

# Kent Trading Standards



## Information for Students Money worries?

**Kent Trading Standards is concerned that students struggling financially may turn to sources of funding such as "pay day loans" or worse, illegal money lenders (loan sharks).**

Students using such lenders may find they are paying **extremely high interest rates**, being **encouraged to enter more agreements** and **borrowing 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 sources of help. So, what are pay day loans and loan sharks?

### Pay Day Loans

Short term loans designed to last one month or possibly two. You may hear such phrases as "five minute decision" or "money in your bank today". This may be very tempting but it is worth considering how much you will have to repay and if you could use an alternative lender such as Kent Saver's credit union.

A credit union provides its members with flexible savings and loans at very reasonable prices. To give you an example, research carried out in February 2010 shows that in comparison a typical loan costs:

Source of credit	Amount borrowed	Length of time to repay	Total amount to repay	Total charge for credit
pay day loan	£400	Full amount in 30 days	£525.48	£125.48
Credit Union (for non-saving members)	£400	£11.22 over 39 weeks	£437.69	£37.69

Other companies providing long term credit may also charge high amounts of interest. Always **check the total charge for credit before signing**.

### Credit Cards

While credit cards can be useful, they can also be very expensive and debt hard to clear. Remember - if you only pay the minimum amount, it will take longer and cost more to repay (you could just be paying the interest each month, rather than clearing any of the balance). Drawing cash on the card will be subject to higher 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's likely you'll:

- 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 the 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** consider using 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:**

**Telephone: 0300 555 2222** (local call rate, inc. 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.



**YOUR DETAILS WILL BE KEPT CONFIDENTIAL**

### **Alternative Sources of credit**

Contact your student union or student advisors for information on the options in your area.

### **Student Bank Account**

Opening a student bank account may enable you to receive an interest free overdraft. Contact your local high street bank for further information.

### **Credit unions**

Credit unions can provide low rate loans and are a good way of saving money and you can save what you can afford, from as low as £1. For information on how to become a member, please contact your local union:

#### **Kent Savers** (covering the whole of Kent)

Tel: 0300 456 9990 [www.kentsavers.co.uk](http://www.kentsavers.co.uk)

#### **Wantsum Savers: The Isle of Thanet Credit Union Ltd**

9 High Street, Margate, Kent, CT9 1DL. Tel: 01843 295022 [www.wantsumsavers.com](http://www.wantsumsavers.com)

#### **District of Canterbury Credit Union**

DCCU, PO Box 825, Canterbury, CT4 6WB. Tel: 0845 257 5012 [www.dccu.org.uk](http://www.dccu.org.uk)

#### **Medway Credit Union Ltd**

The Trafalgar Centre, 270, High St, Chatham, Kent ME4 4BP. Tel: 01634 403335

**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**

