



ILLEGAL MONEY LENDING AND DEBT PROJECT

Research Report of Findings

CONTENTS

Introduction	04
Executive Summary	05
Background	05
Debt and indebtedness in the UK as a whole and in Northern Ireland	05
Illegal money lending in the UK as a whole and in Northern Ireland	06
Organised crime, paramilitarism and illegal money lending	06
Research findings	07
Recommendations	10
1.Law enforcement and prevention	10
2.Financial educational approach and inter-agency forum	10
3.Realistic alternatives to illegal money lending	10
1. Literature and Policy Review	11
<u>1.1 Understanding illegal money lending</u>	11
1.1.1 Definitions of key terms	12
1.1.2 Historic context of credit in the UK	13
1.1.3 Financial context: The growth of the sub-prime loan sector	14
1.1.4 Loan sharking and illegal money lending: A review of the evidence	16
<u>1.2 Criminal justice and policy response</u>	18
1.2.1 Criminal justice response	18
1.2.2 Policy response to debt	20
1.2.3 Summary	21
2. Illegal Money Lending Project – Findings and Discussion	24
<u>2.1 Core characteristics of illegal money lending in Northern Ireland</u>	24
2.1.1 Definitions	24
2.1.2 Who are the illegal lenders?	24
2.1.3 Difficulties assessing the prevalence of illegal money lending	26
2.1.4 Vulnerability and the symptoms of lending	26
<u>2.2 Policy and prevention</u>	28
2.2.1 Law enforcement – issues of resources, evidence, specialisation and prioritising	28
2.2.2 Overcoming cultural and historical impediments	29
2.2.3 Offering viable alternatives	30
2.2.4 Education and working in partnership	31
3. Conclusion	33
References	34

Introduction

The primary objective of this project was to explore the nature and extent of illegal money lending and problematic debt in Northern Ireland and place these findings in the context of knowledge and experiences gained in other parts of the UK and further afield.

The core research team consisted of Dr Brian Payne (Principal Investigator), Dr Conor Murray, Professor Duncan Morrow and Dr Jonny Byrne. The project was assisted by a range of public agencies and community and voluntary organisations across the jurisdiction. They provided advice on the direction of the project, took part in a focus group and gave in-depth semi-structured interviews.

Before the initiation of the project, the following research aims were identified:

- Conduct a comprehensive literature review of all the existing research and policies relating to illegal money lending.
- Explore in depth the views and experiences of practitioners and professionals working in the area of citizen advocacy with respect to money lending (both legitimate and illegitimate) and debt.
- Identify the scale and scope of the problem (processes and nature of the problem as well as its geography and consequences for communities).
- Identify those most at risk (including the demographics of those most at risk).
- Identify social demographic trends that contribute to this problem.
- Provide an overview of the types of individuals and organisations involved (as well as the rationale for their involvement).
- Assess the current levels of support and service provision required to counter this problem.
- Focus in particular on the experiences and needs of vulnerable consumers.

This final report examines each of these and, in order to facilitate maximisation of impact, it also highlights numerous examples of good practice and recommendations for further consideration. Many issues discussed in this report also have wider implications beyond this jurisdiction, and it is hoped that relevant stakeholders and scholars in other parts of the world will find it useful.

In relation to the methodology, a major component of the work involved a desktop analysis (literature survey) of relevant national and international legislation, reports published by governmental and non-governmental organisations, and national/international cases, as well as academic literature on the subject. This desktop work was significantly supplemented by a series of semi-structured interviews with key stakeholders, together with a focus group looking into the services they provide, and the challenges they face in deploying them, set against their knowledge on the scale and severity of this issue. The research team was granted unprecedented access to a range of law enforcement agencies, citizen advocacy organisations and civil society groups across the jurisdiction.

The research team is extremely grateful to everyone who kindly offered their time to be interviewed. In particular, the research team would like to express its gratitude to The Consumer Council for its support and guidance throughout the research cycle.

Executive Summary

Background

1. Illegal money lending is not a uniquely modern phenomenon; it has been an intrinsic aspect of many working-class communities for generations. It has become a sociocultural pillar for many people on low incomes as a normalised means of accessing additional and alternative forms of credit. Sean O'Connell shows how, in the post-war era, efforts shifted from helping people to avoid entering into debt to the need to regulate debt. The perception of debt may also have changed. Where once concerns arose at the point of entering a contract, 'debt' is now only recognised once problems with repayment make it an urgent concern. In general, debt advisers are only engaged after this point has been reached.
2. The Illegal Money Lending Teams established in England, Scotland and Wales (but not Northern Ireland) in 2004 estimate that there are around 310,000 households in the UK (excluding Northern Ireland) that are in debt to an 'illegal lender'. A survey conducted in 2017 by the Illegal Money Lending Team in England found that borrowers were in all genders and age groups. Some 70% lived in rented accommodation, 58% were claiming benefits and 19% had visited food banks in the previous year. The research found that 36% of those who borrowed from a 'loan shark' were unemployed, 23% were employed full-time, 20% were self-employed, 15% employed part-time, 3% were retired and 2% were students; in addition, 50% were parents.
3. The survey also found that illegal money lending has a strong association with distress and stress. Three quarters said they were in a state of 'worry' or 'distress' as a result of loan sharks. Almost half reported a long-term health condition (including 12% who said they had mental health issues) and almost a third said they had considered taking their own life at some point. In addition, 43% said they had been abused verbally, threatened or physically harmed as a result of going to a loan shark.

Debt and indebtedness in the UK as a whole and in Northern Ireland

4. Since 2008, there has been an increase in the number of people in the UK 'at risk' of living in poverty, a rise in insecure and low-paid employment, an increase in levels of negative equity, a fall in 'real' wage levels, and a culture of limited public support for those in financial distress. In 2016, an estimated 8.3 million people in the UK had 'problem debts'. Some 16% of the population in Northern Ireland, and 19% of children, live in poverty. Although the number of people in work rose by 16,000 over the first quarter of 2019, more than half of those who are unemployed in Northern Ireland (56%) are long-term unemployed. This can be contrasted with the figure for the UK as a whole, which stands at 26%. Northern Ireland also has the lowest discretionary income of any UK region.
5. Organisation for Economic Co-operation and Development (OECD) data in relation to debt for 2008/2009 found that the UK had a higher than average debt-to-income ratio – 171% of disposable household income in 2009 (mortgages accounted for 133% of this figure). By comparison, the household debt-to-income ratio in France and Germany is lower: in France, the figure is 107%, with mortgages accounting for 77% of this; and in Germany, the figure is 99%, with 67% accounted for by mortgages. The vulnerability of households to acute and unforeseen problems with debt is inevitably also considerable.
6. In a report assessing the 'financial health' of households, Legal and General (2012) found that the average citizen in the UK has only enough savings to last for 19 days in the event of a financial crisis or emergency. In 2016, four out of ten UK residents had less than the equivalent of one week's wages saved. Northern Ireland is the UK region with the lowest proportion of citizens with savings of more than £100.

Illegal money lending in the UK as a whole and in Northern Ireland

1. The short-term high-interest loan, or sub-prime sector, has expanded in recent years in the UK and the Republic of Ireland. In the UK, 'the market of 'high cost short-term credit' grew from £300 million in 2006 to £2.5 billion in 2013 (a growth rate of more than 700%), decreasing to £1.5 billion by mid-2016'. Paying bills and providing for daily living expenses are the two most-cited reasons for requiring a sub-prime loan, which is contrary to the typical stereotype of the 'reckless' consumer who gets into financial difficulty by purchasing luxury items.
2. In the UK, 'illegal money lending' is defined as 'lending without a consumer credit license as required by the Office of Fair Trading under the terms of the Consumer Credit Act' 1974 (See NICVA, 2013, p.8 for a broader description). The term is used imprecisely and is often conflated with associated terms such as 'usury', 'loan sharking', and 'illegal borrowing'. Anecdotal and case-study evidence continues to highlight the impact, if not necessarily the scale, of the practice in Northern Ireland. Two cases of 'illegal loan sharking' were referred to the Trading Standards Service in Northern Ireland between 2004 and 2013.
3. Illegal money lending has principally been prosecuted under two acts – the Consumer Credit Act 1974 and the often concomitantly applied Proceeds of Crime Act 2002. There is some geographical inconsistency within the UK regarding certain provisions of the Proceeds of Crime Act 2002. In 2011, the Scottish government made amendments to the lifestyle offences section (schedule 4) of the Act. Following R v Greaves (2011), a person cannot be punished twice for what is the same offence.
4. Illegal money lending flourishes in the gap between market demand for credit and the available legal supply especially if, as on a small number of occasions, illegal lenders offer more competitive rates of APR than their legal short-term loan competitors. The Office of Fair Trading (2010) found that almost 30% of loans in the UK were not repaid on the initial repayment date, while the Irish League of Credit Unions found that 43% of clients who took out 'payday' loans could not afford to make their repayments, resulting in a lower credit rating. Seidl (1968) suggested that secrecy, informality, speed of access and availability are the keys to illegal money lending.
5. The interest rates associated with short-term payday loans are very high. There is persistent evidence that debt can quickly escalate out of control once payment deadlines are missed. Many borrowers are repeat customers, some of whom are taking out new loans in an attempt to pay off old ones. But despite the difficulties, high-cost sub-prime and payday loans remain in demand, potentially increasing the risk that borrowers enter a spiral of high-interest debt. While stricter regulation on payday loans since 2014

appears to have reduced the number of such loans, concerns have been raised that the demand for short-term credit could push some people towards loan sharks and illegal forms of credit.

6. There is no single reason why a person may use an 'illegal money lender'. Among the most important reasons are that borrowers have exhausted all available resources and have a desperate and urgent need for money, often being tipped into using the service by a crisis or unexpected particular shortfall in income, that lending has been habitual and prevalent in communities for generations, and that there is a strong correlation between areas of high economic deprivation (particularly in social and rented housing estates) and the volume of illegal money lending (Financial Conduct Authority, 2017).

Organised crime, paramilitarism and illegal money lending

7. Across Europe, there is a lack of reliable quantitative data and research on illegal money lending and 'loan sharking', primarily as a result of the criminal nature of the activity. This is associated with a reluctance among victims to come forward to 'tell their story', which makes it difficult for researchers to work with confidence.
8. The potential for intimidation and reluctance to engage are, however, obvious in Northern Ireland. That said, the limited quantitative evidence base tends to rely on anecdotal 'stories' and information gleaned from larger pieces of work whose main aim is to assess the issues of credit and debt more generally. Qualitative research consistently highlights both victim fear and distress and explicit threats being made to debtors upon their inability to maintain repayments on loans taken out at extortionate rates, when they are in most financial need.
9. Two aspects appear to be evident: on the one hand, anecdotal evidence suggests that, in some areas, loyalist and republican paramilitary organisations practice loan sharking as a means of generating extra revenue and maintaining social control over specific neighbourhoods; at the same time, research also suggests that illegal money lending is not limited to organised criminal gangs. One study suggests that many illegal payments were collected by lenders themselves, and involved smaller groups of individuals (and family members) relying on informal social networks rather than the more impersonal and hierarchical structure of organised and larger criminal enterprises that involve dealing with 'strangers'.
10. Illegal money lending is a phenomenon in communities in Northern Ireland and is therefore inevitably tied up with the illegal structures operating in communities. However, an important factor when considering why illegal money lending is so pervasive is that it is experienced as unremarkable. It is much less certain that the paramilitaries monopolise illegal money lending nor that money lending is the sole, or even the preferred, form of extortion.

Research Findings

Our research found an interchangeable, and not always consistent, use of terms such as 'illegal money lending', 'loan sharking' and 'unauthorised lending'. Respondents appeared less concerned by precise terms than with a distinction between formal (regulated) lending and informal (unregulated) lending, described as unregistered lending from one person to another outside of the controls of the Financial Conduct Authority (FCA). While other forms of doorstep lending fell outside this definition of illegal activity, any high-interest lending was described by many participants as a major issue.

Respondents identified lender approaches to interest rates as a key factor in defining the legitimacy or illegitimacy of lending and were especially concerned with high or even extortionate rates, lenders operating without an interest rate cap, or being able to change terms and conditions, including interest rates, during a loan period.

Some respondents described illegal lending as being more prevalent in working-class districts where organisations could ensure compliance with the terms of a loan, including coercive measures such as violence and intimidation. From this perspective, the history of violent conflict and the ways in which it has defined relationships has left a distinctive legacy in Northern Ireland that cannot be compared simply with the rest of the UK.

It was suggested by some respondents that there was 'a culture of borrowing within Northern Ireland as a whole' (Focus Group). This belief is supported by some of the findings from the literature review. Some respondents described money lending as being like an addiction or dependency where illegal lenders were viewed by residents as an integral part of the community, providing a worthy and necessary service to community members. Some suggested that members of some communities have been utilising the same illegal lending for generations, with the durability of these lenders based upon the personal relationships that are established between the lender and the borrower 'on the doorstep' in working-class communities.

Many respondents categorised those involved in illegal money lending in two broad groups: paramilitaries and 'regular' members of the community. However, there was no evidently uniform pattern of personality, affiliation or legitimacy.

In particular, the research did not find evidence of one or more group appearing to orchestrate illegal money lending as has been the case elsewhere. Rather it appeared to be distributed widely, taking a variety of forms.

However, respondents agreed that all money lenders in Northern Ireland must have some form of local influence or legitimacy, which may stem from a paramilitary connection, but must have the ability to carry out enforcement measures in order to settle or recoup the debt, including coercing debtors to facilitate criminal activity.

In practice, it appears to be increasingly difficult to distinguish paramilitarism from the broader illegal economy with any consistency. Because of their historic organisation in some areas, many believed that paramilitary groups were certainly aware of, though not necessarily directly organising, lending. In many instances, paramilitary 'influence' was inferred through an indirect form of affiliation or assigned authority.

However, it was also frequently argued that the involvement of paramilitaries was much more indirect or ambiguous, with illegal money lending often being carried out directly by well-known community members operating without any internal organisational control.

Several of those interviewed suggested that illegal lending was also taking place within minority ethnic, including Chinese and Eastern European, communities, where it may be associated with gangs engaged in unregulated gambling, immigration offences including human trafficking, and the drugs trade.

Those working in law enforcement and citizen advocacy fields frequently reported either a lack of evidence or highly varied accounts of its prevalence. Almost every interviewee referenced the hidden nature of illegal money lending. When pressed, respondents agreed that the two most important factors contributing to the hidden nature of illegal lending were fear and shame. Advocacy groups, community organisations and law enforcement agencies have had to become adept at spotting both the symptoms and the vulnerabilities that may indicate that members of the public have a problem.

Many noted that there continues to be a reluctance within many communities in Northern Ireland to speak to the authorities due to fears that any individual doing so could be labelled an informer and invite reprisals.

Many actively involved in advising members of the public speculated that their clients may be hiding the true source of their debt due to embarrassment. However, vague or untrue information ensures that advisors are unable to negotiate with lenders to secure a freeze in charges and interest or to negotiate a more realistic repayment schedule. Finding ways to encourage people with these issues to open up is therefore vital for progress.

For many of those interviewed, the reasons that people borrowed from illegal lenders were related to key vulnerabilities, including poverty-related issues. The problem has been exacerbated in recent times by changes to the benefits system and prolonged austerity. Several respondents described a situation where the areas they service have become increasingly deprived, with a lack of well-paid work ensuring that people have become dependent on lending to supplement their household incomes.

Universal Credit was repeatedly identified as a driver for illegal lending, with the changeover from the previous benefits system of Income Support frequently creating problems for members of the public. In particular, citizen advocacy groups spoke frequently about the harm caused by the four-to five-week waiting times and issues with short-term benefits loans that were then repaid from future benefits, ensuring that benefit claimants were always short of the funds they needed to support their household, obliging them to look to other means of getting money.

Several of those interviewed related evidence of a coercive power dynamic between lender and borrower including the use of violence or intimidation, and signs of overt poverty due to an inability to purchase goods and utilities or the pawning or seizure of possessions.

Respondents highlighted the close connection between illegal loans and retribution for non-payment. The threat of retribution for non-payment seemed to be regarded as a separate entity in

the community. The enforcement mechanisms or retributions for non-repayment were often arbitrary and subjective. However, in many instances, from the community perspective, violent retribution seemed to be an acceptable part of the illegal money lending process, likely to affect certain borrowers.

In many communities, there appears to be a consensus that violent punishment is acceptable for young men, but not for others. For young men, violent repercussions are common. Repercussions for other debtors have centred around some degree of shaming. In the case of women or elderly people, lenders can turn up at places of work, or wait for them at the Post Office on the day that benefits are received, or even take possession and have control of Post Office cards.

In some cases, lenders may make exceptions for people who are in abject poverty. Stories of this nature circulating in communities may reinforce community support for illegal lenders. However, other respondents noted that illegal lenders saw it as imperative that they pursue whoever they can to recoup debts, to avoid being seen as weak.

Mental health was raised repeatedly by respondents keen to make the connection between illegal money lending and a range of problems including stress, well-being, and even suicide.

While there was a consensus that tackling illegal money lending has been low on the Police Service of Northern Ireland's (PSNI) list of priorities, some respondents understood that the police's priority was to tackle paramilitarism as a whole. In this view, the priority was to close down paramilitaries in all their activities, not just focusing on money lending, which is smaller in scale.

Some participants underlined the secretive nature of illegal money lending. Because of both the initial stigma surrounding being in debt and fear of reprisal from the lender, who may have connections to paramilitary organisations, participants only come to the police as a last resort. This is consistent with the fact that only two cases of illegal money lending were referred to the Trading Standards Service in Northern Ireland between 2004 and 2013.

Critics contend, however, that a purely policing approach to tackling loan sharking dilutes the social policy dimensions of the effort to combat illegal money lending. In addition, there is evidence of a desire in many communities in Northern Ireland to reassess the labelling of illegal activity in communities away from the simple view that all crime is in some way paramilitary. While a Paramilitary Crime Task Force might make a difference to illegal money lending in some areas, it is unlikely to eliminate either debt or illegal money lending in general; it would also compound the risk that, by focusing exclusively on paramilitary involvement, addressing illegal money lending is targeted only on communities with an overt paramilitary presence.

There was a shared belief that the principal reasons behind people getting into debt were (a) a lack of knowledge and understanding regarding the alternative sources of finance available to them, and (b) a lack of knowledge on how to manage money effectively. Many of the respondents felt

that these knowledge deficits could be addressed by more financial education from a young age.

