

Consumers Warned On The Dangers Of Loan Sharks

With the festive season approaching, consumers need to be wary of unscrupulous money lenders, an industry expert has reported.

December 3, 2007 (FPRC) -- According to Steven Meale, trading standards manager for Bristol council, Christmas can often tempt many Britons to overspend and exceed their budgets. And although taking out a cheap personal loan can be one way in which to supplement spending, he told the Society Guardian that people need to avoid the temptation of borrowing money from loan sharks. The publication added that such providers are not licensed and often charge extortionate rates of interest. And as they may also use intimidation tactics to hassle borrowers into making repayments, those taking out a loan with these suppliers may well find that their money management problems are increasing.

Illegal providers were also purported to not provide borrowers with any written evidence of what they owe, meaning that they do not know when - if at all - they will be out of the red. In addition, the Guardian claimed that some victims of loan sharks have been drawn into crimes such as receiving stolen goods in an attempt to afford repayments. The publication added that those consumers who are on below average incomes were revealed to be at the greatest risk of being targeted by unscrupulous lenders. Meanwhile, the run-up to Christmas and the beginning of the school year are reported to be the peak times of year when those who are unable to access secured loans and other forms of mainstream credit are most in need of help with money.

Mr Meale told the Guardian: "Loan sharks can appear like a friend in the community who is there to lend a hand and step in if, say, the washing machine breaks down for example. Loan sharks may be held in awe in their community, they can be very well known and are often referred by friends. They can also have a very good knowledge of the benefits system. They can have a vested interest in making sure that their clients are claiming everything so that they can cream some of that income off."

However, following the recent launch of a national advisory service, people across the country could be on track to receive better guidance in searching for cheap loans online from reputable providers. Mr Meale reported that the programme will not just prosecute loan sharks, but will also lend support to victims of such lenders and help them get back on a secure financial footing.

Martin Green, director of the Bristol Debt Advice Service, added: "We are over the moon that this project is underway; victims are often put under intense pressure and even when we are helping people deal with their debts they are still often reluctant to identify loan sharks. Hopefully this project will provide an outlet for them to come forward."

As a result, those consumers who are concerned about their ability to manage their spending with yuletide approaching but who have also found themselves blocked from mainstream forms of credit may wish to apply for a poor credit loan. This type of loan could be particularly helpful for many Britons after a study by Callcredit indicated that 8.2 million consumers are developing financial difficulties, while 60 per cent claim to be unaware of the exact amount of money they owe. Consequently, Mel Mitchley, debt expert at Callcredit, advised people struggling with money management to be proactive in getting back on their financial feet, with an adverse credit loan one

possible way of doing this.

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Contact Information

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