

# **STOP LOAN SHARKS**

Intervention . Support . Education

**ILLEGAL MONEY LENDING TEAM, ENGLAND**

Hosted by Birmingham City Council

**LIN FISHER**

**LEAD IN AWARENESS, INTELLIGENCE, SUPPORT & EDUCATION**

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Microphones off please

Internet drop off – yours or mine

Contact details



# WHO ARE WE?



Investigators



LIAISE

A team of two halves: – Investigators from police/enforcement backgrounds; they cover intelligence building and court work etc.

LIAISE – from a variety of backgrounds including, housing & debt advice, youth work, drug/alcohol services, financial inclusion.

All work from home across the country (business model since the beginning) and travel to where they're needed. Each LIAISE has a patch where they are the Lead Officer – I cover most of the South East and part of the South West.

## ...AND WHAT DO WE DO?

- Investigate reports
- Warrant execution
  - Victim Support

# SO- HOW DO YOU SPOT A LOAN SHARK?

Loan sharks come in all shapes, sizes, ethnic groups, male and female, social back grounds.

How do you meet a loan shark?

- \*Friend of a friend
- \*Local shady characters
- \*Neighbour
- \*Work colleagues
- \*OCG (organised criminal groups)



## Friend or Foe?



57% of victims believed the loan shark to be a friend at the point of borrowing. Most lenders will make borrowers believe that they are doing them a favour.

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.

Do the comments below sound like someone has borrowed from a friend?

*It was handy at first - I didn't have to have any checks or get someone to approve. Now I'm not working and she is giving me grief and threatening my family.*

*I genuinely thought she was a friend helping me out. Very soon she had me taking higher loans out from her in order to pay her back for the smaller loans. Very soon was taking all of my benefits and leaving me with nothing.*

*Started off as a favour and now want more and more money. I don't understand how he can want more. They've already held a gun to my head and threatened to kidnap my family.*

# **SOMEONE WHO LENDS MONEY AS A COURSE OF TRADE OR BUSINESS WITHOUT HAVING THE AUTHORISATION FROM THE FINANCIAL CONDUCT AUTHORITY (FCA)**

*“Running an unauthorised business contrary to Section 23/1 of the Financial Services and Market Act 2000 ”*

Lender must have at least 2 customers and be seen to be or intending to be making a profit

Must be a cash loan – either physical money or electronic transfer

MUST NOT be a business to business loan or a single loan for more than £25,000, or a loan secured on land.

# LOAN SHARK TRENDS



- No contract
- No paperwork - “you owe me this much”
- No receipts for payment
- Violence, intimidation and blackmail if repayments are missed
- Borrowers may be forced into crime
- Loans to anyone (under 18’s included)
- Take cash cards and other securities
- Rarely advertise, find clients by word of mouth
- Repayments of at least twice the original amount, often with high charges for defaulting



**'VIOLENT AND DISHONEST' Loan  
shark who 'preyed' on vulnerable and  
charged 4.5 MILLION per cent APR to  
rake in £200,000 is jailed**



# Witness Statistics 2020

- Ages of borrowers were from 19 to 75 years of age
- 80% of victims paid rent for their property. This figure includes private rented accommodation and social housing. More clients were in temporary accommodation or homeless than in previous years.
- Main reason given for borrowing – everyday living costs
- Other reasons included Christmas, child costs (food, clothing etc), addiction, repair of motor vehicles and travel costs.

## Amounts borrowed and repaid during 2020

We ask the victims that we support about the amounts they initially borrowed and have paid back so far:

The lowest amount borrowed was £10 for travel costs and the highest amount was £98,000 for mortgage arrears

One person who borrowed £1,000 paid back over £50,000 over six years and still had an outstanding balance of £21,000

Another borrower received £3,000 from the loan shark two years ago. After repaying £20,000 so far, the lender hadn't called during lock-down...who knows what interest might have been added!