In this research, Credit Unions received broad support as potential sources for alternative finance. It was also felt that Northern Ireland is lagging behind Scotland in developing programmes on financial exclusion. Institutions such as the Credit Union, Scotcash or Fair for You were seen to have had consistent success in providing alternative financial solutions to borrowers. However, there still appears to be a lack of awareness among borrowers of their existence and the benefits they offer. One possibility was that banks could take up the business of payday loan companies if they increase their appetite for risk, thus addressing one of the key reasons why people have to resort to illegal lenders. Respondents were also clear that a government scheme to remove or underwrite some of the risk to lenders, to enable them to offer loans to a broader range of customers, including those with poor credit ratings, would be beneficial.

Some participants felt that The Consumer Council could be more involved in delivering education within communities and could do more to promote its services. While referencing the work done in leading attempts to coordinate forums for bringing stakeholders together to discuss problems around debt and problematic lending, many felt that part of the problem in this regard was a lack of cohesiveness between all of the organisations working towards supporting those in debt.

The research provided further insight into the wider sociocultural and economic context of borrowing from illegal money lenders. Although based on the obvious lack of access to alternative forms of mainstream credit, community illegal money lending may often be based on trust, ease, routine, and personal relationships 'on the doorstep' in working-class communities. Change will require a more formal focus on education and on alternatives, providing communities with an insight into the dangers of illegal lending and debt accrual, providing the knowledge and understanding of how to access alternative forms of finance.

Given the community-centric and cultural nature of illegal money lending within Northern Ireland operating within close-knit working-class communities, many of the respondents felt that it was imperative that there was more of an educational approach – with a particular focus on children – in tackling the issue. It was acknowledged that there are some examples of good practice, notably The Consumer Council-led Stakeholder Forum and the work in assisting prisoners; however, these projects were often regarded as independent, and it was strongly believed that the effective resourcing of a more 'joined-up' approach was necessary to ensure that similar services can be allocated to remove the conditions for illegal money lending and assist a broad range of citizens at risk from this problem.

Recommendations

1. Law enforcement and prevention

A working group should be established between the main agencies with a stake in policing and prevention of illegal money lending in Northern Ireland, including The Consumer Council, PSNI, local councils, Trading Standards, Her Majesty's Revenue & Customs (HMRC) and the National Crime Agency. The working group would:

- Consider the findings of this scoping exercise and other relevant research, as well as identify emerging gaps and issues.
- Agree practical inter-agency operational responses to illegal money lending and consider the relevance of good practice from other jurisdictions.
- Establish a coordinated approach to illegal money lending in Northern Ireland including enhanced support for victims, comprehensive advice and education in communities and appropriate support for all those affected by debt and its consequences.

2. Financial educational approach and inter-agency forum

The evidence from this research suggests that there are opportunities for a more formal and rigorous focus on the educational aspects of prevention. Such an approach would provide communities, and specifically those most vulnerable, with a greater insight into the dangers of illegal lending and debt accrual, and would enhance knowledge and understanding of how to access alternative forms of finance.

In supporting this work, it is recommended that The Consumer Council establish an inter-agency 'Education Forum' that champions and effectively resources a 'joined-up' community development approach. Building on existing good practice, the forum would be led by organisations with the most experience in responding to this challenge, including The Consumer Council, Christians Against Poverty and Advice NI, but would also encourage participants from a broad spectrum of organisations – including those from the citizen advocacy, community, voluntary, housing, rehabilitation and education sectors – to ensure that the widest possible range of citizens at risk from illegal money lending are able to access education and support.

3. Realistic alternatives to illegal money lending

Government should urgently explore the potential to develop viable alternatives to illegal money lending, which should be accessible in a prompt manner without protracted administrative burdens being placed on the borrower.

Building on the evidence from this research, this could involve establishing a scheme that removes or underwrites some of the risk to participating lenders, enabling them to offer less onerous loans to a broader range of customers, including those with poor credit ratings.

1. Literature and Policy Review

1.1 Understanding illegal money lending

The charging of extortionate rates of interest on money borrowed, a practice referred to as usury, is 'almost as old as civilisation itself' (Malcolm and Curtin, 1968, p.767). Alongside biblical injunctions prohibiting the charging of interest upon a loan (Goldstock and Coenen, 1980), 'Thomas Aquinas argued that the practice was 'immoral' and akin to selling someone a bottle of wine twice – once for the purchase itself, and additionally for the pleasure of drinking it (Aquinas, 1918).

Malcolm and Curtin (1968, p.767) refer to two basic elements involved in loan sharking in a criminal justice sense: firstly, 'the lending of money at extortionate rates of interest'; and secondly, 'the collection of the money with interest via the non-legal means of murder, threat, blackmail, assault, fear, defamation of character'. Throughout the twentieth century, organised criminal gangs involved more generally in extortion and racketeering began to expand upon their 'business model' to incorporate the very lucrative enterprise of loan sharking – from the 'Peaky Blinder' and 'Scuttler' gangs in northern England (Davies, 1999) to the 'Cosa Nostra' of Sicily and the USA (Europol, 2013). Indeed, so endemic had the practice become by the mid-twentieth century in the United States that the challenging of such practices was a foundation of the 1968 presidential campaign of Richard Nixon (Seidl, 1968).

Yet, more than 50 years later, the practices of loan sharking and illegal money lending remain problematic, not just for the victims and the authorities in the United States, but in all contexts, as various criminal enterprises continue to be involved in such practices. This includes the *sarakin*² lenders or the Yakuza organisation in Japan (Sterngold, 1993), 'Snakehead' gangs in China and Hong Kong (Wang and Antonopolous, 2015; Cheng, 2018), and the Italian 'Ndrangheta organisation, which in 2013 allegedly had an income of £44 billion, surpassing the combined turnover of McDonald's and Deutsche Bank (Europol, 2013; Guardian, 2014).

³In the UK and the Republic of Ireland, criminal gangs are alleged to remain involved in the practice (MacNamee, 2014), with Illegal Money Lending Teams having been established in England, Scotland and Wales in 2004 to tackle it. These teams bring a multi-agency approach to loan sharking, with members including seconded police officers, financial investigators, victim support services and intelligence and phone forensic experts.

There are two key purposes to the Illegal Money Lending Teams in England, Scotland and Wales:

1. They conduct enforcement actions to remove loan sharks from communities (the investigative arm); and
2. They support the victims of loan sharks in terms of accessing debt advice and trying to improve their credit rating to ultimately access affordable, and legal, credit (the financial/victim support arm) (see NISRA, 2013, p.14).

In Northern Ireland, it is alleged that some loyalist and republican paramilitary organisations continue to practice loan sharking in the 'Peace Process' era as a means of generating extra revenue and helping to maintain power and social control over specific working-class Protestant or Catholic areas (NICVA, 2013, pp.8–10; Savona and Michele, 2015; NCA, 2018).

Given the longevity of the criminal enterprise of illegal money lending or loan sharking in various contexts across time and space, it is perhaps pertinent to consider two key questions. Firstly, who are those most vulnerable to falling victim to it? Secondly, given the unsavoury and intimidatory nature of the practice, why does it endure? The purpose of this literature review is to consider both questions (and more) in a particularly Northern Irish context. In order to do so, it is necessary to first consider the ways in which the terms 'illegal money lending', 'usury'⁴ and 'loan sharking' are used, and second, to place the practices in the wider socio-economic and cultural contexts in which they occur.

1.1.1 Definitions of key terms

‘One of the factors complicating the analysis of illegal lending is the lack of univocal terminology. The terms usury, loan sharking, illegal and informal lending are often used synonymously and in reference to very different practices and socio-economic environments’ (Marinano, 2017, p.202).

In Northern Ireland, the definition that tends to be used is ‘illegal lending’, which was defined as ‘lending without a consumer credit license as required by the Office of Fair Trading under the terms of the Consumer Credit Act’ 1974 (See also NICVA, 2013, p.8). It is important to note that, from 1 April 2014, the Financial Conduct Authority has taken over the responsibilities of the Office of Fair Trading. The 1974 definition is now quite dated and has been superseded on the statute book by the Financial Services and Markets Act 2000, as amended by the by the Bank of England and Financial Services Act 2016, which defines illegal money lending as:

‘carrying on a regulated activity within article 60B of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544) (regulated credit agreements) in circumstances which constitute an authorisation offence’ (s.29)

While the term illegal money lending is a multifaceted term that can be interpreted in a straightforward linear manner, it is often very imprecise, especially when it is conflated with associated terms such as ‘usury’, ‘loan sharking’, and ‘illegal borrowing’. Ironically, the difficulty of accurately and universally defining illegal money lending was exemplified by a 2017 report by the FCA entitled *Shining a light on illegal money lending: Consumer experiences of unauthorised lending in the UK* (FCA, 2017, p.1). In utilising both illegal money lending and ‘unauthorised lending’ interchangeably in its title, the FCA risked conflating terms that were once distinct, resulting in the dilution of specific meanings. Indeed, within the report, ‘unauthorised lending’ is defined as commensurate with illegal money lending:

Unauthorised lending, often referred to as illegal money lending (IML), is the practice of lending money to individuals without regard to the rules and requirements of the regulatory framework (FCA, 2017, p.1).

Likewise, analysis of the use of the term ‘illegal money lending’ on an international basis is also difficult due to imprecise usage of a range of overlapping terms. Marinano (2017, p.202) noted that ‘in the Italian context, the term most widely used, across all registers, is usura and informal lenders are usually called usurai. However, it has taken on a spectrum of meanings. Most dictionaries define it both as lending money for any interest and for excessive interest’. Devoto and Oli (2007; see Marinano, 2017, p.202), in focusing on the dictionary definition of ‘illegal money lending’, specifically the term usura, note that the extended term usuraio is ‘a person dominated by sordid avarice’ with the implication being that there is a social, cultural and moral condemnation connected with lending money illegally (Devoto and Oli, 2007). The condemnatory perception of illegal moneylenders is also reflected in the Italian colloquial equivalents of common English terms relating to illegal money lending. For example, local equivalents to the

English term ‘loan shark’ are the colloquial Italian term strozzino (‘strangler’) and the specifically Roman term cravattaro (‘tie-maker’). Both graphically evoke gradual suffocation and eventual economic death (Marinano, 2017, p.202).

In theory, however, each of the terms (‘loan sharking’, ‘unauthorised lending’, ‘usury’) has a distinct meaning in relation to divergence from, or disregard for, the regulatory rules governing the legal lending of money.

The term ‘loan shark’ has been used widely in policing. According to the Illegal Money Lending Team within West Sussex Police, ‘loan shark activity is characterised by deliberate criminal fraud and theft, with extortionate rates of interest on loans that mean borrowers face demands for payment of thousands of pounds more than they borrowed and can often never pay off the loans’ (Director of Public Protection, 2015, p.2). Loan sharking in this context is readily understood as denoting clear exploitation. According to Mayer (2012, p. 828), ‘loan sharking is not the annual percentage rate lenders charge, but the length of time expensive debt endures. Loan sharking is debt-trapping; it is a predatory practice that consists in renewing short-term loans again and again in order to maximise fee income.’ These interpretations of loan sharking (which focus on the exploitative nature of the debt itself rather than how its collection is ‘enforced’) differ from the classic definitions within the American literature in relation to organised crime, whereby loan sharking consists of two distinct criminal endeavours: the charging of exorbitant rates of interest on a loan, and the threat or use of violence to collect the debt (Malcolm and Curtin, 1968; Goldstock and Coenen, 1980).

In other places, illegal money lending is conflated with the term ‘usury’. For example, Mugellini (2012, p.75) defines usury as ‘loans at interest rates that are illegal and make their repayment very difficult or impossible’. Alternatively, Dugato (2013, p.82) defines it as ‘loans made by banks, private persons, criminal groups or other businesses at an exorbitant or illegally high interest rate’. As Marinano (2017, p.203) notes, the key difference between the definitions is that the first would not include a loan that is illegal, but which the borrower is able to repay. Conversely, the second definition acknowledges that loans do not have to be illegal to be classified as ‘exorbitant’. This is an important distinction to highlight as not all illegal money lending is exploitative and not all loans that are exploitative are by illegal lenders. This definitional distinction crystallises the difficulty in assimilating legal constructs with sociocultural norms.

In all cases, however, it is also important to recognise that the debt engendered by money lending generally also creates social hierarchies and dependencies and can reinforce existing power relations in communities (Guérin, 2014). Any theoretical exposition of debt reveals that there is considerable difference between an economic or economic view and a social or everyday community understanding. On an economic point of view, the repayment of debt ‘concludes the relationship’ between the borrower and the lender; however, Guérin (2014) argues that this is not simple at community level, and that the social impact of debt and money lending precludes a universal and unequivocal definition of debt:

The history and anthropology of debt reveals that debt is both shaped by and constitutive of social relationships, moral values, and culture. Debt has no universal meanings but a variety of meanings and formulations within particular contexts (Guérin, 2014, p.540).

Durst (2015, p.34) similarly argues that ‘The history of debt shows that debt is both shaped by and constitutive of social relations, moral values and culture, and that debt occurs within dependency chains that extend far beyond monetary repayments’. Understanding the sociocultural and historic context and pattern of lending, and the relationships that both create and sustain it, is therefore vital. It is important to consider the many ways in which debt has been ‘normalised’, with illegal money lending and loan sharking being only one extreme manifestation of an otherwise largely accepted practice for those on low incomes to seek out alternative forms of credit (Johnstone, 1985).

1.1.2 Historic context of credit in the UK

Irish historian Sean O’Connell (2009) has produced one of the most nuanced pieces of work on the emergence and establishment of the credit sector in the UK throughout the nineteenth and twentieth centuries. Drawing upon archival work, alongside interviews with more than 30 individuals, O’Connell utilises an oral history approach to chart the development of ‘borrowing’ and ‘lending’ in working-class areas of Belfast. The establishment of ‘tallymen’ or ‘credit drapers’ in the late nineteenth century in working-class cities across the UK and present day Republic of Ireland corresponded with an increased demand for cheaper clothing, which could be paid off in weekly instalments. O’Connell notes that what was crucial to the ‘success’ of such endeavours was the personal relationships that were established between the lender and the borrower ‘on the doorstep’ in working-class communities. This was based on the social nature of credit and the routine ‘gifting patterns’ (referred to by Bourdieu and Mauss) of pre-modern society, which were based on reciprocity and trust (Finn, 2003). Indeed, Taylor (2002) refers to the weekly call to collect money as providing ‘ontological security’ for those borrowing on their doorstep, with the emotional and economic aspects of borrowing and debt deeply intertwined.

Although the ‘tallymen’ were replaced in post-war Britain by the rapid growth of mail order catalogues (such as Littlewoods), this relational nature of access to credit remained vital. But rather than the white, middle-class male, who became the stereotype of the post-war ‘consumer’, O’Connell (2009, p.13) argues that it was in fact, ‘cash-poor, credit desperate’ working-class females who managed household finances who were at the centre of the doorstep credit and lending industry. However, with the decline of catalogue companies, computerised credit assessment became more important than neighbours ‘assessing’ and ‘trusting’ one another (ibid.). Yet the higher levels of interest (and debt) on such loans provided the conditions for the emergence of the Credit Union sector in the UK and Ireland from the 1960s onwards (Johnstone, 1985), although there is an important distinction to be made in relation to the sector in the UK generally and Northern Ireland more specifically. In the UK, Credit Unions tended to

focus on supporting those on low incomes, while in Northern Ireland, these institutions tended to be developed for the entire local community, and therefore included more ‘middle-class’ members than their counterparts in the rest of the UK (Jones, 2013). This is perhaps evidenced by the fact that 41.8% of adults in Northern Ireland are registered with a Credit Union compared to just 3.42% in the UK generally (Bank of England, 2020). This point shall be revisited in section 2.2, when policy responses to debt and illegal money lending are considered.

O’Connell (2009) also charts the changing attitudes towards credit and debt, and corresponding state response, throughout the twentieth century. Typically, those borrowing on the doorstep were perceived as ‘feckless’ and ‘reckless’ spenders, views confirmed in a 1969 UK consumer survey on credit wherein the majority of respondents believed its use to be ‘wrong’. However, a similar survey conducted in 1979 indicated that public attitudes were now more accepting towards the accrual of debt. This gradual societal acceptance of debt matched the state policy switch from pre-Second World War efforts to reduce the attraction of such forms of credit to a post-war concern with regulating its use (O’Connell, 2009) and, in particular, educating consumers on debt management and ‘financial literacy’ (Hilton, 2003). As O’Connell (2009) documents, the Crowther Committee on Consumer Credit report in the UK in 1971 eventually led to the creation of the Consumer Credit Act of 1974. This Act made it essential for creditors to indicate the annual percentage rate (APR) associated with their products, which was intended to make borrowers aware of the ‘true cost’ of their borrowing. But, as O’Connell notes, various surveys subsequently revealed that customers still failed to understand the concept of APR and how much money they owed.

What is particularly interesting from O’Connell’s work is the response of his working-class interviewees, who tended to define credit and debt differently to their interviewer. O’Connell’s interviewees only ever referred to being in debt when asked directly towards the end of the interview; prior to this, they had stressed how they were ‘never in debt’ and ‘managed’ their budget, despite the economic difficulties. Interviewees did not believe that the fact that an agent called to the house once a week to collect money meant they were in debt – they only tended to perceive someone as being in debt if they could not afford to make the payments. The significance of O’Connell’s work is that it identifies the wider sociocultural (and economic) context of borrowing, which, other than the obvious lack of access to alternative forms of mainstream credit (from banks and building societies), tends to be based upon trust, ease, routine, and personal relationships ‘on the doorstep’ in working-class communities. These are dynamics that ‘payday lenders’ and, at times, loan sharks have also relied upon to develop their practices.

1.1.3 Financial context: The growth of the sub-prime loan sector

The effects of the 2007/2008 global economic downturn are still being felt today in the UK and Ireland in terms of the increasing numbers of people ‘at risk’ of living in poverty, the rise of insecure and low-paid employment, an increase in levels of negative equity, the fall in ‘real’ wage levels, and a culture of limited public support for those in financial distress (Machin, 2015). As of 2016, an estimated 8.3 million people in the UK had ‘problem debts’, with one in six adults missing payments for credit card or utility bills in three or more of the previous six months (Mosedale et al., 2018).

While there is debate within the literature as to the primary causes for how and why personal debt occurs (macro-economic factors versus ‘reckless’ consumer borrowing and spending; see Benito, 2006; Jappelli and Padula, 2013; Montgomerie et al., 2014; Walker et al., 2015; Mosedale et al., 2018), there is general consensus that debt is associated with poor physical and mental health and well-being (Dearden et al., 2015; Zegarra-Liñares and Wilson, 2017). In Northern Ireland, half of Christians Against Poverty’s clients with debt have either considered, or attempted, suicide; the corresponding figure for the UK as a whole was one person in three (NICVA, 2013, p.7). In a similar manner, the Forum for Action on Substance Abuse (FASA) in Belfast found that of 55 clients who reported debt as their main problem, 29 were feeling suicidal (52.7%) (ibid.).

