

# Money worries?

**Need cash now?**

**On benefits?**

**Bad credit rating?**

Kent Trading Standards is concerned that people who are struggling financially may turn to another source of funding such as "pay day loans" or worse, illegal money lenders (loan sharks).

If you use such lenders you may find you are paying **extremely high interest rates**, be **encouraged to enter more agreements** and **borrow more money** and in extreme cases if borrowing from loan sharks could be **subjected to violence and intimidation**.

This guidance sheet is designed to give you information about alternative funding and who can offer you help. So, what are pay day loans and loan sharks? Where else can I look for a loan?

## Pay day loans and doorstep lenders

A pay day loan is a short term loan designed to last one month or possibly two. You may hear such phrases as "five minute decision" or "money in your bank today". Other businesses known as "doorstep lenders" come and collect weekly payments from you at home. Whenever borrowing money, consider how much you will have to repay and if you could use an alternative lender such as Kent Saver's Credit Union. The money you save each week in paying less interest, you could then start saving.

To give you an example:

Source of credit	Amount borrowed	Amount and length of time to repay	Total amount to repay	Total charge for credit
Doorstep Lender	£500	£17.50 over 52 weeks (1 year)	£910	£410
Credit Union	£500	£11 over 52 weeks (1 year)	£570	£70

**Always check the total charge for credit before signing any paperwork.**

## Credit Cards

Whilst credit cards can be useful, they can also be very expensive and the debt hard to clear. Remember - if you only pay the minimum amount, it will take you much longer and cost you more to repay (you could just be paying the interest each month, rather than clearing any of the balance). Drawing cash on the card means a very high interest charge and this balance will not be paid off until all other transactions have been repaid.

## Illegal Money Lenders (Loan Sharks)

A loan shark is an unlicensed moneylender who operates outside the law. If you borrow from them it is likely you will:

- get a loan but on very unfavourable terms
- pay an extortionate rate of interest
- be harassed if you get behind with your repayments
- be pressured into borrowing more from them to repay one debt with another

In a recent survey 78% of people questioned claimed to have found a loan shark through a friend and 90% said they would never use one again. The reasons given included high interest, violence and intimidation and a lack of paperwork. Some of the comments made were:

*“You don’t know what you are letting yourself in for - they have ruined my life” and “I have had to move from my home, have lost my job and am suffering from depression. I have lost everything”*

**NEVER** use an illegal money lender. If you have borrowed money from a loan shark you are under no legal obligation to repay the debt.

Kent Trading Standards work closely with the Illegal Money Lending Team. To report a loan shark **contact the Illegal Money Lending Team in complete confidence (YOUR DETAILS WILL BE KEPT CONFIDENTIAL)** :

**Telephone:** 0300 555 2222 (local call rate, including inclusive minutes from mobiles)

**Email:** [stoploansharks@kent.gov.uk](mailto:stoploansharks@kent.gov.uk)

**Text:** loan (space) shark (space) + your message to 60003. The team can be contacted 24 hours a day, seven days a week.



## STOP AND THINK!

If you have debts and cannot afford your repayments contact your local Citizens Advice Bureau or National Debt Line FREE on **0808 808 4000**

## Who should you turn to if you need a loan?

# Need to borrow money?

You now have a choice



**You no longer have to** resort to payday loans, doorstep lenders, or loan sharks.  
You no longer have to pay back much more than you borrowed.  
You no longer have to worry about taking out a loan.  
**You now have Kent Savers.**

[www.kentsavers.co.uk](http://www.kentsavers.co.uk) **0300 456 9990**  **Kent Savers**  
*Fair loans. Safe saving.*

Credit unions can provide low rate loans and are also a good way of saving money if you want to. **A poor credit history will not necessarily affect your application and the credit union offers easy ways to pay, for example you can pay weekly using the Pay Point network.**

The credit union is very flexible. They offer such services as withdrawals via text message, they can provide you with a payment break if you don't have enough money one month, offer pre loaded Visa / Mastercards and also an electronic bill payment service to enable you to save money with companies.

### KEY POINTS TO REMEMBER

1. **NEVER** use loan sharks
2. Always get written details including the true costs
3. "Quick decisions" could be expensive! Think again before you agree!

Trading Standards Website: [www.tradingstandards.gov.uk/kent](http://www.tradingstandards.gov.uk/kent)

For further consumer advice please call Consumer Direct on the local rate number given below

**08454 04 05 06**