- 91% of borrowers said that they were in a state of worry, stress, depression or severe anxiety because of their involvement with a loan shark
- 30% of victims we have asked said that they had considered committing suicide during their life-time including 16% who had attempted suicide.
- 56% told us that they had been abused verbally and/or threatened with physical harm (or actually harmed) by the loan shark
- 33% of victims said their relationship with the loan shark was affected because of the Covid epidemic. Either they had to borrow more because of loss of income or the lender increased threats over non-payment.

# PENALTY – ILLEGAL MONEY LENDING

- Illegal Money Lending – up to 2 years in prison or a £5,000 fine
- Proceeds Of Crime Act:
- All assets are frozen at time of arrest
- Loan shark gets a time frame to repay money made through criminality – if he/she fails to pay in time they can go to prison for up to 2 years and still owe the money upon release
- In the last 3 years we have spent over  $\frac{3}{4}$  of a million pounds of POCA on community projects

# sharks

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# CASE STUDY 1

- A Consultant at 2 Hospitals in Harrow
- He had issued loans, totalling more than £1million to hospital colleagues over 5 years
- Loans ranging from £500 to £50,000
- DS told IMLT that he knew he was acting illegally but was of the view that it would take too long to obtain a license which would have curtailed his money making
- Sentenced to 10 months, suspended for 2 years
- ORDERED TO PAY BACK £525,000 POCA

## CASE STUDY 2

Aged 59yrs

Previously worked for a well known doorstep lender

Told clients he was starting up on his own and he would give them a discount loan, as he considered them good friends!

Targeted elderly, housebound and isolated victims - between 64 and 96 years

He collected £430,000 in total!

Threatened to tell authorities of the debt if victims didn't pay him back and that the council would take their houses and put them in nursing homes.

Loan shark got a 2 year prison sentence.

# CASE STUDY 3

Loan books seized during searches had a value of £120,000

Charges of £40-£80 PER DAY for missed payments meant people's debts soon spiralled out of control

Sentenced to 9 months prison and £20,000 POCA





# IT'S NOT A COMMUNITY SERVICE!



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# Your clients!!!

# IF SOMEONE SAYS THEY HAVE BORROWED FROM A FRIEND...

Ask if their “friend” is lending to anyone else

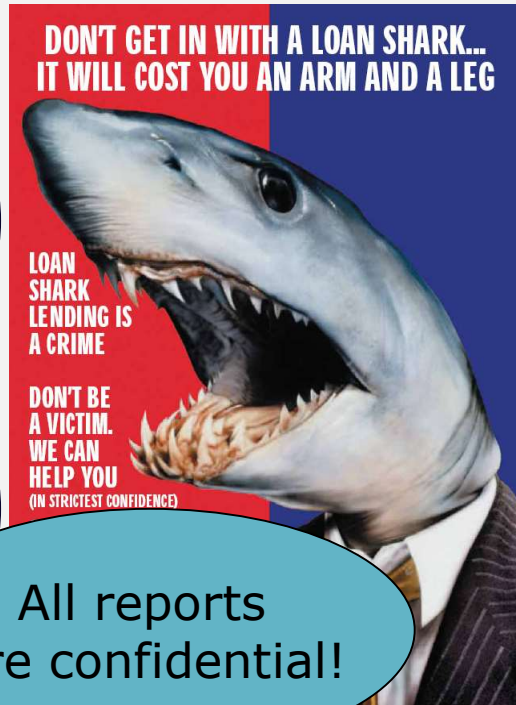
Ask how they make payments:

Does the lender take them to the cash point *as a favour*

Does the “friend” come round?

Ask if the “friend” is charging them interest

# NATIONAL PROMOTION AND PUBLICITY



All reports  
are confidential!

**National Hotline**

**0300 555 2222**

Lo-call cost including inclusive  
minutes on mobiles

[www.stoploansharks.co.uk](http://www.stoploansharks.co.uk)

FaceBook – stoploansharksproject

reportaloanshark@stoploansharks.gov.uk

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# THANK YOU

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