In such a context, it is perhaps unsurprising that those living with debt may make decisions that appear from the outside to be ‘irrational’, as living in financial difficulty has been found to impair cognitive judgement (Mani et al., 2013; Kirsch et al., 2014). Individuals may indeed take greater risks in their decisions when they are in financial need (see Livingstone and Lunt, 1992; Ermer et al., 2008; Mishra and Fiddick, 2012; Szilagyi, 2015). In such a context, as noted by O’Connell (2009) in his study of the use of ‘doorstep’ credit in Belfast, debt can become ‘normalised’, with those in debt not seeking help, even when they most need it (Flaherty and Banks, 2013; Mosedale et al., 2018).

A key driver of debt is the lack of personal/household savings, and residents of the UK and Ireland generally rank among the lowest savers and highest borrowers in Western Europe, leaving them particularly vulnerable to a financial shock or the gradual increasing of the burden of interest and debt repayments (Kempson, 2002; Deeming et al., 2011; Zegarra-Liñares and Wilson, 2017). For example, OECD data in relation to debt for 2008/2009 found that the UK had a higher than average debt-to-income ratio – 171% of disposable household income in 2009 (mortgages accounted for 133% of this figure). By comparison, the household debt-to-income ratio in France and Germany is lower; in France, the figure is 107%, with mortgages accounting for 77% of this; and in Germany, the debt-to-income ratio is 99% (with 67% accounted for by mortgages) (see Deeming et al., 2011).

In a report assessing the ‘financial health’ of households, Legal and General (2012) found that the average citizen in the UK

has only enough savings to last for 19 days in the event of a financial crisis or emergency. Perhaps even more worryingly, in 2016, four out of ten UK residents had less than the equivalent of one week’s wages saved (Bouyon and Oliinyk, 2019). The situation is perhaps even starker in Northern Ireland, which is the UK region with the lowest proportion of citizens with savings of more than £100 (Money Advice Service, 2016).

An additional issue with regard to promoting ‘financial inclusion’ is for adults to have access to a bank account (Bridges and Disney, 2004). This has improved in Northern Ireland in recent years, with 97% of households reported as having at least one adult with some form of bank account in 2017/18, up from 94% in 2007/08, possibly due to the policy of paying benefits directly into the bank accounts of claimants (DfC, 2019a). However, Northern Irish citizens do tend to be in greater levels of debt than their counterparts in the UK; according to Bank of England figures on Credit Union usage, the average personal loan each adult in Northern Ireland has amounts to £1,109; this can be contrasted with the figure of £745 in Great Britain (Bank of England, 2018).

On the surface, recent statistics would appear to indicate that the economic situation in Northern Ireland is improving. Unemployment in the first quarter of 2019 has fallen to just 3%, below the UK average of 4% (NISRA, 2019), and the proportions of adults and children living in poverty has fallen by 2% and 3%, respectively, within the past 12 months (DfC, 2019b). However, 16% of the population in Northern Ireland, and 19% of children, continue to live in poverty (ibid.). It must further be noted that despite the number of people in work rising by 16,000 over the first quarter of 2019 and now standing at 860,000, more than half of those who are unemployed in Northern Ireland (56%) are long-term unemployed. This can be contrasted with the figure for the UK as a whole, which stands at 26% (DfC, 2019b; NISRA, 2019). Northern Ireland also retains the rather dubious distinction of having the lowest discretionary income of any UK region.

In such an economic context, it is perhaps unsurprising that the short-term high-interest loan, or sub-prime sector, has expanded notably in recent years in the UK and the Republic of Ireland (Lane and Rodrigues, 2015). Indeed, both countries have a much more developed sub-prime loan sector than countries such as France and Germany, which historically have had a cap on interest rates on short-term high-interest loans and greater levels of financial regulation (Deeming et al., 2011). In the UK, ‘the market of ‘high cost short-term credit’ grew from £300 million in 2006 to £2.5 billion in 2013 (a growth rate of more than 700%), decreasing to £1.5 billion by mid-2016’ (Bouyon and Oliinyk, 2019, p.7). Although there is no single definition of what constitutes a sub-prime loan, the EU suggests it typically includes three key factors: a short time frame (typically three months or less); small amounts of money (in hundreds rather than thousands of pounds); and high levels of interest (over 100% APR, with many reaching more than 1,000% APR) (Bouyon and Oliinyk, 2019). Sub-prime loans can refer to:

- ‘Payday’ loans (provided by companies such as ‘QuickQuid’ or ‘Wonga’): This tends to involve a small advance of money against a post-dated paycheque for the amount of the loan plus the interest;

- ‘Doorstep’ loans: These loans tend to involve a slightly larger amount of money over a three- to six-month period, and as O’Connell (2009) noted in his Belfast study, are highly dependent on the personal relationship between an agent and a borrower;
- Online loans;
- Pawnbrokers;
- Rent-to-own sources and catalogue purchases; and
- Peer-to-peer lending platforms (Lawrence and Cooke, 2014; Bouyon and Oliinyk, 2019).

Those who are seeking out sub-prime loans typically do so because they:

- May have a poor credit rating or are excluded from the mainstream banking system (do not have a bank account);
- Are seeking small amounts, which usually fall short of the bank threshold for a personal loan (in 2014 the FCA found that the average payday loan was just £260, which was required to be paid back over 30 days. Most bank personal loans are of £1,000 or more) (see Lane and Rodrigues, 2015);
- Are on low-incomes (including those who are unemployed) with little or no savings (O’Donoghue and Rabin, 1999). Estimates suggest that two thirds of those who take out a payday loan in the UK are from households with an income of less than £25,000 per annum (Burton, 2010; Lawrence and Cooke, 2014);
- Have been on the receiving end of benefit sanctions. For example, Lawrence and Cooke (2014) noted that between September 2012 and September 2013 in the UK, there was an increase of 16% in the use of such sanctions (from 751,943 to 874,850). Even low-level sanctions result in the loss of all benefits for a four-week period.
- Have an unexpected life event (death of a partner, divorce, job loss, fall into poor health);
- Need to pay their utility bills, rent/mortgage; fix their car; pay for home heating oil or purchase white goods at short-notice (see NICVA, 2013; FCA, 2014; Bouyon and Oliinyk, 2019).

Paying bills and providing for daily living expenses are the two most cited reasons for requiring a sub-prime loan, which is contrary to the typical stereotype of the ‘reckless’ consumer who gets into financial difficulty by purchasing luxury items (Schwartz and Robinson, 2017; Mosedale et al., 2018). The perceived appeal of payday loans in particular is that they are often an online and relatively anonymous process (and one can therefore forego the embarrassment of being turned down by a bank in person for a loan); they are quick and the money can be in your account on the same day as your application; credit checks have historically been much less robust than in the mainstream banking system; they are clear about fees (customers understood being told how much money they owed rather than the more nebulous concept of APR rates); and they are viewed as short-term solutions to debt, and ‘less risky’ than longer-term alternatives such as credit cards and overdrafts, which may incur hidden charges (Burton, 2010; Gloukoviezoff, 2014).

Research conducted in London (based upon a survey and client data from the debt advice organisation StepChange and Citizens Advice) on the usage of payday loans in the UK found that:

- Those under 40 years of age were most likely to use ‘payday’ loans (over 25% of clients of StepChange are under 25, only 1.3% are 60 or over);
- The largest single category of those seeking help with advice from Citizens Advice was single men without children (31%). The second largest group was single women (21%). Couples with children (12%) accounted for almost one in ten of those seeking advice;
- In 2009 the average number of outstanding ‘payday’ loans owed by a StepChange client was 1.6, although by 2012 this rose to three;
- Those in rented accommodation were more likely than home owners to seek advice;
- Payday loans were often part of wider personal/household debt, such as that accrued on various credit cards (Lawrence and Cooke, 2014, p.16).

While research has found that some individuals using sub-prime loans found them beneficial in the short term if they repaid them quickly and did not default (Burton, 2010), in general, the evidence would suggest that the historic lack of regulation in the sector in the UK has led to significant exploitation of borrowers by companies seeing to further their profits (Mosedale et al., 2018). This often took the form of not being clear with customers on charges for defaulting on payments and encouraging borrowers to ‘roll over’ on loans (Burton, 2010; Caplan, 2014). Similar poor practice has been found in the short-term loan sector in Northern Ireland (NICVA, 2013).

The primary difficulty with such short-term loans is that, given the risk associated with the borrowers, the interest rates are very high, and debt can spiral out of control if they are not repaid quickly (Agarwal et al., 2013; Lawrence and Cooke, 2014). This led to a number of payday loan companies being accused of ‘irresponsible lending that leads to a long-term debt spiral’ (Szilagyi, 2015, p.843; see also CMA, 2015; Falconer and Lane, 2017), particularly given that most borrowers are repeat customers, some of whom are taking out new loans in an attempt to pay off old ones (Burton, 2010). The Office of Fair Trading (2010; see also Burton, 2010) found that almost 30% of loans in the UK were not repaid on the initial repayment date, while the Irish League of Credit Unions found that 43% of clients who took out payday loans could not afford to make their repayments, resulting in an even worse credit rating (NICVA, 2013). But despite the difficulties, high-cost sub-prime and payday loans remain in demand as ‘the need for credit is often immediate, and consumers don’t have time to apply for a mainstream loan, risk getting declined, then start the process again with another lender’ (FCA, 2019, p.35). Therefore, they ‘are the only viable, legal option for those who do not have savings or family and friends to fall back on’ (Lawrence and Cooke, 2014, p.2).

In 2014, stricter criteria were placed on payday loans by the newly established Financial Conduct Authority, which took over regulatory powers on the sub-prime sector from the Office of

Fair Trading. These increased regulations included strengthened affordability checks, compulsory signposting to debt advice, and limits on how many times a loan could ‘roll over’ (Bouyon and Oliinyk, 2019). The evidence would appear to suggest that these limitations have reduced the number of payday loans. In the first quarter of 2014, there were 9,243 ‘problems’ with such loans encountered by Citizens Advice in England; this fell to 5,554 by the first quarter of 2015 (ibid.). But as Lane and Rodrigues (2015, p.3) ask, ‘The question now is where will the demand for short-term credit go, given the contraction of the payday lending market?’ There have been some suggestions that stricter criteria on such loans could push some individuals towards loan sharks (Deeming et al., 2011); thus, ‘If payday lending is denied, illegal forms of credit may be the only alternative’ (Burton, 2010, p.16).

However, this is disputed by Mosedale et al. (2018, p.320), who suggest that ‘there is debate about whether restricting access to payday loans risks driving people into the arms of illegal loan sharks’. Indeed, the Centre for Responsible Credit pointed out that post-2012, when the FCA highlighted the changes it would be making to the regulations, ‘payday lending decreased with no apparent increase in illegal lending; on the contrary the number of investigations conducted by the Government’s Illegal Money Lending Team dropped sharply. In fact, servicing high interest payday loan debt may itself encourage the use of illegal lenders’ (Mosedale et al., 2018, p.320).

While there is no conclusive evidence that the contraction of the sub-prime loan sector in the UK has contributed to individuals with no other credit options using illegal money lenders and loan sharks, the socio-economic conditions that contribute to individuals turning to both sub-prime and illegal money lenders increase the likelihood that this is the case. It is to this specific consideration of the literature on loan sharking and illegal money lending that the report now turns.

1.1.4 Loan sharking and illegal money lending: A review of the evidence

It must be noted at the outset that there is a lack of empirical data and research generally on illegal money lending and loan sharking within the literature across differing countries and contexts. This is primarily as a result of the criminal nature of the activity, which not only makes it very difficult for researchers to access (Savona and Michele, 2015), but also results in a reluctance among victims to come forward to ‘tell their story’ (Goldstock and Coenen, 1980; DTI, 2007). Indeed, in their comprehensive review of the evidence in a pan-European context, Bouyon and Oliinyk (2019, p.29) found that ‘No empirical publication that aims at appreciating the volume and dynamics in illegal loans has been identified’. This is also the case in Northern Ireland, where it has been suggested that ‘researching illegal lending is ‘problematic’ – given its underground nature and the threat of intimidation and violence’ (NICVA, 2013, p.8). Consequently, the very limited evidence base tends to be based upon anecdotal ‘stories’ and piecemeal bits of information, which can be gleaned from larger pieces of work whose main aim is to assess the issues of credit and debt

more generally. While acknowledging these methodological limitations, this section will attempt to highlight the key themes emerging from the evidence that is available.

The historic literature on loan sharking and illegal money lending in the United States suggests that the practices are dominated by organised crime gangs (OCGs) (Malcolm and Curtin, 1968; Seidl, 1968; Goldstock and Coenen, 1980). The primary reason cited for the involvement of OCGs in loan sharking (as it is typically referred to in the American literature) is twofold: firstly, OCGs have access to large reserves of cash that they can lend to those in need at short notice; and secondly, involvement in such activity provides the opportunity for the gangs to ‘wash’ or launder their money from other criminal activities (Malcolm and Curtin, 1968; Goldstock and Coenen, 1980). In this regard, loan sharking is viewed as closely associated with the distribution of drugs (‘narcotics’) and illegal gambling in particular (ibid.). This involvement of OCGs in loan sharking to launder money from drugs and gambling activity was also found to be the case in a much more recent study of criminal activity across Western Europe, including in the UK and the Republic of Ireland (Savona and Michele, 2015). What is crucial to the role of OCGs in loan sharking is the fear and intimidation induced by their involvement, wherein ‘the aura of fear is critical to success in the loan sharking business’ (ibid., p.134).

In his classic doctoral thesis upon the topic, Seidl (1968) suggested that there are four characteristics that are crucial to the success of loan sharking: the secrecy of the transaction; the informality; the speed and convenience of it; and, the regular availability of funds. Interestingly, all of these factors were referred to in the previous section when the benefits of payday loans in a UK context were discussed, and therefore there is likely to be some overlap in terms of those individuals in debt who are turning to loan sharks as a last resort. In a UK context, more than eight out of ten users of illegal moneylenders referred to doing so because they had no other credit options (DTI, 2007). As Goldstock and Coenen note (1980, p.137), the demand for loan sharks ‘results at least in part from legally imposed interest-rate ceilings that preclude legal lenders from satisfying the demand of high-risk borrowers ... The loan-shark fills the gap between market demand and legal supply.’ This is particularly the case when, as on a small number of occasions, loan sharks may offer more competitive rates of APR than their legal short-term loan competitors (Goldstock and Coenen, 1980).

Three types of borrowers have been identified within the classic American literature:

- The ‘legitimate individual’: Defined as a ‘victim’ and most typically ‘a lower-class urban labourer’ who may have an issue with gambling or addiction;
- The ‘criminal borrower’: In an American context, this tends to relate to ‘Mob’ bookmakers; and
- The ‘legitimate businessman/woman’ who is struggling to keep their workplace afloat (Malcolm and Curtin, 1968; Seidl, 1968; Goldstock and Coenen, 1980).

More recent work on illegal lending in the UK, however, would suggest that it is not just OCGs that are involved in the practice.

Ellison et al. (2006) suggested that up to 40% of illegal payments were collected by lenders themselves, and involved smaller groups of individuals (and family members) relying upon (and exploiting) their social networks rather than the more impersonal and hierarchical structure of more organised and larger criminal enterprises dealing with ‘strangers’.

While a cross-European report on criminal activity acknowledged this dynamic to be the case, it also found that in the Northern Irish context, OCGs in the form of loyalist and republican paramilitary groups were heavily involved in ‘extortion and racketeering’ (Savona and Michele, 2015). It should be noted, however, that although there is a large corpus of academic literature on loyalist and republican paramilitary organisations, which also makes reference to the more general criminal practices of ‘extortion’ and ‘racketeering’ as a means of funding political violence (Bruce, 1992; English, 2003; Wood, 2006; Moloney, 2007; Edwards, 2017), there is little or no reference at any point to their specific involvement in loan sharking or illegal money lending. This is despite the fact that there is evidence to suggest that paramilitaries are involved in the practice in Northern Ireland. Indeed, in recent years, Operations Waggel, Microscopical and Midwifery have targeted senior members of a loyalist paramilitary group who were ‘involved in money lending/laundering and the supply of controlled drugs. An amount of cash circa £10,000 was lifted under the Proceeds of Crime Act (2002)’ (NCA, 2018, p.5).

Although the Illegal Money Lending Teams, established in England, Scotland and Wales (but not Northern Ireland) in 2004, estimate that there are perhaps 310,000 households in the UK (excluding Northern Ireland) that are in debt to an illegal lender (IMLT, 2017), between 2004 and 2013, only two cases of ‘illegal loan sharking’ had been referred to the Trading Standards Service in Northern Ireland (NICVA, 2013, p.14). Anecdotal and case-study evidence has, however, highlighted the impact, if not necessarily the scale, of the practice in Northern Ireland (NICVA, 2013). It was noted that, ‘it can be very difficult with illegal lending to establish what the original loan was – so the debt never gets fully paid off and the victim does not want to go to the police’ (ibid., p.8). The report also notes another example referred to by FASA, whereby:

In one of FASA’s cases a young man borrowed £20 from a paramilitary organisation with the understanding that he had to pay back £35; this debt spiralled to £1,400. The individual in question, who had severe mental health issues, had his benefits taken by the paramilitaries and he resorted to begging in order to survive. In time a local community worker helped re-work the debt. Another FASA client was ‘caught’ by local paramilitaries selling heroin and was ‘fined’ £5,000. By the time FASA became involved £2,000 had been paid to the paramilitary organisation. FASA was able to negotiate an end to the debt (ibid., p.9).

Given the threats, intimidation, and at times outright violence used by loan sharks to collect their debts – whether OCGs or otherwise – it is important to consider why some individuals still resort to using them. An important caveat to recognise is that there is no homogenous reason why a person may use an illegal money lender as a financial resource. Each individual circumstance is culturally, socially and economically distinct.

The FCA (2017, para. 1.2), in citing anecdotal evidence gathered as part of an extensive research report on consumer experiences of unauthorised money lending in the United Kingdom, noted: ‘The common theme we heard is that the consumers that use such lenders have exhausted all available resources and have a desperate and urgent need for money, often being tipped into using it by a crisis or unexpected particular shortfall in income’. The report additionally highlighted three important aspects regarding illegal money lending:

- That unauthorised lending has been prevalent in communities for generations (hence the discussion on the historic and cultural context of debt within section 1.2 of this review of the literature);
- That it is an element in all areas of the United Kingdom and not limited only to certain localities; and
- That there is a strong correlation between areas of high economic deprivation (particularly in social and rented housing estates) and the volume of illegal money lending (Financial Conduct Authority, 2017, para. 3.1).

