

# Warning against falling prey to loan sharks

Housing and Communities Minister Alex Neil has slammed loan sharks for preying on Scotland's poorest communities and offering loans at astronomical rates of interest. It is estimated that 85,000 people annually borrow from over 150 separate illegal money lenders operating across Scotland who charge interest rates that are equivalent to over 10 million per cent APR.

The Scottish Illegal Money Lending Unit is also urging people who may have overspent at Christmas not to resort to borrowing from illegal money lenders.

Alex Neil said:-“Loan sharks are a blight on civilised society bringing misery to vulnerable people experiencing severe financial hardship. If people are experiencing high levels of debt they should contact a reputable, professional organisation like a credit union, which can provide an affordable alternative for those with money worries. Expert advice and information is also available from the National Debtline 0808 808 4000, local Citizens Advice Bureaux and financial education service Money Made Clear at [www.moneymadeclear.org.uk](http://www.moneymadeclear.org.uk)”

A spokesperson for the Scottish Illegal Money Lending Unit said:

“Loan sharks often prey on the most vulnerable people in society, including the unemployed and single parent families. However in today's difficult financial climate more and more people are turning to loan sharks when money is tight.

“The impact of resorting to such lenders can have a devastating effect on people's lives. The Unit, which has been in operation since 2004, aims not only to prosecute illegal

lenders but also to provide a comprehensive advice and support service to the victims of those lenders.”

Across the UK, it is estimated that 300,000 people borrow £120 million per annum from loan sharks on which they repay £450 million per annum.

The Department for Business, Innovation and Skills announced on December 29 that it will continue to fund the fight against loan sharks and scams.

For more information please call the Scottish Illegal Money Lending Unit on 0300 555 2222.