvice)



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## Paying too much for loans or using payday lenders?

Pay off your expensive loans or debts and start saving for your future with a low cost Saver Loan.

For more information about low cost borrowing and support, contact your local Credit Union on:  
**020 7561 1786**  
[Info@credit-union.coop](mailto:Info@credit-union.coop)  
[www.credit-union.coop](http://www.credit-union.coop)

The Credit Union is owned by its members – join up and share the benefits.

For help with problem debts call the **Islington Advice Line** on **020 7288 7676** or email [admin@rcjadvice.org.uk](mailto:admin@rcjadvice.org.uk)

[www.islington.gov.uk/moneyadvice](http://www.islington.gov.uk/moneyadvice)



Credit Union  
Incorporated & authorised by the C&A




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# Payday Lending Workgroup

The 5 key objectives of this work group are:

1. Preventing Pay Day companies from operating in Islington
  2. Educating residents about dangers of Pay Day Loans
  3. Developing meaningful alternatives to Pay Day Loans
  4. Promoting National changes In Legislation
  5. Providing help and advice to struggling residents
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# Prevention

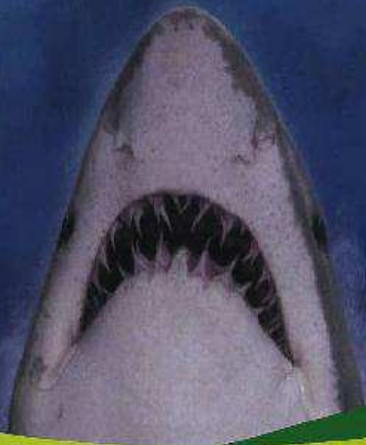
- Investigated 18 high street premises:
    - 5 not providing loans
    - 8 acting lawfully
    - 4 under investigation
    - 1 subject to appeal
  - Planning consent re: Change of use
  - Prohibiting new applications stating ‘over concentration’
  - Planning legislation difficulties.
  - Most lenders internet based & outside our area
- 

# Council Money Advice

- Do NOT be tempted to use pay day lenders
- Dangers of using payday loans
  - Very, very expensive !
  - Continuous Payment Authorities
  - Rollovers
  - Additional charges
  - Affordability
  - Impact on credit rating
  - Being pestered to take out more pay day loans.

# DON'T FALL PREY TO A PAYDAY LENDER

Some of them act like legal loan sharks. Don't get bitten!



Struggling with money is nothing to be ashamed about. We have helped thousands of people and we may be able to help you too. To find out your options and where to get practical support with managing debt call: 020 3475 5080 or see: [www.islington.gov.uk/moneyadvice](http://www.islington.gov.uk/moneyadvice)

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## DON'T FALL PREY TO A PAYDAY LENDER

If money is tight and you need a short term loan, taking out a payday loan is the worst thing you can do.

Payday loans are **VERY** expensive! Payday lenders charge high interest rates, can take money you owe them from your account without contacting you and can damage your credit rating for several years.

**There are more affordable alternatives:**

- Credit Unions – A £300 loan from a Credit Union for 6 months will cost you just £22 whereas a payday lender will charge you £450. Visit [www.credit-union.coop](http://www.credit-union.coop) or call **020 7561 1786**

**If you have money worries:** contact the Islington Advice Line **020 3475 5080**. This free, independent and confidential help is provided by Islington's Citizens Advice Bureau, Islington Law Centre, Islington People's Rights and Disability Action in Islington.

Visit [www.islington.gov.uk/moneyadvice](http://www.islington.gov.uk/moneyadvice) to learn more about the dangers of using payday lenders, better alternatives and where to go for help and advice.



**DON'T FALL PREY TO  
A PAYDAY LENDER**





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For more affordable alternatives try  
The Credit Union: **020 7561 1786**  
**[www.credit-union.coop](http://www.credit-union.coop)**

If you have money worries contact  
the Islington Advice Line:  
**020 3475 5080**


**[www.islington.gov.uk/moneyadvice](http://www.islington.gov.uk/moneyadvice)**



# Alternatives to Payday Lending

- Promotion of Credit Union
  - Development of underwritten Credit Union schemes
  - Changes in Credit Union interest fees
  - ‘CUOK’ solutions to compete directly with pay day lenders
  - Procurement of bank / building society ‘jam jar’ accounts
  - New entrant banks
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# Seeking Changes in Legislation

- Interest cap same as Credit Unions [3% monthly 42.6 % APR]
  - Meaningful affordability checks
  - Only 1 rollover permitted
  - Prohibit Continuous Payment Authorities [CPA's]
  - No other fees other than a regulated fee for late payment
  - Restrictions on advertising
  - Prohibit selling data to 3<sup>rd</sup> parties
- 

# Signposting & referrals


**Citizens  
Advice  
Bureau**



**Credit  
Union**

**Welfare Response, Income Maximisation  
Resident Support Scheme, Fuel Debt**

# Residents owing multiple debts to the council

- Different Council services bill and collect their own debts [e.g. council tax, housing rents, benefits, parking]. Residents owing 2 or more debts are chased by and need to agree repayment with each separate service
  - Saw an opportunity to improve service for residents
  - Installed an ‘over-arching debt management system’
  - Set up a new multiple debt **help** team
  - Assess ability to pay and provide focused help.
  - Groundbreaking initiative.
- 

# Help for struggling debtors



**Maintain priority payments such as Rent, Council Tax & Energy payments.**

**‘Keep head above water’**



**Write-off some of the oldest Debts, providing ongoing bills paid & regular payments made towards their arrears.**

# Islington Council can help you clear your debts.

You make small affordable repayments and we will cancel some of your debts to help you become debt free. To speak to a team member please telephone us now on 020 7527 6161 or email [multipledebtteam@islington.gov.uk](mailto:multipledebtteam@islington.gov.uk) so we can help you.



[www.islington.gov.uk/moneyadvice](http://www.islington.gov.uk/moneyadvice)

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## **Quotes from Islington residents we have recently helped:**

**“Thank you for your compassion and understanding. At no time was I made to feel inferior or less dignified for being in debt”**

**“Thank you to the Multiple Debt Team. I have been so depressed with the worry of these debts. I am so happy I actually burst into tears after your phone call”**

# Recap of Payday Lending Initiatives

Islington Council via the IDC and Multiple Debt team is:

- Trying to restrict Pay Day co's from operating in Islington
  - Extensive publicity campaigns to alert residents
  - Working to develop real alternatives
  - Seeking national changes in legislation
  - Providing help and advice to struggling residents
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**Any Questions?**

**Thank-you**

**Bob Outram**

**Head of Income Collection & Debt Coalition**



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