Dagdeviren et al. (2019) concur with the observation that there is a connection between low-income households that experience unexpected variance in income and a dependence on illegal money lenders. This situation has manifestly increased within the UK following the financial crisis in 2007/2008 with some low-income households utilising illegal money lending for basic household essentials (ibid., p.2).

In November 2018, the Community Wellbeing Board of the Convention of Scottish Local Authorities published research findings from a study into illegal money lending. The research was commissioned by the Scottish Illegal Money Lending Team to analyse the changing borrowing patterns of individuals resorting to illegal money lenders. The research concluded that ‘a loss of income due to a change in benefits is a major driver for people being forced into the position of using an illegal money lender or facing the prospect of no electricity and no food. This includes being sanctioned or transferring to Universal Credit as part of the issue’ (Cosla, 2018, p.2). In addition, the report pointed to personal circumstances stimulated by addictions, loss of earnings and difficult or abusive domestic relationships as significant factors in people turning to illegal moneylenders (ibid.). Significantly, the report highlighted that respondents felt that they had been subjected to intimidation and threats by money lenders, a situation which, as the American literature suggests, is rendered even more threatening by the perceived criminal group associations of the illegal money lenders:

Pursuit for payment was typically experienced immediately after receipt of benefits. Interviewees had experienced threats, often of serious violence, setting out the consequences of not paying. Intimidation could take the form of a sustained campaign which might also target family members. Lenders’ membership of a gang, or criminal associations could reinforce threats, or make explicit threats unnecessary (Cosla, 2018, p.3).

This report built on the findings from research conducted in 2017 by the Illegal Money Lending Team in England. The survey of 122 victims of illegal money lending found that:

- 54% were female and 46% male and the age of borrowers ranged from 20–73;
- 50% of victims were parents with on average two children;
- 47% of clients reported a long-term health condition (including 12% who said they had mental health issues);
- 32% of victims said they had considered taking their own life at some point in their lives – 25% of whom attributed this to the activities of loan sharks;
- 76% said they were in a state of ‘worry’ or ‘distress’ as a result of loan sharks;
- 43% said they had been abused verbally, threatened or physically harmed as a result of going to a loan shark;
- 70% lived in rented accommodation;
- 36% of those who borrowed from a loan shark were unemployed, 23% were employed full-time, 20% were self-employed, 15% employed part-time, 3% were retired and 2% were students;
- 58% of victims were claiming benefits at the time and 19% had visited food banks in the previous year;
- 94% had a bank account;
- 66% were told about the lender by friends or family (IMLT, 2017).

The trends revealed by these statistics are reminiscent of those documented by DTI (2007, p.16) in relation to the first evaluation of the Illegal Money Lending Teams in England, Scotland and Wales. This evaluation found that:

- Approximately one in five users of illegal lenders live in areas not served by the home credit lenders;
- Just over 50% are home credit customers who have defaulted on or reached the limit of their credit line;
- Around 25% are those who are too ‘high-risk’, even for the high-cost sub-prime sector;
- The profile of those using illegal lenders is similar to that of home credit users (most users are female, with families, and aged 30–40). However, there is a higher proportion of males using illegal lenders, and they are even more likely to be from disadvantaged socio-economic backgrounds than those using legal sub-prime loans.

In an international context, it is interesting to contrast the UK experiences of low-income households in a financial crisis and post-crisis situation with the post-apartheid experiences of consumers in South Africa. James (2014) argued that rather than borrowing money for essential household needs, there was a growth in illegal money lending in parts of South Africa as individuals borrowed to facilitate an aspirational lifestyle:

The supply of, and demand for, credit interacted in a complex relationship to facilitate the rapid growth of a new middle class as well as promise of fulfilment to a far larger group of people. Such credit was being used, not simply for materialistic consumerism, but to satisfy the desire for what was felt necessary for a good life (James, 2014, s17).

An important factor when considering why illegal money lending is so pervasive in some communities is the sociocultural normality of illegal money lending within certain areas. The FCA has emphasised that people are accustomed to engaging with illegal money lenders who they regard as familiar to them and they see this as part of normal, day-to-day interactions within the community. Indeed, the FCA has posited that this familiarity, coupled with an unawareness or lack of knowledge of the possibility of receiving loans or credit legally, served to reinforce the sociocultural pervasiveness of illegal money lending:

Many of our partners observed that lack of financial education, in tandem with custom and practice in some communities, supported continued use of unauthorised lenders. For example, borrowers may have grown up in places where the unauthorised lender was a familiar part of the culture: when they need to get money urgently they know where to go (Financial Conduct Authority, 2017, para.3.8).

The opportunistic nature of illegal money lending in targeting ‘vulnerable’ individuals in need (and perhaps retaining their benefit books or bank cards; see DTI, 2007) is exemplified by the availability of unauthorised loans for people who may be termed ‘unbankable’ by formal, legal lenders. Durst (2015) has argued that those deemed to be unbankable are considered a significant asset in illegal money lending parlance due to their inability to repay money they borrow.

The community-centric nature of illegal money lending and the disparate relationship between money lender and borrower reinforces power differentials within communities. Again, this is likely to be particularly problematic in Northern Ireland, given that illegal lending typically occurs within close-knit working-class communities (DTI, 2007), and paramilitary organisations continue to have a presence in many of these areas. While some of these organisations are actively seeking to ‘transition’ away from the legacies of the past, others remain deeply enmeshed in criminality and violence (NIO, 2015). This poses the question: ‘How does the criminal justice system respond to dealing with such instances of loan sharking and illegal money lending?’

1.2 Criminal justice and policy response

This section is divided into two parts. The first half will discuss the legislative and criminal justice system response to illegal money lending by focusing on the UK specifically, but also by utilising examples from other jurisdictions. The second half then proceeds to highlight a number of approaches that aim to keep citizens out of debt, most notably in the form of promoting the use of Credit Unions and developing education work focusing upon financial ‘literacy’.

1.2.1 Criminal justice response

From a legislative perspective, illegal money lending has principally been prosecuted under two distinct acts: the Consumer Credit Act 1974 and the often concomitantly applied Proceeds of Crime Act 2002. It is important to note a geographical inconsistency within the United Kingdom

regarding certain provisions of the Proceeds of Crime Act 2002. In Scotland, following a public consultation in relation to strengthening the power of the Proceeds of Crime Act 2002, the Scottish government made amendments in 2011 to the lifestyle offences section (schedule 4) of the Act. Of specific concern to illegal money lending was the addition of a Consumer Credit provision: ‘An offence under section 39(1) of the Consumer Credit Act 1974 (offences against Part III) if it concerns the carrying on of a consumer credit business (as defined in section 189(1) of that Act).’

A consumer credit business, as defined by the Consumer Credit Act 1974, ‘means any business being carried on by a person so far as it comprises or relates to (a) the provision of credit by him, or (b) otherwise his being a creditor’. The legislative provision pertaining to illegal money lending in the Consumer Credit Act 1974 is broad: ‘A person who engages in any activities for which a licence is required when he is not a licensee under a licence covering those activities commits an offence.’ As referred to previously, the Proceeds of Crime Act 2002 is often applied concomitantly to the Consumer Credit Act 1974 and this is due, in part, to the difficulty for the criminal justice system in responding to illegal money lending, necessitating the utilisation of a range of statutes. As noted in R v Dowse (2017, p.215), ‘statutory provisions are intended to provide condign punishment for those who engage in unlicensed money lending, for the obvious and proper reason that the vulnerable should be protected’.

It is important to note the criminal justice system application of the Proceeds of Crime Act 2002 in conjunction with other statutes regarding sentencing for offenders. It was decided in R v Greaves (2011) that a person should not be punished twice for what is the same offence. Therefore, the deciding factor is whether the conduct in the Proceeds of Crime Act offence adds any culpability to the primary offence. If the Proceeds of Crime offence does not add to the culpability of the primary offence, then there should not be a consecutive sentence applied to the offender. This test is known as the Greaves principle:

(c) Where the offenders are one and the same, if the conduct involved in Proceeds of Crime Act offence in reality adds nothing to the culpability of the conduct involved in the primary offence, there should be no additional penalty. A person should not be punished twice for the same conduct. That can be achieved either by imposing ‘no separate penalty’ on the Proceeds of Crime Act offence or by a concurrent sentence where the primary sentence is imprisonment.

Following the successes of the Illegal Money Lending Teams in England, Scotland and Wales, the government instituted changes to reform consumer credit regulation in the United Kingdom through the Bank of England and Financial Services Act 2016. The practical implication of the reformed regulations included responsibility for regulating consumer credit from the Office of Fair Trading to the Financial Conduct Authority (FCA):

The FCA regime is already having a substantial positive impact which is helping to deliver the Government’s vision for an effective and sustainable consumer credit market that meets consumer needs. However, the FCA is not best placed

to investigate and enforce certain types of illegal money lending such as the type practised by loan sharks (HL Deb, 2016).

The UK government, in recognising that the FCA was not best placed to investigate and prosecute specific types of illegal money lending, principally loan sharking, highlighted the role of the Illegal Money Lending Teams in England, Scotland and Wales:

Those teams are made up of local trading standards officers who accordingly have broader powers than the FCA to prosecute the particular criminality that loan sharks are involved with, and relevant expertise in educating vulnerable consumers. They are also able to draw on geographically dispersed community intelligence officers who are crucial in identifying localised illegal lenders. The teams work alongside the FCA in policing the regulatory perimeter specifically to target loan sharks and to provide support and advice to the victims of illegal moneylenders. They also help educate local communities about the dangers of borrowing illegally from loan sharks (HL Deb, 2016).

In order to support the regulatory work of the FCA and the investigative remit of the Illegal Money Lending Teams, the Bank of England and Financial Services Act 2016 provided for funding from the Treasury via a levy on consumer credit firms, which is collected by the FCA. In amending the Financial Services and Markets Act 2000, the Bank of England and Financial Services Act 2016 (part 20(b) s.333S (2)) provides that:

Taking action against illegal money lending includes—

- investigating illegal money lending and offences connected with illegal money lending;
- prosecuting, or taking other enforcement action in respect of, illegal money lending and offences connected with illegal money lending;
- providing education, information and advice about illegal money lending, and providing support to victims of illegal money lending;
- undertaking or commissioning research into the effectiveness of activities of the kind described in paragraphs (a) to (c);
- providing advice, assistance and support (including financial support) to, and oversight of, persons engaged in activities of the kind described in paragraphs (a) to (c).

It is important to note, however, that the approach to illegal money lending in Northern Ireland is different to other parts of the UK. Since 2018, The Consumer Council has been funded to provide education and raise awareness of the issues surrounding illegal money lending. However, responsibility for enforcement remains with the PSNI. It is important to recognise that a purely policing approach to tackling loan sharking has been argued to ‘dilute the social policy dimensions of the effort to combat illegal money lending’ (DTI, 2007, p.7). The role of law enforcement, including the context of paramilitary actors who may or may not be involved in illegal money lending, is considered in light of the findings from this research below.

Returning to the judicial impact of the legislative amendments in the UK, the operation of a consumer credit business without a licence is a criminal offence, carrying a maximum penalty of £5,000 and/or up to two years' imprisonment (Director of Public Protection, 2015, p.2). In order to contextualise the severity, or rather the lenience of sentences for illegal money lending, it is instructive to consider the governmental and criminal justice system responses to illegal money lending in other jurisdictions. In the Republic of Ireland, illegal money lending (that is, offering money lending services without a licence) carries a sentence of up to five years' imprisonment and/or a fine of up to €63,486.90 under the Central Bank and Financial Services Authority of Ireland Act 2003 (Citizens Information). In Japan, there has been a consistent approach to increase the maximum sentence for 'loan sharking' to three years imprisonment in 1983, five years in 2003 and then most recently, in 2007, to ten years. Additionally, the potential fine for loan sharking has been raised to 30 million yen (approximately £206,000):

Prosecutions for illegal lending in Japan were also made easier in 2003, since which time evidence of advertising for, or directly approaching people in order to offer, loans has been sufficient to warrant an arrest (Gibbons, 2012, p.22).

Of particular interest in the Japanese approach is the potential civil law recourse for victims to sue the illegal money lender for the repayment of all payments connected with their loans (Gibbons, 2012, p.22). In 2015, Europol forecasted that the continued expansion of organised crime groups into the legal economy was a key threat facing Europe (Europol, 2015). In Italy, from a legal position, a loan is considered to be usurious and illegal if the interest rate applied to the loan is over 50% more than the average level as issued quarterly by the Ministry of the Treasury. However, Marinaro (2017, p.203) notes that the legal response is overtly focused on the actions of legal credit providers and fails to adequately consider the prevalence of the 'distinct informal credit market' despite providing punitive sanctions for unregistered credit brokers:

While obliquely recognising the particular vulnerability of certain actors, the law does not explicitly distinguish between a bank that temporarily exceeds the threshold, and a loan shark who traps a borrower in a cycle of ever-increasing debt (Marinaro, 2017, p.202).

The overarching aim of the anti-usury legislation (Law 108) introduced in Italy in 1996 was to 'fill gaps in the law that previously discouraged usury victims from trusting the institutions and thus forcing them to renounce seeking justice' (Busà and La Rocca, 2006, p.65). In addition to legal provisions regulating thresholds of interest rates above which loans were considered as usurious and illegal, the Italian government introduced a range of strategies designed to prevent people from going to illegal money lenders. One approach was the introduction of a Fund for the Prevention of Usury to help not-for-profit organisations to conduct public awareness campaigns, highlight the dangers of illegal money lending, help people burdened with debt restructure their finances, and support individuals to report illegal money lenders to the relevant authorities. An additional fund was also set up to support entrepreneurs who had reported illegal money lenders

to rebuild or to create new businesses. The fund, entitled the Solidarity Fund for Usury Victims (later merged with a fund for victims of extortion), could only be accessed by individuals who had testified in criminal proceedings against illegal money lenders and whose contribution had manifestly contributed to a conviction.

Significantly, the loan can only begin once criminal proceedings have started, and if the prosecution is unsuccessful the loan can be revoked. Marinaro (2017, p.209) notes that, given that victims of extortion do not have to repay comparable loans, it is indicative of an underlying narrative of usury victims being regarded as, in some way, complicit in crime:

The State appears to make a moral distinction between such victims, which it views as innocent, and usury victims perceived as complicit in a crime. This fails to reflect both the frequent unavoidability of illegal borrowing and the fact that by no means are all businesses that pay protection money 'innocent' of complicity (ibid.).

From a macro-level European Union position, the critical legislative provision is Directive 2008/48/EC on Credit Agreements for Consumers. The overarching aim of the Consumer Credit Directive (CCD), as it is more commonly referred to, was to harmonise the regulation of consumer credit across member states to enhance consumer protection:

In order to facilitate the emergence of a well-functioning internal market in consumer credit, it is necessary to make provision for a harmonised Community framework in a number of core areas. In view of the continuously developing market in consumer credit and the increasing mobility of European citizens, forward-looking Community legislation which is able to adapt to future forms of credit and which allows Member States the appropriate degree of flexibility in their implementation should help to establish a modern body of law on consumer credit (Council Directive 2008/48/EC, 7).

The implementation of the provisions of the Directive apply to legally authorised money lenders and we can extrapolate from the conditions imposed on money lenders that illegal money lending from a legislative position is regarded as either usurious behaviour by legal lenders or lending by unauthorised individuals. Indicative of this focus on the actions of legal lenders, it is significant that the Council Directive contains no reference to the terms illegal money lending or loan sharks.

1.2.2 Policy response to debt

There is no international consensus as to how individual and household debt should be tackled (including legal and illegal borrowing), and state policies vary depending on culture and context (Bouyon and Oliinyk, 2019). In France and Germany, there are lower consumer levels of borrowing and debt, interest rates on loans are capped, and there are greater restrictions on sub-prime lending than in the UK and Ireland (ibid.). Germany has a long-established system of detailed credit checks on individuals prior to allowing access to loans (Deeming et al., 2011), while in France the Scrivener law (1978) has promoted quality of information for consumers (Deeming et al., 2011).

It is also compulsory for all adult French citizens to have a bank account with an overdraft of 50% of a client's income to improve 'financial inclusion' (NICVA, 2013).

Yet such measures restricting the sub-prime market can limit access to credit for lower-income groups, and there is a lack of evidence as to whether or not such approaches impact upon levels of usury or illegal lending (Deeming et al., 2011). While the 'Better Banking' campaign in the UK called for banks to reinvest 1% of their profits into local communities to increase 'financial inclusion', the campaign also called for a cap on interest rates on sub-prime loans (Deeming et al. 2011). However, Bouyon and Oliinyk (2019) have cautioned against any simplistic application of policies that work in one country and context to another, particularly given that in the UK and Ireland there is a substantial proportion of the population reliant on such forms of short-term credit (see also NICVA, 2013).

Two of the most commonly advocated approaches to dealing with debt in the UK and Ireland include, firstly, expanding the Credit Union and Community Development Financial Institution sector (Jones, 2013); and secondly, providing financial education ('financial literacy') training on debt, while promoting the value of saving and balancing budgets (Mosedale et al., 2018). In relation to the former, although Northern Ireland has much higher levels of Credit Union membership than the rest of the UK (38.4% of the population are members compared with just 3.3% in Great Britain), at present only approximately 4% of Northern Ireland Housing Executive (NIHE) tenants are members of Credit Unions (yet those in social housing are at greater risk of requiring a sub-prime or illegal loan) (Jones, 2013).

There is also at present 'little marketing directed at low income or financially excluded groups' in relation to joining a Credit Union in Northern Ireland (ibid., p.10). Often, an individual will have to be proposed for membership by an existing member and/or will have to save a certain amount of money before they can apply for a loan. This is unlikely to suffice for someone in need of a small amount of cash relatively quickly (Burton, 2010). Indeed, despite payday loan companies and loan sharks being identified as the main competitors of Credit Unions in Northern Ireland, it is difficult for them to compete with such lenders as not only is it risky and expensive to provide short-term loans for small amounts of money to those with little or no savings, but the interest rate on loans has been capped in Great Britain for Credit Unions at 3% per month (42.6% APR), while in Northern Ireland it is capped at 1% per month (12.9% APR) (see Jones, 2013; Money Advice Service, 2019).

In relation to improving financial literacy to reduce the likelihood of unmanageable debt, there are disagreements within the literature as to the effectiveness of such approaches. Awareness-raising campaigns have been suggested as ways of highlighting the potential for those on a low income to join a Credit Union as a means of saving and accessing credit (NICVA, 2013). But there is also an argument that by placing the onus upon the individual in financial distress to educate themselves (despite how little they earn), this ignores socio-economic inequality and the policies of austerity that have impacted upon the lives of many people living on low incomes in the UK and Ireland (Mosedale et al., 2018).

