

Consumers ‘Should Avoid Loan Sharks’

Those struggling to manage their money in the approach to the festive season should not be tempted to borrow from loan sharks, a leading member of parliament has claimed.

December 27, 2007 (FPRC) -- Gareth Thomas, the minister for consumer affairs, reported that although unscrupulous providers can appear to offer easy loans to people with difficulties in handling their finances, opting for such borrowing could actually exacerbate their problems in managing their debt. His comments come after research conducted by the department for business, enterprise & regulatory reform indicated that loan sharks are especially active over the Christmas period.

He said: "Lots of people struggle for cash at this time of year, but turning to a loan shark means a Christmas ruined by worry and a new year of spiralling debts and threats of violence. Loan sharks are criminals. They prey on vulnerable people at Christmas and then use extreme violence and intimidation to get outrageous returns on their loans. The government is determined to get them off our streets."

Mr Thomas advised those who have problems in managing their money to either visit a credit union or make use of the free financial advisory initiatives that the government offers. He stated that these programmes "are already helping thousands of people each month to get a better grip of their finances". And by accessing such services, consumers may find that they are able to search out low-rate loans and other types of monetary products from a reputable lender much more effectively. The consumer affairs minister added that those who are already a victim of a loan shark should seek help on loans and other areas of finance from one of the government's new advisory services.

Earlier this year, the department for business, enterprise & regulatory reform revealed that groups were to be set up across the country to help crack down on illegal loan providers. With funding of about 3 million pounds, these teams investigate and prosecute unscrupulous lenders. They also work with debt advice organisations and voluntary bodies to help provide advice and support on areas such as personal loans and credit cards to those who have been targeted by loan sharks.

Neil Coltart from the Scottish Illegal Money Lending Team added: "Many victims have told us that they went to loan sharks during December so that they could afford presents for their children." Pointing to an example of a particularly illicit provider, he reported that one loan shark victim borrowed 100 pounds, in which she was charged interest of 50 per cent each week and was still making repayments some 18 months later.

People who are worried about their capacity to manage their money and want to take out a loan to help supplement their spending, may first wish to consider seeking out financial advice. Earlier this month, Kitty Ussher, economic secretary to the Treasury, reported that £135 million is to be ploughed into the promotion of financial inclusion. With initiatives including the investment of 38 million pounds into low-rate loans and other forms of low-rate borrowing, such moves may well help consumers find the personal loan which is not only right for them but is from a respectable and responsible provider. Other elements of the programme include the greater provision of face-to-face advisory services and non-charging cash machines.

Loan Arrangers providing you with sound information and advice on personal loans. Visit their website where you can compare loans in order to get the best rate. All information is free and there is no obligation, and is offered within the guidelines set down by the Consumer Credit Act.

Contact Information

For more information contact Mark Dawson of Loan Arrangers (<http://www.loan-arrangers.co.uk>)

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