The most widely espoused means of tackling debt within the literature (legal or illegal) is widening access to affordable credit for individuals in need (NICVA, 2013), and encouraging greater levels of partnership working between government, the mainstream banking sector, charities, Credit Unions and Community Development Financial Institutions (Deeming et al., 2011). Several examples from international contexts are cited in this regard. In Australia, a no-interest loan scheme was introduced by the Good Shepherd Youth and Family Service in the 1970s, which provides loans of between AUS\$800–\$1,000 (free of interest and fees) (NICVA, 2013). In France, in January 2005 a social cohesion fund was established between the government, banks and finance institutions to provide small loans (between €300–4,000 repaid over 48 months) for those who do not otherwise have access to mainstream credit (Deeming et al., 2011).

With the ending of the Social and Growth Funds in the UK (which provided emergency loans to those in financial distress), the financial difficulties associated with the moves towards Universal Credit are likely to be exacerbated for many people in receipt of public welfare. Given that the £500 million mitigation package for those living in poverty in Northern Ireland is also due to end by 2021 (NIHRC, 2019), consideration must urgently be given to how best to support those in debt in Northern Ireland, and particularly those most at risk of having to resort to using illegal money lenders or loan sharks.

1.2.3 Summary

Illegal money lending is a multifaceted and all-encompassing issue facing many individuals and families across the UK and beyond. From a definitional perspective, a detailed analysis of existing research and policy directives pertaining to illegal money lending reveals that there is a distinct and nuanced difference between the legislative understanding and the practical, lived reality for people within working-class communities. Within a legislative and governmental framework, illegal money lending is a broad term that encompasses associative terms such as 'usury', 'loan sharking' and 'unauthorised lending' amongst others. Consequently, there is both a conflation and a confusion in how these terms are used in relation to illegal money lending and generally the terms have come to be used interchangeably. Notably, the critical correlation between the terms is the divergence from, or the disregard for, regulatory rules governing the legal lending of money.

From a criminal justice and policing approach, a review of the legislation, case-law and approach of the Illegal Money Lending Teams across the UK illuminated the interpretation of 'loan sharking' as the charging of extortionate rates of interest in a clearly exploitative manner. The key legislative provision for prosecuting illegal money lending in the UK is the Bank of England and Financial Services Act 2016. The criminal justice system construct of illegal money lending is overtly focused on lenders that operate without a licence. However, given that the failure to maintain repayments to illegal money lenders, or loan sharks, often incurs threats of and or use of violence against the debtor, it is important to note the capacity for the criminal

justice system to utilise legislation, such as the Proceeds of Crime Act 2002 or the Offences Against the Person Act 1861, concomitantly with the aforementioned Financial Services Act 2016.

In order to fully comprehend the complexity of illegal money lending, it is important to understand the socio-economic, historical and cultural context in which such lending occurs. Moving beyond a linear legalistic or economic-based definition of illegal money lending, the review of the literature highlighted the social impact of debt and money lending. Illegal money lending is not a uniquely contemporary phenomenon; rather, it has been an intrinsic part of many working-class communities for generations. It has become a sociocultural pillar for many people on low incomes as a normalised means of accessing additional and alternative forms of credit. Although there is no single reason why people use illegal money lenders, some of the primary reasons suggested within the literature are as follows:

- Consumers have exhausted all available legal sources of credit (they are deemed too ‘high risk’ or the amount of money they require is too small to meet the threshold for a loan from a bank/building society);
- Consumers are unaware of their eligibility for accessing resources through legal money lending organisations;
- A sudden and unexpected change in circumstances necessitating quick and convenient money;

- A change in personal circumstances due to the death of a loved one, loss of earnings due to ill-health, addiction, or difficult/abusive domestic relationships;
- Individuals view using illegal money lenders as a relatively ‘normal’ interaction within their community;
- ‘Vulnerable’ individuals, usually on low incomes with few alternatives, are targeted and exploited by opportunistic illegal money lenders.

The literature review has identified that illegal money lending is a significant problem in many communities across the UK and further afield. It is perhaps its embeddedness as a sociocultural norm within communities, combined with persisting socio-economic inequalities, that significantly contributes to its prevalence as a community resource, and to the difficulty in combatting it from a criminal justice and policy perspective. The literature points to a correlation between illegal money lending and OCGs (such as paramilitaries in the Northern Irish context); however, there is a general lack of reliable data as to the extent, scale and impact of their involvement. Much of the evidence is often anecdotal and refers to the fear of victims, or explicit threats being made to debtors upon their inability to maintain repayments on loans taken out at extortionate rates, when they are in most financial need.

Glossary

1. Predominantly within the Old Testament, such as Exodus, 22:25; Leviticus: 25: 35–37; and Deuteronomy, 23:19.
2. A contraction of the Japanese words for ‘salaryman’ and ‘cash’ (see Sterngold, 1993).
3. Sixty-two per cent of this figure of £44 billion is estimated to have come from drug trafficking, particularly cocaine (Europol, 2013, p.14)
4. The English word ‘usury’ is derived from the Latin word usura or ‘interest’. However, Goldstock and Coenen (1980, p.139) refer to how the terms ‘usury’ and ‘interest’ have changed meaning over time. They note that in Roman and Greek law, ‘interest’ tended to mean compensation for damage to the loaner by failure to repay; it was only after the establishing of a legal rate of interest did ‘usury’ come to specifically mean an exorbitant charge for a loan that exceeds the legal rate of interest. ‘Interest’, in modern parlance, now tends to refer to the ‘added rate charged rather than original usage in terms of compensation for damage/harm to the individual who loaned the money’ (ibid.). Anatocism refers to ‘the interest on the interest’ of a loan.
5. The term ‘predatory’ is important in the etymology of the term loan shark, given the predatory instincts of sharks in the oceanic food chain.
6. Translation provided by Marinaro (2017, p.203).
7. To compound matters further, another definition is proffered by Savona and Michele (2015, p.81), who link ‘usury’ to ‘loan sharking and ‘illegal money lending’, and define it as ‘the lending of funds through illegal channels at a high interest rate to a person or a company usually in economic difficulties’.
8. Interestingly, Jeff Beck had a Top 30 UK hit in 1967 with a song called ‘Tallyman’, entirely about a prolonged ‘cradle to grave’ doorstep/debt relationship. The word clearly still had currency in Britain in the 1960s.
9. The usage of pawnshops rapidly declined during this period.
10. O’Connell notes that, at times, already difficult circumstances were exacerbated by the ‘reckless’ behaviour of some men in working-class households in terms of drinking or gambling large parts of their wage away before household bills had even been met.
11. According to O’Connell (2009, p.5), ‘in 1960 the average Littlewoods agent had 16 customers. By 1997 this had fallen to just 2.8 [2 of whom were usually from the same household as the agent].’
12. Northern Ireland has, however, been historically more dependent on the Credit Union sector than the rest of the UK. Thus, ‘in the early 1990s, Credit Unions provided 0.1% of all personal loans in UK – but in Northern Ireland at that time, it was 8%’ (O’Connell, 2019, p.10).
13. Thus, ‘The companies who thrive today on their ability to offer loans to low-income families do so because of the quasi-monopolistic position that they enjoy with their customers. But they also succeed because their service is familiar and convenient for those customers as it is based upon face-to-face relationships and community networks’ (O’Connell, 2009, p.7).
14. Including those on ‘zero hours’ contracts and those who work in the ‘gig economy’.
15. Christians Against Poverty found that ‘approximately 75% of their debt advice clients who were in a relationship had suffered, including one-quarter whose relationship had ended as a result’ (Mosedale et al., 2018, p.319).
16. This was prior to FASA ceasing operation in 2016. A number of the services provided by the organisation were taken on by EXTERN (see BBC Northern Ireland, 2016).
17. The report was based upon a sample of 55,000 households. It identified the average ‘British’ median savings at £1,094 (Legal and General, 2012, p.5), although this figure excludes Northern Ireland, which tends to be overlooked in the research generally.
18. ‘Financial inclusion’ has been defined by the World Bank as meaning ‘that individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustained way’ (World Bank, 2018). Those most likely to be ‘financially excluded’ are: women; young people; older people; lone parents/single people; those with lower education levels; and those on lower income levels (Deeming et al., 2011).
19. This is also lower than the current unemployment rate in the Republic of Ireland (5.3%) and the EU generally (6.6%) (NISRA, 2019, p.1).
20. The figures correspond to the year 2017/2018 compared with 2016/2017. Anyone or any household earning £304 or less per week in 2017/2018 was deemed to be living in poverty; those on £288 were deemed to be living in ‘absolute poverty’ (see DfC, 2019b).
21. Long-term unemployed is defined as anyone out of work for one year or more.
22. According to the ASDA Income Tracker December 2018: ‘Discretionary income reflects the amount of money remaining after the average UK household has had taxes subtracted from their income and bought essential items such as: groceries, electricity, gas, transport costs and mortgage payments or rent’. The average discretionary income in Northern Ireland is £109 per week, which is £38 per week lower than the North East of England, the next lowest region.
23. More commonly referred to as the ‘payday loan’ sector, although this is technically erroneous as a ‘pay-day’ loan is only one form of sub-prime loan.
24. However, its contraction in more recent times will be considered before the end of this section. One argument made in terms of applying sanctions that restrict the sector (such as a cap on interest rates) is that if there are fewer legal options, individuals in need of cash quickly may seek out ‘illegal money lenders’ and loan sharks if their other options have been restricted (Deeming et al., 2011).
25. But as Bouyon and Oliinyk (2019, p.7) note, ‘even at its peak in 2013, this accounted for only 1.5% of total MFI consumer loans’. So, despite the growth in the sector in recent years, it still only accounts for a small percentage of the overall UK consumer credit market, estimated to be worth £180 billion (Lawrence and Cooke, 2014).
26. For example, ‘QuickQuid’s’ APR is 1,294.1% (see QuickQuid, 2019). However, it has been argued that APR is an unfair means of judging ‘payday’ loan value for money, as such figures do not apply for loans that are repaid over a much shorter period of time than one year (Mosedale et al., 2018).
27. Both these firms are currently out of business/not accepting new loans and as noted above are representative of a wider contraction in the sub-prime loan sector that will be discussed later in this report.
28. The individual in question usually needs to be employed.
29. On this point, Lawrence and Cooke (2014, p.12) note that ‘nearly half of all payday loan users said they took one out as they could not access other forms of credit’.
30. As Mosedale et al. (2018, p.319) point out: ‘Banks generally do not provide the sort of small, short-term loans poorer people typically need at short notice.’
31. One research study found that ‘the most common reason to take out a ‘payday’ loan was to pay for living expenses (41%); followed by household emergencies (35%); then utility bills (32%). Mortgage or rent was also cited by a significant minority’ (Lawrence and Cooke, 2014, p.16).
32. However, it has been suggested that most users of ‘payday’ loans in the UK come from the north-east of England and Scotland; not the south-west of England and London (Burton, 2010). This report does not mention Northern Ireland in this regard, although one would assume that given the socio-economic and cultural conditions are closer to those of the north-east of England and Scotland than the south-west of England, higher levels of ‘payday’ loan usage are likely to be experienced within some communities in Northern Ireland.
33. This contrasts with the situation in the United States, where borrowers tend to be older, and with children (see Burton, 2010): ‘In the US adults without bank accounts and those with impaired credit histories make

- extensive use of payday loans. In the UK, this is not the case. While 67% of payday loan borrowers in the UK have an income of below £25,000, this is lower than in the USA, where it is closer to 75%’ (ibid., p.5).
34. According to Lawrence and Cooke (2014), in June 2013, the Office for Fair Trading (OFT) referred the entire sub-prime lending sector to the Competition Commission as 90% of lenders were found to be non-compliant with OFT guidelines. The study suggests that more than 25% of lenders did not conduct affordability checks, while approximately one third of loans were ‘rolled over’. These ‘roll over’ loans accounted for almost half of all sub-prime organisational revenues.
 35. NICVA (2013) suggested that a Trading Standards survey in Northern Ireland revealed that of 29 loan companies, the majority did not adequately explain to borrowers the consequences of their failure to repay the loan on time. The survey also revealed that many lenders were unable to quote their APR rates, which was in direct contravention of consumer legislation.
 36. Interest rates tend to be high, not only due to the risk of clients defaulting on payment, but also because the staffing and administrative costs of administering relatively small loans over a short period of time leads to small profit margins on individual loans. Unfortunately, the lucrative aspect of the sub-prime loans business is in either securing a high volume of customers taking out loans, or in loans that continue to ‘roll over’ and accrue interest and additional charges (Bouyon and Oliinyk, 2019). Indeed, Bouyon and Oliinyk further suggest that for an average loan of £327, a sub-prime lender requires the client to take out and repay three loans to ‘break even’ and recover the costs of advertising and administration.
 37. In another cross-European study of criminal networks and activity, only ten studies were identified on ‘usury’, nine of which related to Italy (see Savona and Michele, 2015).
 38. The report continued by stating that turning to loan sharks is ‘The option of last resort in ‘pockets of deprivation’ – but this is anecdotal’.
 39. Malcolm and Curtin, (1968, p.766) refer to the ‘vigorous’ (or vig), which is the ‘underworld term for interest and other charges imposed on a loan’.
 40. Using one example, Goldstock and Coenen (1980, p.133) comment: ‘The gambling in the plant – mainly on sports – had been taken over by a Mafia mobster. Over a month John X overextended himself and lost much more than he could afford. The underworld character was willing to loan him \$100 but John X would have to pay back \$125 at the end of the week. He couldn’t. Another loan. The debt grew. The threats came. Two musclemen visited X’s home at dinnertime. They threatened X’s wife and children. The next day an envoy from the mobster met him with a smile. ‘Everything will be considered square’, he said, if X would finger the next shipment of television sets. X was so frightened he did it. The hijacking misfired and X was arrested.’
 41. In the words of a former loan shark: ‘People who borrow from a juice operation do so only because they really need it after they have been frozen out of other sources for money. They mostly figure that the only time you can get a bank to loan you money is when you prove you don’t need it’ (Goldstock and Coenen, 1980, pp.137–138).
 42. They suggest there is, however, huge variation on the APR applied by different loan sharks depending on several factors, including the size of the loan and the status of the ‘client’. APR rates can vary from between 52–1,000% APR.
 43. From an Italian perspective, it is instructive to note that rather than individuals borrowing for private personal or familial reasons, often business people avail of the services of illegal money lenders to finance their businesses (Marinaro, 2017).
 44. This does not mean that these authors are suggesting the paramilitary organisations are not involved in these practices – rather, that the terms ‘extortion’ and ‘racketeering’ are used as ‘catch-all’ terms to include this form of activity, without necessarily providing any specific detail on it.
 45. Operations Waggel, Microscopical and Midwifery were a part of the Paramilitary Crime Task Force (PCTF) Operation MOILE. The PCTF is a joint taskforce created to target crime by paramilitary groups (see NIO, 2015; NCA, 2018).
 46. The Financial Inclusion Centre (FIC) has provided estimates to suggest that the usage of illegal loan sharking may have risen by 22% between 2006–2010; however, it is very difficult to corroborate this statistic given the general lack of evidence (see, NICVA, 2013, p.2; FIC, 2010).
 47. Similarly, a recent submission by the Northern Ireland Human Rights Commission to the UN Committee on the Elimination of Discrimination Against Women referred to a rise in loan sharking as a result of 2010 social security reforms, which have resulted in ‘Northern Ireland women ... turning to paramilitary-operated illegal lending’ (NIHCRC, 2019, pp.34–35), although, in making this statement, the report references previous desk-based work such as the NICVA (2013) report rather than any empirical data.
 48. The 2007/2008 financial crisis resulted in the UK suffering the deepest recession since the Second World War. Some financial markets were effectively closed and others were so badly damaged that businesses and households were unable to secure the finance they needed (see Bank of England, 2019).
 49. See Del-Río and Young (2005) on the impact of debt generally on mental health and stress.
 50. See Bermeo (2017) on the gendered dynamic of home credit.
 51. The report notes that: ‘Illegal lending generally occurs in close-knit, closed communities and lenders are often well known, with business built up through social networking. Most relationships between illegal lenders and their customers are based on fear and intimidation with lenders seeking to control their customers with a range of coercive practices. Intimidation and violence ensure that payments to lenders are prioritised while protecting lenders from reporting. Control is further reinforced by the taking of illegal securities, particularly those that control access to victims’ income, such as benefit books and cash cards. Non-payment can result in some borrowers becoming enmeshed in sexual exploitation and criminal activities, including drug dealing and prostitution’ (DTI, 2007, p.17).
 52. Assets and money recovered by Illegal Money Lending Teams in the UK is utilised for a range of projects including designing educational resources for schools to warn young people of the dangers of loan sharking (see Birmingham City Council, 2019).
 53. The Proceeds of Crime Act 2002 Amendment (Scotland) Order 2011 (No.231) [sch.4(e)]. The Consumer Credit Act 1974 (c.39) was significantly amended by the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) (No.2) Order 2013. Indeed, section 39(1) has now been omitted from the Consumer Credit Act 1974 by the 2000 Act.
 54. Consumer Credit Act 1974 (c.39) s.189(1).
 55. R v Dowse [2017] EWCA Crim. 598 at 215.
 56. R v Greaves [2011] 1 Cr. App. R. (S), p.72.
 57. Law 108 of 1996, Anti-Usury Legislation. See Marinaro (2017, p.203).
 58. Lane and Rodrigues (2015) suggest that mainstream banks could have done much more to support those relying upon sub-prime loans.
 59. See Consumer Council (2018). There are at least 460,000 members of Credit Unions in Northern Ireland with 90,000 junior savers. Credit Unions in 2013 held £942 million in savings and made loans of £522 million (see Jones, 2013, p.10).
 60. This is particularly the case since many staff implementing the new Universal Credit payments system appear unaware that claimants must continue to apply for split payments in person until the end of the review of the payment system in 2023 (NIHRC, 2019, p.35).
 61. Mitigation measures were put in place in response to the potential effects of welfare reform through a system of supplementary welfare payments by A Fresh Start: the Stormont Agreement and Implementation Plan, an agreement by the Northern Ireland Assembly (see NIO, 2015).

2. Illegal Money Lending Project – Findings and Discussion

2.1 Core characteristics of illegal money lending in Northern Ireland

A principal task for this research was to probe the current nature of illegal money lending in Northern Ireland by drawing upon the knowledge and experiences of key stakeholders working in the types of sectors where illegal lending could be causing identified problems within their day to day operations. The research team focused first of all on the concept and definitions of illegal lending before attempting to build a picture of the lenders and those who access their services. These will each be looked at in turn.

2.1.1 Definitions

From the interviews and focus group with key stakeholders it was evident that illegal lending is a complex and multifaceted issue, with research participants providing a range of definitions of the problem.

Most of those interviewed focused on the difference between formal (regulated) lending and informal (unregulated lending) with informal lending described as unregistered lending from one person to another outside of the controls of the Financial Conduct Authority. Most were happy to refer to such practices as illegal money lending although other terms such as ‘loan sharking’ and ‘unauthorised lending’ were used interchangeably and led to an impression across the research team that respondents were unconcerned by the label assigned to it as long as the practice met the core description of having occurred outside of the regulatory rules governing the legal lending of money (FCA, 2017, para. 1.1.). Interestingly, this placed other forms of doorstep lending outside of the definition of illegal activity; however, in practice, when dealing with problematic lending practices, this form of lending was still described as being a major issue by the research participants.

Respondents also referenced the interest rates charged by lenders as being a key factor in identifying the legitimacy or illegality of lending. This centred on the charging of high or even extortionate rates, operating without a cap on interest rates, or being able to change the terms and conditions, including the interest rates, during the loan period.

Instead of focusing too much on formal legislation and legal definitions, several respondents referred to the characteristics of the consumer, normally from working-class districts, and the means employed to ensure they complied with the terms of the loan, including coercive measures such as violence and intimidation, as being central to their conception of illegal lending:

For me, the illegal lending of money is something which occurs primarily in working-class areas, for extortionate interest rates. The threat of violence for non-payment underpins the agreement. (Focus Group)

There needs to be enforcers involved, otherwise the debt has no weight. In one case, a neighbour owed money. Then his son turned up and asked for the cash and it was a neighbour. It may also not be fully presented to us by clients: owed to ‘a family friend’ for the client might be understood as paramilitaries outside. In some areas they may not be telling us. (Int. 4)

From such a perspective, Northern Ireland was described as being potentially unique as the history of violent conflict and the ways in which it has defined relationships within communities has ensured a complexity and nuance in money-lending practices that ensure that it cannot be compared easily with the rest of the UK. This will be explored further in terms of the characteristics of the lenders and those accessing their services.

2.1.2 Who are the illegal lenders?

Respondents sorted those involved in illegal money lending into two broad groups: paramilitaries and ‘regular’ members of the community. However, in practice, the identification of those involved was far more difficult, with no consistent clarity as to the characteristics, affiliation and legitimacy of such people. Two common identifiers were evident, however. Firstly, the money lender has to have some form of local influence or legitimacy. In Northern Ireland’s post-conflict landscape, this influence has tended to come from paramilitary groups, although this was often quite nuanced in terms of whether it was direct participation or through an indirect form of affiliation or assigned authority. When set against the complex local, geographical and cultural context of Northern Ireland, it became increasingly difficult to separate the issue

of paramilitarism from the broader illegal economy. Because of their pervasive influence in some areas, many believed that paramilitaries were certainly heavily involved, though not necessarily directly organising lending themselves:

There are often strong connections between lenders and paramilitaries. In some circumstances, the paramilitaries could be the direct lenders for the profit of the organisation; in others circumstances, it could be individual members of paramilitary groups lending for their own profit; and in other circumstances, it could be lenders with connections / support from paramilitaries, with no direct affiliation to them. For example, there was an elderly woman lender in one community who carried out all the lending. (Focus Group)

Most of the cases we are seeing involve paramilitaries or there is a paramilitary somewhere in the background providing legitimacy for the lender to operate. (Int. 6)

They [illegal money lenders] are generally found in very low-income areas or areas of high deprivation. There is usually paramilitary or organised crime gangs influencing or controlling the flow of the money into the market. (Int. 13)

We have also seen cases where the lender was not associated with paramilitaries but was claiming that he was. Paramilitary involvement can involve direct lending or as a tax on someone to operate in their area and avail of their ability to intimidate those who are not paying back debt. (Int. 15)

There is no way illegal money lending is not going on. Coercive control of areas means that nothing happens, including enforcement, without paramilitary knowledge. But illegal lending goes back further than paramilitaries. Informal systems have always occurred, so rather than being invented they are tolerated as part of normal. (Int. 4)

However, it was also frequently argued that the involvement of paramilitaries was much more indirect or ambiguous, with illegal money lending often being carried out directly by well-known community members operating without any internal organisational control:

I expected it [links between illegal money lending and paramilitarism] to be in all the towns. But it turned out not to be the case. In Carrickfergus, Larne and Newtownabbey this issue is raised. But not so much in similar places elsewhere, like Portadown and Newtownards. (Int. 4)

Paramilitaries are involved in all of it – community development, drugs, money lending the lot. Does that mean that all money lending is paramilitary? – no. Does that mean that money lending is a paramilitary programme? – no. (Int. 5)

Paramilitaries need to be stopped, but it is also the ordinary people on the street doing it. Everyone knows who they are. Everyone knows their rates. There are always connections between these independent people and paramilitaries. (Int. 3)

In certain areas, they would be paramilitary-related. This would be more urban areas. In rural areas, it would be more someone who had a family that has influence in this area.

But it is very difficult to get a scale of the problem. There is a sense that some [paramilitaries] are doing it directly and others are merely taxing those lending money in the area they control. (Int. 9)

Not necessarily paramilitaries but more of a prominent figure in the community who goes to your wedding and your kid’s christening, part of your family almost. (Int. 7)

The system of financing is opaque. Is the money lender in an armed group? Or is it a known person? Are they enriching themselves or the organisation? (Int. 4)

Secondly, the lender had to have the ability to carry out enforcement measures to recoup the debt or find some other means with which to settle it, such as coercing someone to help facilitate criminal activity.

For all of these transactions/lenders to be successful there had to be some legitimate threat of violence. (Focus Group)

This is about adding legitimacy to the role of criminal gangs – they use illegal money lending as a way of establishing a role in their community as well as showing their strength. (Int. 1)

From the experiences of the participants, it is local paramilitaries or subsidiaries that have it all sewn up. Or they have levied a debt on someone for an action or a perceived action, i.e. you owe us a debt for doing this. It can be a non-financial solution, e.g. leaving a door open somewhere. (Int. 13)

Several of those interviewed noted that illegal lending was also taking place from within minority ethnic communities including Chinese and Eastern European populations. Commonly, illegal lending transactions only occurred ‘within’ the community with little or no cross-pollination.

It was explained that links to paramilitary organisations were either minimal or non-existent in such communities, with illegal money lending and the associated problematic debt tending to be associated with gangs engaged in other illegal activities such as unregulated gambling, immigration offences including human trafficking, and the drugs trade:

Not clear evidence, but reading between the lines I suspect that it is big problem in Polish and Romanian communities where the close-knit nature of these cultures and fear of reprisals by prominent people ensures they do not seek help. (Int. 9)

In the Chinese community it tends to be most serious with respect to backroom casinos, where people can lose their car, their deeds to their restaurant – I even heard of one case where a local person lost £115,000 in just one evening. (Int. 8)

As one respondent proposed, the close-knit nature of these cultural groups and a tradition of not talking to outsiders ensured that they were effective in hiding such practices:

A common theme is that they are in this together so if something happens, they close ranks. One gang is universal; hence, there are no turf wars attracting bad publicity. They are a small close-knit community, so the police or those

outside of the community will never hear about it. There are big fears of reprisals from OC gangs for going to the police. (Int. 8)

The link between illegal lending and other crimes was also a core characteristic in local communities, with a particular issue being the trade in drugs. Many respondents reflected on the link between drugs and debt, with young men in particular at risk of falling into debt from borrowing money to purchase drugs:

They [young men] often lived in the short term, borrowing money to buy drugs, in some circumstances with no intention of paying the money back. This could lead to violent retributions or potential recruitment into selling drugs to pay back their debts or even being recruited for paramilitary activity. (Focus Group)

It's all to do with drugs. Feeding their habit. The lenders may say, 'Instead of giving you money, I can give you a lend of coke', then they sell the coke to get their money. But because they are addicts, they take the coke themselves and then are in more debt. It then increases and increases. (Int. 3)

Drugs are often the starting point for debt based on the 'on-tick' system. One client started taking drugs in prison – we saw him in for over a decade trying to deal with his debts. The paramilitaries use such debts to recruit people into the practice of drug dealing on their behalf. (Int. 6)

It's more about someone was supposed to sell x amount of drugs for x amount of money and [they] end up taking them or losing them and [are] then asked for the money. When they can't pay, they are placed under threat. (Int. 12)

[With] larger debts, it is usually someone has been caught with a large amount of drugs and then the debt falls on them. You have to make up the loss. (Int. 13)

In summary, it would appear that paramilitary groups have played and continue to play an important role in facilitating or profiting from illegal money lending; however, the nature of their involvement and the activities underpinning the debt can vary greatly across a range of cultural and geographical contexts, ensuring difficulty in applying any one definition to such a broad range of activities. The next section focuses more on those who borrow from illegal money lenders, considering a number of important factors and vulnerabilities that appear to be key in the appeal of illegal money lending, which together can give a sense of its prevalence.

2.1.3 Difficulties assessing the prevalence of illegal money lending

Gauging the true extent of illegal money lending in Northern Ireland has historically been a difficult process. Those operating in the law enforcement and citizen advocacy fields have frequently reported either a lack of evidence or highly varied accounts of its prevalence. However, a number of themes emerged during the research that go some way towards explaining why information has been so difficult to uncover, and shedding more light on its prevalence.

Firstly, almost every organisation and individual interviewed referenced the hidden nature of illegal money lending:

We looked into it with [our] own research and found that it is hidden. People are not disclosing to advisors at all or are just lying and saying their debt is from another form of funding. (Anon)

When pressed, respondents agreed that two factors in particular were contributing to members of the public's unwillingness to share their experiences with citizen advisors or the police: fear and embarrassment. Beginning with the former, it was noted that within Northern Ireland there continues to be a reluctance within many communities to speak to the authorities due to fears that an individual doing so could be labelled an informer and invite reprisals.

It is predominantly due to fear. They are scared that if an advisor finds out the source of their debt, they will take action (this is not true by the way), causing the victim to be labelled a tout in their local community, placing them and their families at risk. This is especially the case when paramilitaries are involved. (Anon)

Those actively involved in advising members of the public also speculated that their clients may be hiding the true source of their debt due to embarrassment that they have had to resort to such lending in the first place. This was particularly problematic as vague or untrue information ensured that advisors were unable to negotiate with lenders in the normal way, in order to secure a freeze in charges and interest or to negotiate a more realistic repayment schedule. It is vital that they find ways to encourage people with these issues to open up:

It is only when you work with people for a period of time and build up a relationship that they then may say, 'I owe money to a money lender, he is putting pressure on me and my family, you know, a threat has been made, my door has been kicked in' etc. People may open up about it because their back is to the wall. (Int. 13)

As members of the public who are accessing the services of illegal money lenders are not always sharing their experiences, advocacy groups, community organisations and law enforcement agencies have had to become adept at spotting both the symptoms and the vulnerabilities that may indicate that members of the public have a problem.

2.1.4 Vulnerability and the symptoms of lending

For many of those interviewed, the reasons that people borrowed from illegal lenders were related to a range of vulnerabilities including poverty-related issues, such as paying for gas / heating / electricity, etc. or purchasing necessities such as food / clothes, with the problem having been exacerbated in recent times by the economic downturn and changes to the benefits system brought about by austerity. Several respondents described a situation where the areas they service have become increasingly deprived with a lack of well-paid work, ensuring that people have become dependent on lending to supplement their household incomes. As one interviewee explained:

There are times – for example, when kids are going back to school, Christmas, Easter – that are all pressure points. If

you cannot go to legitimate sources you go to illegal ones. And they will be like, 'Och, sure there's another £150 that will tide you over', give you extra. But they are still charging interest on that. They do not let you off the hook once they know you can't pay back the loan. (Int. 13)

Universal Credit was repeatedly described as a driver for illegal lending, with the changeover from the previous benefits system of Income Support frequently creating problems for members of the public. In particular, citizen advocacy groups spoke frequently about the harm caused by the four- to five-week waiting times and issues with short-term benefits loans that were then repaid from future benefits, ensuring that benefit claimants were always short of the funds they needed to support their household, leading them to look to other means of getting the money they needed:

Universal Credit is a big issue. See, if you were on Income Support and you were switching over to UC it can be straightforward and take four to five weeks. But if you have a change of circumstances, they bring you back to the very start. Then they lend you money, but then take it out of your money when you finally get it. You do not really benefit from it. (Int. 3)

Austerity and welfare reform has led to a need for desperate people seeking out illegal lending. The introduction of the five-week waiting period ensured that we saw desperate mothers who, needing to feed their kids, borrowed £500 [and] when they couldn't pay a week later, they were lent £1,000 and only given £500 again. (Int. 6)

Universal Credit, there is a five-week wait before you get your first payment. Yes, you can apply for UC in advance of getting out, but that will be used up in a few days because they will be repaying friends and family. That money will not last five weeks until the first payday. (Int. 13)

It was noted repeatedly that the reliance on illegal money lending to pay for such basic amenities could result in borrowers being stuck in a never-ending money-lending cycle where people accessing the illegal lending were losing track of what they owed and subsequently what they would have to pay back, with lenders charging interest inconsistently, often based on the circumstances of the borrower and their ability to pay back:

They borrow money each week to get them through to the next week and then have to do this every week, but in most circumstances the transactions / agreements were not based upon mathematical equations or percentages and were more arbitrary in nature. For example, if you borrow 50 you pay back 70. (Focus Group)

It is extortion, there is too much of it, it is happening every day in deprived areas, people taking advantage of each other. I know people that put 100% interest on it. You get £200, you pay £400 back. (Int. 3)

For many of these young men this could have negative implications for their families. Their mother may have paid initially, then got herself into debt, and then a vicious cycle emerged. (Focus Group)

People are desperate to get the money, but they quickly lose any sense of how much they need to pay back and when. (Int. 6)

Although hidden, several of those interviewed described how they had come across evidence of a coercive power dynamic between lender and borrower, including the use of violence or intimidation, signs of overt poverty due to an inability to purchase goods and utilities, or the pawning or seizure of possessions:

What happened in some areas was that doorstep lenders became bailiffs, walking into a house and saying, 'Can you pay? Okay, you can't, I'll take this flat-screen TV then.' (Int. 6)

Signs of intimidation are the main symptom – people reporting being under threat but not saying why. (Int. 6)

But if you borrow and can't pay, the responsibility shifts to your family, your wife and kids and your parents and other extended family. They will come and ransack your house or carry out other methods to increase the pressure. (Int. 8)

Normally, a family member or a community rep are reporting rather than a direct victim. Anecdotally, people will be subject to threats, intimidation, fear for their personal safety. We are finding a lot of benefits books or bank cards when searching houses for other OC activities. (Int. 7)

When one of the food banks decided to deliver a parcel to a family rather than have them collect it, they found the house had no heat, light or hot water, having been cut off due to unpaid bills. It turned out their son had run up large debts with paramilitaries and had then fled the community, leaving his parents to pay. (Int. 14)

However, for others, violence and intimidation was not something they saw a lot of in their roles:

Ninety per cent of illegal lending transactions do not incur retribution. This provides the lenders with some degree of legitimacy within communities. (Int. 11)

We have also not seen any evidence of reprisals for those who have not been able to pay their debt. (Int. 9)

The topic of coercion and intimidation was discussed at length in the stakeholder focus group, with those present reflecting on the role of paramilitary groups. In this regard, the connection between the loan and the retribution for non-payment was crucial. The loan created a coercive power dynamic between the lender and borrower. However, the enforcement mechanisms or retributions for non-repayment were again arbitrary and subjective. It was noted that for young men who did not pay, it was common for violent repercussions; for women / the elderly, the lender might turn up at their place of work, or wait at the Post Office on the day their benefits are received, or even maintain possession of their Post Office cards.

This was referred to as part of the PR of being a money lender. You had to keep the community on your side. In a community, there was a consensus that violent punishment was acceptable for young men, but not for other demographics. In a similar vein, the lenders may make exceptions for people who were

in abject poverty – for example, the person who was able to prove all the food in their house was from a food bank. When stories similar to this circulated in communities, they reinforced the communal support for the illegal lenders.

However, other respondents noted that this was a balancing act for the paramilitaries as it was imperative that they were not be seen as weak, ensuring they must pursue whoever they can to get their money:

For some, the only hope is to ‘settle’ the debt. They ask the paramilitaries how much it would take for them to go away. In one case, a client had just received his pension after ten years of debts. They quoted him 35K and he cashed in his pension to be free of them. It was likely he only borrowed a small fraction of this. (Int. 6)

With such pressure to pay being exerted on member of the public and the underlying difficulties of having to ‘make do’, it was unsurprising that mental health was an issue that was raised repeatedly with respondents keen to make the connection between illegal money lending and a range of problems including stress, well-being and even suicide:

Mental health problems and suicide linked to pressures of needing to pay back these debts. Attempts to receive discretionary benefits [are] another symptom, normally for a fabricated or side issue when the money is really needed to pay the lenders. (Int. 6)

People come to us that are stressed and worried. It impacts their mental health. Mental health is clearly linked to your socio-economic environment, so illegal money lending will always come back to us. Financial stress, Universal Credit, in debt already. Financial debt and mental health are interlinked and intertwined. (Int. 3)

Financial stress not only impacts yourself, it impacts how you are going to be eating, things that you can do, impacts your kids’ lives, impacts the activities that they can do, if they can afford to do afterschool activities, play a musical instrument. That is going to have an impact, and it may have an impact on your mental health. (Int. 3)

In summary, it is evident that the illegal lending of money is not a single phenomenon, but is a complex and multifaceted issue that interacts with a variety of poverty and political issues in a context where legal money lending is often seen as punitive. Although complex and locally variable in nature, it appears to be happening in a variety of communities across Northern Ireland, with real consequences for those affected. The next section considers the work currently being done to prevent illegal money lending and combat its worst effects.

2.2 Policy and prevention

Throughout the research process the research team heard countless examples of good practice in responding to illegal money lending, but we also heard of a series of issues that were hampering effective law enforcement and policy responses. In the following sections we explore the main approaches to combatting this problem and make recommendations for ways in which service delivery and enforcement can be improved, if the necessary support is provided to hard-pressed organisations.

2.2.1 Law enforcement – issues of resources, evidence, specialisation and prioritising

In England, Scotland and Wales, official Illegal Money Lending Teams have been operating since 2004 to tackle the practice of illegal money lending. They adopt a multi-agency approach and the teams consist of seconded police officers, financial investigators, victim support services and intelligence and phone forensic experts. However, as mentioned above, Northern Ireland differs from the rest of the UK as it does not have a dedicated Illegal Money Lending Team. Instead, The Consumer Council are funded to provide education and awareness raising, and the PSNI are responsible for enforcement. Across both elements of data collection there was a general consensus amongst participants that the PSNI should have the principal responsibility in tackling illegal lending within communities in Northern Ireland. However, they suggested that due to a range of impediments, including restricted resourcing, illegal lending was a low priority for the PSNI:

There is a general belief that the police are not concerned about the illegal money lending transactions within communities, unless there were direct and transparent links to paramilitaries and / or organised criminal enterprises. (Focus Group.)

It is not a big crime. They [PSNI] do not get the resources for it ... they turn a blind eye to that and small-level drug deals ... they are not interested in the smaller issues, such as money lending or fake goods, but that is wrong. It is these smaller endeavours which fuel the organisations. (Int. 3)

While there was a consensus that tackling illegal money lending may have been low on the PSNI’s list of priorities, some respondents understood the police’s role in tackling paramilitarism as a whole. Their duty was to close down paramilitaries in all their activities, not just focusing on money lending, which is smaller in scale. However, some respondents felt that focusing on the connections between illegal lending and paramilitaries neglected the complexity of the issue:

Our experience is that the PSNI response is based on their paramilitary task force, but the problem is a lot more complicated than that. It is not just paramilitary groups, there are lots of local OC groups and local community lending operatives. (Int. 7)

Outside PSNI resourcing, other impediments facing the police were discussed, and many respondents suggested that the complexity of illegal money lending transactions meant that it was difficult to prosecute individual lenders:

From the PSNI perspective, the lead is from the Paramilitary Crime Task Force; therefore, the PSNI are more likely to investigate the individual as opposed to the particular type of crime. It is extremely difficult to get prosecutions on money lending alone, but it can form part of a larger investigation. (Int. 1)

Indeed, other participants discussed how the secretive nature of the transactions (see above) ensured that participants would only come to the police as a last resort. The reason

for this was often two-fold: firstly, there was an initial stigma surrounding being in debt and a feeling of embarrassment that accompanied it; and secondly, there was a fear of reprisal from the lender, who may have connections to paramilitary organisations. They suggested that this secrecy would also impact PSNI investigations:

PSNI have their hands tied. They are not going to get a statement or other evidence. Clients won’t even tell an advisor never mind the police. If someone spoke to the police, they and their family would have to move, effectively. Why would they? Big police operations on organised gangs are great but are not going to work for all these small lenders and dealers in close knit communities. (Int. 6)

PSNI should do more, but ... the community do not report issues with illegal lending and debt, so the police are not interested or encouraged. (Int. 8)

As a result of the range of impediments facing the PSNI, some respondents suggested that there was a need for a more formal task force that would specialise in the area and therefore be better equipped to recognise where problems were occurring and respond effectively:

The big recommendation from us is that the PSNI need to have a dedicated money lending team here in Northern Ireland that is modelled on the teams in the rest of the UK and does similar work. This team would quickly get a true sense of the problem. (Int. 7)

We hear of log book lenders, where members of the public have had to secure their debt with the log book of their car ... But the PSNI would look at the log book and see the name of the lender, not the borrower, and support the lender despite the illegality of the activity they are engaging in. That is where specialist police are needed. (Int. 7)

It is evident throughout discussions with research participants that there was a range of impediments facing the investigation of illegal money lending within Northern Ireland (more will be discussed in the next section). This research suggests that the focus on paramilitarism means that illegal money lending in Northern Ireland is not identified as a specific crime target and its nature is over-simplified.

A working group should be established between the main agencies with a stake in policing and prevention of illegal money lending in Northern Ireland, including The Consumer Council, PSNI, local councils, Trading Standards, HMRC and the National Crime Agency. The working group would:

- Consider the findings of this scoping exercise and other relevant research, as well as identify emerging gaps and issues.
- Agree practical inter-agency operational responses to illegal money lending and consider the relevance of good practice from other jurisdictions.
- Establish a coordinated approach to illegal money lending in Northern Ireland including enhanced support for victims, comprehensive advice and education in communities and appropriate support for all those affected by debt and its consequences.

2.2.2 Overcoming cultural and historical impediments

In this section, we will discuss the historical social and cultural norm of illegal money lending in Northern Ireland. A number of respondents, in both the interviews and focus group, alluded to the cultural nature of illegal lending within certain communities in Northern Ireland. It was suggested that there was ‘a culture of borrowing within Northern Ireland as a whole’ (Focus Group). This belief is supported by some of the findings from the literature review, which identified that: Northern Ireland has the lowest proportion of citizens with savings of over £100 within the UK; an estimated 10–13% of adults in Northern Ireland are ‘unbanked’ and do not have access to a bank account; the average personal loan each adult in Northern Ireland has amounts to £1,109, compared to £745 in GB; 16% of the population in Northern Ireland, and 19% of children, continue to live in poverty; Northern Ireland reportedly has the lowest discretionary income of any UK region (Asda, 2018). It is because of these reasons that some respondents described money lending as being like an addiction or dependency:

Because areas are so deprived and there is a lack of work, people have become dependent on lending, so it has grown and become more of an issue. (Int. 3)

People don’t want to stop because they can’t afford to. Even though they come looking for help, they go straight back once they are sorted out. I think there is a fear, but it is a fear of not having any money. (Int. 4)

A number of groups interviewed suggested that illegal lenders, in many regards, were viewed by community members as an integral part of some communities and seen to provide a worthy and necessary service:

There is a general belief that lenders are providing a good service to impoverished community members. (Focus Group)

We need to be very cognisant of the environment in which we are operating within – there is a permissive environment around these behaviours – an acceptance, a normalisation. It is a bit like a bloke offering you a dodgy box for £200 that gets all the channels for life – people are not going to turn it down or see it as breaking the law. (Int. 1)

It was also suggested that members of some communities have been utilising the same illegal lending for generations: ‘grandmothers, mothers, daughters have been going to the same lender for years’ (Focus Group). It was evident that the durability of these lenders was based upon the personal relationships that were established between the lender and the borrower ‘on the doorstep’ in working-class communities. Anecdotally, respondents suggested that these illegal lenders had become so close-knit within communities that they attended some of their borrower’s children’s birthday parties and weddings. This was often based on the social nature of credit and the routine ‘gifting patterns’ that were based on reciprocity and trust. For example, it was suggested that lenders, during pressure points in the year – such as Christmas or the upcoming school year – would offer lenders more money as a sign of generosity.

Such findings are supported by other research conducted in the area. For example, Ellison et al. (2006) found that up to

40% of illegal payments were collected by lenders themselves, and involved smaller groups of individuals (and family members) relying upon (and exploiting) their social networks rather than the more impersonal and hierarchical structure of more organised and larger criminal enterprises dealing with ‘strangers’. However, the respondents from this research did caveat these statements, acknowledging that while members of the community may have felt this way, it undoubtedly had more of a negative impact on community members than they realised:

Because people need these groups, they accept them. But from the perspective of others looking in [e.g. NGOs, support groups], they don't like it, they don't like what they are doing to the borrowers. The communities want the lenders there because they need them, but the lenders also have a hold on them. The lenders do not care about the borrowers. The lenders hold on to the borrowers' bank cards and take the money out that they are owed and giving them borrowers the change; they know when their benefits are coming in, and wait for them at the local Post Office. (Int. 3)

An interesting aspect in this regard was that the threat of retribution for non-payment seemed to be regarded as a separate entity. In many instances, from the community perspective, violent retribution seemed to be an acceptable part of the illegal money lending process, but it appeared that it was only likely to affect certain borrowers, for example, young men. Repercussions for other Borrowers may have centred around some degree of shaming:

They are more likely to use certain borrowers as examples for not paying; for example, a young man is more likely to be a victim of a violent punishment for not paying than a mother with three kids. The community would not react well to that. For women or the elderly, it is more common that the lender would turn up at their place of work, or wait for them at the Post Office on the day that their benefits would be received, or even take and have control of their Post Office cards. (Focus Group)

As noted earlier in this report, the decision on how much pressure they could apply to a particular individual in order to recoup what they were owed was referred to as part of the ‘PR’ of being a money lender. In many communities, there was a consensus that violent punishment was acceptable for young men, but not for other demographics. In a similar vein, the lenders may make exceptions for people who were in abject poverty. For example:

In one instance, there was a person who was able to prove to the lender that all the food in their house was from a food bank; and the lender waived their fee. When stories similar to this circulate around communities, this reinforces the communal support for the illegal lenders. (Focus Group)

Discussions with participants in this regard always led back to paramilitarism. It was suggested that while there were certain lenders within some communities who did not have any affiliation with paramilitaries, the large majority of lenders did have some connection.

It is important to note that there is no homogenous reason why a person may use an illegal money lender as a financial resource. Each individual circumstance

is culturally, socially and economically distinct. However, this research does provide an insight into the wider sociocultural and economic context of borrowing from illegal money lenders. Other than their clients' obvious lack of access to alternative forms of mainstream lending, how illegal money lenders operate tends to be based upon trust, ease, routine, and personal relationships 'on the doorstep' in working-class communities.

2.2.3 Offering viable alternatives

As part of the research, respondents were asked to discuss viable alternatives to illegal lenders. Many discussed the difficulties of finding alternatives for those individuals with poor credit ratings and suggested that some social enterprises and other imaginative schemes had been relatively successful in the past, but that many were short lived:

It is difficult. To make it work, given the level of default, the interest rates that a social enterprise would have to charge are so high. (Int. 4)

The only solution is to provide some form of lending that is cheap, but they will always be accepted for credit – and that seems very unlikely in the current environment. (Int. 6)

That being said, some more ‘approachable’ government-backed ‘Community Development Finance Institutions’ have been successful and remain in operation, such as Scotcash in Glasgow and Fair for You, which operates in the UK as a whole. Scotcash provides ‘affordable credit’, help in setting up bank accounts, Credit Union savings accounts and money advice for customers. Fair for You is a non-profit organisation that provides users with the opportunity to buy essentials for their home with ‘affordable’, flexible credit and repayments tailored to the buyer’s income.

Many of the respondents interviewed suggested that Credit Unions were one of the best alternatives; however, there was an apparent reluctance by some members of the community to utilise Credit Unions:

Credit Unions are becoming an increasingly popular alternative; however, they should continue to reach out to other communities to promote responsible borrowing. (Int. 8)

We have seen a growth in community banking, which could be an option. The role of Credit Unions is important as well, but some communities wouldn't touch them as they just don't know enough about them. (Int. 6)

However, it was noted that there were restrictions on what Credit Unions could offer; indeed, if an individual was not an existing member, it was quite difficult to access a large cash sum and the need to manage risk of default had ensured that credit checks were required for all loans, potentially excluding those with poor credit ratings.

Risk – we try to look at the bigger picture of members but our regulators are pushing us to have more certainly in basing our decision on the affordability [for] the borrower. So, some people will be excluded from lending and may have to resort to other means, leading to credit card or illegal debt and adding to the problems they have. (Int. 9)

In this regard, the decision on whether a Credit Union could lend was increasingly becoming risk dependent. This is a problem that is exacerbated in Northern Ireland by the existence of higher regulatory restrictions on the interest that can be charged, ensuring that Northern Ireland Credit Unions are under higher pressure to reduce risk than their counterparts in the rest of the UK. It was also recognised that in other jurisdictions within the UK, Credit Unions are better supported by governments:

The CU try to look at the bigger picture of members, but they are regulated and have to base their decision on the affordability of the [loan for the] borrower. They cannot lend to everybody, some people will be excluded, and as a result may resort to other means. (Int. 9)

From a political dimension, Northern Ireland is lagging behind the likes of Scotland, where there is a successful programme for government on Financial Exclusion. One of the very few unanimous motions in the Northern Ireland Assembly was for £4 million to support the Credit Unions, but no money was actually paid out. (Int. 9)

As has been documented throughout this section, some ‘Community Development Finance Institutions’ such as the Credit Unions, Scotcash and Fair for You, have had consistent success in providing alternative financial solutions to borrowers. However, as with other issues discussed throughout this report, there appears to be a lack of awareness from the borrowers of their existence and the benefits they offer. It should also be recognised that the role of such institutions is vital in terms of providing a viable alternative to those accessing illegal money lending.

Government should urgently explore the potential to develop viable alternatives to illegal money lending, which are accessible in a prompt manner without protracted administrative burdens being placed on the borrower.

Building on the evidence from this research, this could involve establishing a scheme that removes or underwrites some of the risk to participating lenders, enabling them to offer less onerous loans to a broader range of customers, including those with poor credit ratings.

2.2.4 Education and working in partnership

Many of the respondents in this research provided support and advice to individuals in debt (both legal and illegal). There was a shared belief that the principal reasons people were getting into debt was a lack of knowledge and understanding regarding the alternative sources of finance available to them and how to manage money effectively. Many of the respondents felt this could be addressed by more financial education from a young age:

Education is imperative, teaching children from a young age the value of money, teaching them how to money manage, and how damaging lending money illegally can be. (Focus Group)

Education is crucial – supporting schools/teachers to raise financial awareness and build good financial habits. (Int. 9)

Again, this was consistent with findings from the literature review. The FCA posited that an unawareness, or lack of knowledge, of how to receive loans or credit legally served to reinforce the sociocultural pervasiveness of illegal money lending:

Many of our partners observed that lack of financial education, in tandem with custom and practice in some communities, supported continued use of unauthorised lenders. For example, borrowers may have grown up in places where the unauthorised lender was a familiar part of the culture: when they need to get money urgently they know where to go (Financial Conduct Authority, 2017, para.3.8).

Some participants felt that The Consumer Council could be more involved in delivering education within communities and could do more to promote their services. While referencing the work done in leading attempts to promote forums for bringing stakeholders together to discuss problems around debt and problematic lending, many felt that part of the problem in this regard was a lack of cohesiveness between all of the organisations working within supporting those in debt:

There needs to be more of a focus on educating people at a community level. I feel that there needs to be more of a multi-agency or joined-up approach to promoting The Consumer Council within communities. (Int. 10)

Going forward, it must be recognised that there needs to be a more joined-up approach to tackling the problem. (Focus Group)

In two interviews, respondents also felt that specific demographics of people living within Northern Ireland would benefit from a more formal education on money management and finance. For example, one of the respondents who provided support to migrants suggested that upon arriving in a new country, migrants often found it difficult and could easily find themselves in debt via illegal lenders. This practice could transcend generations:

Education and awareness raising should come from within the community, but Chinese not interested in doing this thus far ... it would be good if The Consumer Council could find a way to relate more to the Chinese community, but this is difficult as their English is poor. Consumer Council could carry out a campaign or initiative in the two big Chinese supermarkets, which are symbolically important sites for the community. The Chinese Christian Church is also a great place to try to do this work. (Int. 8)

Of particular note, for some respondents, was NIACRO’s ‘Families and Money Matters’ (FAMM) project, which was described as an example of good practice for providing specialised debt and money management advice to vulnerable citizens. The project is funded by the Money Advice Service and provides support to people in prison and on probation, and their families. The project also works with individuals who are not engaging with mainstream debt advice services to identify any potential debt issues and offer money management advice and supports prisoners on the build-up to their release from prison to help them set up bank accounts and sign up to necessary benefits. The project also provides advice on finance issues for people entering prison, such as how to deal with car finances, mortgages, credit card payments, and monthly outgoings. As one respondent explained:

The six weeks upon leaving prison is deemed to be a period of 'high risk'. It is the period individuals are most likely to accrue a 'bad debt'. It can be extremely difficult to set up a bank account upon release from prison, especially if your credit rating isn't good, and many did not have an account before they went into custody. They don't have proof of ID or proof of address. With those legitimate avenues of credit closed off, people are more likely to go to payday lenders, doorstep lenders or unlicensed money lenders to tide them over. To combat this, we try to make people aware of the dangers and try to get accounts opened for people in prison before they are released. (Int. 13)

Given the community-centric and cultural nature of illegal money lending within Northern Ireland, and the suggestion that it operates within close-knit working-class communities, many of the respondents felt that it was imperative that there was more of an educational approach – with a particular focus on children – in tackling the issue. Importantly, it was acknowledged that there are some examples of good practice, notably The Consumer Council-led Stakeholder Forum and the work with assisting prisoners; however, these projects were often regarded as independent and it was strongly believed that the effective resourcing of a more 'joined-up' approach was necessary to ensure that similar services can be allocated to assist a broad range of citizens at risk from illegal money lending.

The evidence from this research therefore suggests that there are opportunities for a more formal and rigorous focus on the educational aspects of prevention. Such an approach would provide communities, and specifically those most vulnerable, with a greater insight into the dangers of illegal lending and debt accrual, and would enhance knowledge and understanding of how to access alternative forms of finance.

In supporting this work, it is recommended that The Consumer Council establish an inter-agency 'Education Forum' that champions and effectively resources a 'joined-up' community development approach. Building on existing good practice, the forum would be led by organisations with the most experience of responding to this challenge – including The Consumer Council, Christians Against Poverty and Advice NI – but would also encourage participants from a broad spectrum of organisations, including those from the citizen advocacy, community, voluntary, housing, rehabilitation and education sectors, to ensure that the widest possible range of citizens at risk from illegal money lending are able to access education and support.

3. Conclusion

This project has explored the nature of illegal money lending and problematic debt in Northern Ireland. It is clear that a range of agencies have been busy working to identify evidence of this practice and assist members of the public in challenging the vulnerabilities that can cause it and the symptoms that suggest it is happening.

The research participants reflected throughout on the inherent difficulty in charting the extent of the problem, citing its hidden nature caused by fear and embarrassment and the cultural and geographic inconsistencies in its make-up. Instead of focusing too much on formal legislation and legal definitions, respondents often preferred to focus on the characteristics of illegal lenders, the high or arbitrary interest rates charged and the methods used to ensure loans were repaid. The findings suggest that those involved in illegal money lending fall into two broad groups: paramilitaries and 'regular' members of the community.

However, in practice, it was very difficult to accurately characterise the affiliation, legitimacy and extent of involvement. It was recognised that the money lender has to have some form of local influence or legitimacy and this influence tended to come from paramilitary groups; however, the complex local, geographical and cultural context of Northern Ireland ensured that it became increasingly difficult to separate the issue of paramilitarism from the broader illegal economy.

A number of issues were identified for further consideration and improvement. To begin with, the research identified a series of difficulties for law enforcement around resourcing, evidence, specialisation and prioritising in response to illegal money lending. It was proposed that in continuing to respond to these, the PSNI might consider reorganising investigative and enforcement measures for tackling illegal lending and enhance other measures, including the provision of support for victims, educating communities about debt, and working in partnership with citizen advocacy groups to support people affected by this problem.

Secondly, the research team suggested the need for a more formal focus on education and on alternatives, in order to provide communities with an insight into the dangers of illegal lending and debt accrual, and to provide the knowledge and understanding of how to access alternative forms of finance. A third recommendation was that more support and resourcing should be given to providing viable alternatives to illegal money lending for community members, including the provision of a government scheme that could remove or underwrite some of the risk to legitimate lenders so that they are able to offer loans to a broader range of customers, including those with poor credit ratings.

Finally, the research team suggested that more resourcing be given to support the broadening of a 'joined-up' approach to ensure that services can be allocated to assist a wide range of citizens at risk from illegal money lending.

References

- Agarwal, S., Amromin, G., Ben-David, I., Chomsisengphet, S. and Evanoff, D. (2013). *Predatory Lending and the Subprime Crisis*. Cambridge, MA: National Bureau of Economic Research.
- Aquinas, T. (1918). *Summa Theologica*. Trans. Fathers of the English Dominican Province. London: R.T. Washburne, Ltd.
- In: R.C. Cave and H.H. Coulson (1965). *A Source Book for Medieval Economic History*. New York: Biblo & Tannen. p.182.
- Bank of England (2018). *Credit Union Annual Statistics, 2018*. Available at: <https://www.bankofengland.co.uk/statistics/credit-union/2018/2018> [Accessed: 15 April 2019].
- Bank of England (2019). *Will there be another financial crisis?* [online] Available at: <https://www.bankofengland.co.uk/knowledgebank/will-there-be-another-financial-crisis> [Accessed: 15 April 2019].
- Bank of England (2020). *Credit Union Quarterly Statistics*. Available at: <https://www.bankofengland.co.uk/statistics/credit-union/2019/2019-q3> [Accessed: 27 January 2020].
- BBC Northern Ireland (2016). *FASA: Charity Extern to take in some of the work of FASA and 27 of its staff*. BBC News, [online] 11 April. Available at: <https://www.bbc.co.uk/news/uk-northern-ireland-36016678> [Accessed: 15 April 2019].
- Benito, A. (2006). *Does job insecurity affect household consumption?* *Oxford Economic Papers*, 58, pp.157–181.
- Bermeo, E. (2017). *Women and high cost credit: A gender analysis of the home credit industry in the UK*. Bristol: University of Bristol, Personal Finance Research Centre.
- Birmingham City Council (2019). *Illegal money lenders (loan sharks)*. [online] Available at: https://www.birmingham.gov.uk/info/20108/trading_standards/347/illegal_money_lenders_loan_sharks [Accessed: 11 April 2019].
- Bouyon, S. and Oliinyk, I. (2019). *Price Rules in Consumer Credit: Should the EU Act?* European Credit Research Institute Research Report No.22, February 2019. Brussels: ECRI. [pdf] Available at: https://www.ceps.eu/wp-content/uploads/2019/03/ECRI%20RR%2022_Price%20rules%20in%20consumer%20credit-should%20the%20EU%20act.pdf [Accessed: 15 April 2019].
- Bridges, S. and Disney, R. (2004). *Use of credit and arrears on debt among low-income families in the United Kingdom*. *Fiscal Studies*, 25(1), pp.1–25.
- Bruce, S. (1992). *The Red Hand: Protestant Paramilitaries in Northern Ireland*. Oxford: Oxford University Press.
- Burton, M. (2010). *Keeping the Plates Spinning: Perceptions of payday loans in Great Britain*. London: Consumer Focus.
- Busà, L. and La Rocca, B. (2006). *L'usura, Le usure, Tempi, mode e luoghi di un fenomeno antico e modern*. Rome: Edizioni Commercio.
- Central Bank and Financial Services Authority of Ireland Act 2003. Dublin, Ireland. Available at: <http://www.irishstatutebook.ie/eli/2003/act/12/enacted/en/html> [Accessed: 11 April 2019].
- Cheng, H. (2018). *The Death and Revival of Usury in China in View of Institutional Change*. *Journal of Economic Issues*, 52(2), pp.527–533.
- Citizens Information (2019). *Moneylending*. [online] Available at: https://www.citizensinformation.ie/en/money_and_tax/personal_finance/loans_and_credit/moneylending_in_ireland.html [Accessed: 11 April 2019].
- CMA (2015). *Payday lending market investigation*. London: Competition and Markets.
- Consumer Council (2016). *Banking on Change*. Belfast: Consumer Council.
- Consumer Council (2018). *Lending and Debt in Northern Ireland*. Belfast: Consumer Council.
- Consumer Credit Act 1974 (c.39). London: HMSO.
- Convention of Scottish Local Authorities (COSLA) (2018). *Community Wellbeing Board – Illegal Money Lending*. Edinburgh: Community Councils Scotland. [online] Available at: <http://www.cosla.gov.uk/community-wellbeing-board-illegal-money-lending> [Accessed: 15 April 2019].
- Council Directive 2008/48/EC of 23rd April 2008 on Credit Agreement for Consumers and repealing Council Directive 87/102/EEC. [pdf] Available at: <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:133:0066:0092:EN:PDF> [Accessed: 12 April 2019].
- Dagdeviren, H., Balasuriya, J., Luz, S., Malik, A. and Shah, H. (2019). *Financialisation, Welfare Retrenchment and Subsistence Debt in Britain*. *New Political Economy*, [online]. DOI: 10.1080/13563467.2019.1570102
- Davies, A. (1999). *“These Viragoes Are No Less Cruel Than The Lads”*: Young Women, Gangs and Violence in Late Victorian Manchester and Salford. *British Journal of Criminology*, 39(1), pp.72–89.
- Dearden, C., Goode, J., Whitfield, G. and Cox, L. (2010). *Credit and debt in low-income families*. York: Joseph Rowntree Foundation.
- Deeming, C., Collard, S. and Hayes, D. (2011). *Affordable Credit: Lessons from Overseas*. London: Consumer Focus.
- Del-Río, A. and Young, G. (2005). *The impact of unsecured debt on financial distress among British households*. Bank of England Working Paper, No.262, pp.3–31.
- Department of Trade and Industry (DTI) (2007). *Evaluation of the Illegal Money Lending Pilots*. London: Policis.
- Devoto, G. and Oli, G.C. (2007). *Vocabolario della lingua italiana*. Varese: Le Monnier.
- Department for Communities (DfC) (2019a). *Family Resources Survey: Northern Ireland 2017/18*. Belfast: DfC.
- Department for Communities (DfC) (2019b) *Northern Ireland Poverty Bulletin 2017/18*. Belfast: DfC.
- Director of Public Protection (2015). *The Operation of the Illegal Money Lending Team within West Sussex*. [pdf] Available at: http://www2.westsussex.gov.uk/ds/edd/rs/rs03_15-16.pdf [Accessed: 8 April 2019].
- Dugato, M. (2013). *The crime against businesses in Europe – A pilot survey*. Transcrime – Joint Research Centre on Transnational Crime, Italy: European Commission.
- Durst, J. (2015). *Juggling with debts, moneylenders and local petty monarchs: Banking the unbanked in “shanty-villages” in Hungary*. *Review of Sociology*, 25(4), pp.30–57.
- Edwards, A. (2017). *UVF: Behind the Mask*. Kildare: Merrion Press.
- Ellison, A., Collard, S. and Forster, R. (2006). *Illegal Lending in the UK*. London: Policis.
- English, R. (2003). *Armed Struggle: The History of the IRA*. Oxford: Oxford University Press.
- Ermer, E., Cosmides, L. and Tooby, J. (2008). *Relative status relegates risky decision-making about resources in men: Evidence for the coevolution of motivation and cognition*. *Evolution and Human Behaviour*, 29, pp.106–118.
- Europol (2013). *Threat Assessment: Italian Organised Crime*. The Hague: Europol.
- Europol (2015). *Exploring tomorrow’s organised crime*. [online] Available at: <https://www.europol.europa.eu/content/exploring-tomorrow%E2%80%99s-organised-crime>. [Accessed: 11 April 2019].
- Falconer, A. and Lane, J. (2017). *Debt on Your Doorstep*. London: Citizens Advice Bureau.
- Financial Conduct Authority (FCA) (2014). *Consumer Credit and customers in vulnerable circumstances*. London: FCA.
- Financial Conduct Authority (FCA) (2017). *Shining a light on illegal money lending: Consumer experiences of unauthorised lending in the UK*. London: FCA.
- Financial Conduct Authority (FCA) (2019). *Alternatives to High-cost Credit Report*. London: FCA.
- Financial Inclusion Centre (FCI) (2010). *The Real Cost of Christmas: Assessing the Impact of Illegal Lending on Consumers*. London: FCI.
- Finn, M. (2003). *The character of credit: personal debt in English culture, 1740–1914*. Cambridge: Cambridge University Press.
- Flaherty, J. and Banks, S. (2013). *In whose interest? The dynamics of debt in poor households*. *Journal of Poverty and Social Justice*, 21(3), pp.219–232.
- Gibbons, D. (2012). *Taking on the Money Lenders: Lessons from Japan*. Centre for Responsible Credit, [pdf] Available at: <https://www.responsible-credit.org.uk/wp-content/uploads/2016/03/Taking-on-the-money-lenders-lessons-from-japan-final.pdf> [Accessed: 15 April 2019].
- Gloukoviezoff, G. (2014). *Creating Credit, Not Debt: Towards a Personal Microloan Scheme in Ireland*. Dublin: Geary Institute, University College Dublin.
- Goldstock, R. and Coenen, D.T. (1980). *Controlling the Contemporary Loanshark: The Law of Illicit Lending and the Problem of Witness Fear*. *Cornell Law Review*, 65(2), pp.131–289.
- Guardian (2014). *Ndrangheta mafia ‘made more last year than McDonald’s and Deutsche Bank’*. The Guardian, [online] 26 March. Available at: <https://www.theguardian.com/world/2014/mar/26/ndrangheta-mafia-mcdonalds-deutsche-bank-study> [Accessed: 1 April 2019].
- Guérin, I. (2014). *Juggling with debt, social ties, and values the everyday use of microcredit in rural South India*. *Current Anthropology*, 55(9), S40–S50.
- Hilton, M. (2003). *Consumerism in 20th Century Britain*. Cambridge: Cambridge University Press.
- HL Deb (23 February 2016), *Bank of England and Financial Services Bill (fifth sitting)*, col.114. [online] Available at: [https://hansard.parliament.uk/Commons/2016-02-23/debates/e82f57bd-f80b-46c1-bfd5-a453037327f5/BankOfEnglandAndFinancialServicesBill\(Lords\)\(FifthSitting\)?highlight=illegal%20money%20lending#contribution-Hocothdt20160223dbe82f57bd-f80b-46c1-bfd5-a453037327f5scas2-Aw1tghs_Amendmentlevel2od338](https://hansard.parliament.uk/Commons/2016-02-23/debates/e82f57bd-f80b-46c1-bfd5-a453037327f5/BankOfEnglandAndFinancialServicesBill(Lords)(FifthSitting)?highlight=illegal%20money%20lending#contribution-Hocothdt20160223dbe82f57bd-f80b-46c1-bfd5-a453037327f5scas2-Aw1tghs_Amendmentlevel2od338) [Accessed: 11 April 2019].
- Illegal Money Lending Team (2017). *Stop Loan Sharks: Witness Statistics Report*. London: IMLT.

- James, D. (2014). Deeper into a hole?: Borrowing and lending in South Africa. *Current Anthropology*, 55(S9), S17–S29.
- Jappelli, T. and Padula, M. (2013). 'Investment in financial literacy and saving decisions,' *Journal of Banking and Finance*, Vol.37(8), pp.2779-2792.
- Johnstone, P. (1985). *Saving and Spending: the working-class economy in Britain 1870–1939*. Oxford: Clarendon Press.
- Jones, P.A. (2013). *Towards Financial Inclusion: The expansion of credit union financial services for low income households in Northern Ireland*. Liverpool: John Moores University. [pdf] Available at: https://www.ljmu.ac.uk/~media/files/ljmu/research/centres-and-institutes/rufi/21_towards_financial_inclusion_northern_ireland_final_2013.pdf?la=en [Accessed: April 1 2019].
- Jordan, M. (2009). Mafia loan sharks making a killing – In Italy, they fill gap left by banks. *Washington Post*, [online] 15 March. Available at: http://archive.boston.com/news/world/europe/articles/2009/03/15/mafia_loan_sharks_making_a_killing/ [Accessed: April 1 2019].
- Kempson, E. (2002). *Over-indebtedness in Britain*. London: Department of Trade and Industry.
- Lane, P. and Rodrigues, L. (2015). *Filling the gap: Can banks step into the gap left by payday loans - and if so, how?* London: Citizens Advice.
- Lawrence, M. and Cooke, G. (2014). *Jumping the Shark: Building Institutions to Spread Access to Affordable Credit*. London: Institute for Public Policy Research.
- Legal and General (2012). *Deadline to the Breadline*. London: Legal and General.
- Livingstone, S.M. and Lunt, P.K. (1992). Predicting personal debt and debt repayment: Psychological, social and economic determinants. *Journal of Economic Psychology*, 13(1), pp.111–134.
- Machin, S. (2015). *Real Wage Trends, Understanding the Great Recession: From Micro to Macro Conference*. Bank of England Conference, 23 and 24 September. [pdf] Available at: https://www.ifs.org.uk/uploads/Presentations/Understanding%20the%20recession_230915/SMachin.pdf [Accessed: 15 April 2019].
- MacNamee, G. (2014). CAB set to smash feared loan shark gang who are targeting a Waterford community. *Irish Mirror*, [online] 23 August. Available at: <https://www.irishmirror.ie/news/irish-news/crime/cab-set-smash-feared-loan-4092830> [Accessed: 1 April 2019].
- Malcolm, W.D. and Curtin, J.J. (1968). The New Federal Attack on the Loan Shark Problem. *Law and Contemporary Problems*, 33, pp.765–786.
- Marinaro, I.C. (2017). Loan-sharking in a time of crisis: lessons from Rome's illegal credit market. *Trends in Organised Crime*, 20, pp.196–215.
- Mayer, R. (2012). Loan Sharks, interest-rate caps, and deregulation. *Washington and Lee Law Review*, 69(2), pp.807–848.
- Moloney, E. (2007). *A Secret History of the IRA*. 2nd ed. London: Penguin.
- Money Advice Service (2016). 'Closing the Savings Gap', *Insights from Money Advice Service Research*. London: Money Advice Service.
- Money Advice Service (2019). *Borrowing from a credit union*. [online] Available at: <https://www.moneyadviceservice.org.uk/en/articles/credit-unions> [Accessed: 15 April 2019].
- Montgomerie, J., Packman, C. Deville, J., Stanley, L., Simpson, A. and Warren, G. (2014). *The Politics of Indebtedness in the UK: A Public Interest Report*. London: University of London.
- Mosedale, S., Simpson, G., Popay, J. McGill, R., Copper, P., Taylor, C., Fisher, K. and Sant, H. (2018). *Tackling vulnerability to debt: Affordable lending alternatives and financial education: An evidence review*. *Journal of Poverty and Social Justice*, 26(3), pp.315–333.
- Mishra, S. and Fiddick, L. (2012). Beyond gains and losses: The effect of need on risky choice in framed decisions. *Journal of Personality and Social Psychology*, 102, pp.1136–1147.
- Mugellini, G. (2012). *Le imprese vittime di criminalità in Italia*. Trento: Transcrime – Joint Research Centre on Transnational Crime
- National Crime Agency (NCA) (2018). *NCA Northern Ireland Performance, Q1 2018/2019 (April–June 2018)*. London: NCA.
- NICVA (2013). *Expensive Lending in Northern Ireland: A Discussion Paper*. Belfast: Centre for Economic Empowerment and NICVA.
- Northern Ireland Human Rights Commission (NIHRC) (2019). *Submission to the United Nations Committee on the Elimination of Discrimination Against Women: Parallel Report to the Eighth Periodic Report Submitted by the United Kingdom of Great Britain and Northern Ireland*. Belfast: NIHRC.
- Northern Ireland Office (NIO) (2015). *A Fresh Start: The Stormont Agreement and Implementation Plan*. Belfast: NIO.
- Northern Ireland Statistics and Research Agency (NISRA) (2019). *Northern Ireland Labour Market Report*. Belfast: NISRA.
- O'Connell, S. (2009). *Credit and Community: Working Class Debt in the UK since 1880*. Oxford: Oxford University Press.
- O'Donoghue, T. and Rabin, M. (1999). Doing it now or later? *American Economic Review*, 89, pp.103–124.
- Proceeds of Crime Act 2002 (c.29). London: HMSO.
- QuickQuid (2019). [online] Available at: <https://www.quickquid.co.uk/> [Accessed: 15 April 2019].
- Savona, E.U. and Michele, R. (eds.) (2015). *From Illegal Markets to Legitimate Businesses: The Portfolio of Organised Crime in Europe*. Final Report. Trento: Transcrime – Università degli Studi di Trento.
- Schwartz, M. and Robinson, C. (2017). *A Corporate Social Responsibility Analysis of Payday Lending*. York: York University.
- Seidl, J.M. (1968). *Upon the hip: A Study of the Criminal Loan Shark Industry*. PhD. Harvard University.
- Sterngold, J. (1993). *Market Place; Japan's Loan-Sharks Make Good Money in Bad Times*. *New York Times*, [online] 22 December. Available at: <https://www.nytimes.com/1993/12/22/business/market-place-japan-s-loan-sharks-make-good-money-in-bad-times.html> [Accessed: 15 April 2018].
- Szilagyiova, S. (2015). The effect of payday loans on Financial Distress in the UK. *Procedia Economics and Finance*, 30, pp.842–847.
- Taylor, A. (2002). *Working class credit and community since 1918*. Basingstoke: Palgrave Macmillan.
- The Proceeds of Crime Act 2002 Amendment (Scotland) Order 2011 (No.231).
- Walker, C., Burton, M., Akhurst, J. and Degirmencioglu, S.M. (2015). Locked into the system? Critical community psychology approaches to personal debt in the context of crises of capital accumulation. *Journal of Community and Applied Social Psychology*, 2(3), pp.264–275.
- Wang, P. and Antonopolous, G.A. (2015). *Organized Crime and illegal gambling: How do illegal gambling enterprises respond to the challenges posed by their illegality in China?* *Australian and New Zealand Journal of Criminology*, 49(2), pp.258–280.
- Wood, I.S. (2006). *Crimes of Loyalty: A History of the UDA*. Edinburgh: Edinburgh University Press.
- World Bank (2018). *Financial Inclusion*. [online] Available at: <https://www.worldbank.org/en/topic/financialinclusion/overview> [Accessed: 15 April 2019].
- Zegarra-Liñares, J. and Wilson, O.S. (2017). *Future Issues in Unsecured Consumer Debt*. Working Papers in Responsible Banking and Finance, No.17, University of St Andrews.



Contact Us

The Consumer Council
Floor 3 | Seatem House
28-32 Alfred Street
Belfast | BT2 8EN

t +44(0)28 9025 1600
e info@consumercouncil.org.uk

www.consumercouncil.org.uk