

## **Everything you need to know about loan sharks**

[A report published by the Centre for Social Justice](#) estimated 1.08 million people in the England could be borrowing from an illegal money lender – more commonly known as a loan shark. This figure has more than trebled since 2010.

With price increases on everything from fuel to food making it increasingly tough for households to make ends meet, unlicensed lenders are stepping in, offering loans to the desperate at astronomical interest rates.

Loan sharks prey on the most vulnerable people in our society. They often use threats, violence and intimidation to enforce repayment and can keep their victims trapped in a cycle of debt for years.

### **What is a loan shark?**

A loan shark is someone who lends money illegally without the correct permissions from the Financial Conduct Authority (FCA).

Lending money without a licence is illegal. However, it's important to know that if you borrow from an illegal money lender, you have **not** broken the law, they have.

Illegal money lending is a hidden and under-reported crime and can cause a great degree of terror and fear in those who get involved. Borrowers can become trapped in a spiral of extortion, facing intimidation, violence and financial ruin.

Loan sharks are often seen as a last resort for people who have no other option for obtaining credit, including those with poor credit histories who are rejected by mainstream lenders. With just one unexpected bill, people can quickly find themselves in the grip of an illegal lender.

The real danger of loan sharks is not just the large sums of money they lend out and extortionate rates of interest they charge. It's the psychological toll it often takes on borrowers and their families, leaving them feeling trapped and helpless.

### **How can you spot a loan shark and what are the warning signs?**

The loan shark might be a friend or acquaintance, or they might simply be someone known in the area for lending money.

They may deal in cash, rarely provide any paperwork, and will charge exorbitant amounts in repayment, or they may not even be clear about what the borrower has to pay back.

Loan sharks can be very dangerous and sometimes they use threats and violence against those who fall behind with their payments.

Cyber loan sharks are also becoming more prevalent luring their prey in through social media and other online platforms. These lenders usually use misleading ads, false promises of easy money and harassment to trap unsuspecting victims in debt, using fear to suck them in and exploit their vulnerabilities.

If you can answer yes to one or more of these questions, you may be borrowing from an illegal money lender:

- Did they offer you a cash loan or bank transfer?
- Did they not give you paperwork?
- Did they add huge amounts of interest or APR to your loan?

- Have they threatened you?
- Are you scared of people finding out?
- Have they taken your bank card, benefit card, passport, watch or other valuables from you?

If you're considering using a loan shark, think again. They often make it look like they're helping you out but in reality, it's a trap.

### **Is your lender legal?**

If someone is lending you money, they must be registered with the [Financial Conduct Authority](#) (FCA). The [Financial Services Register](#) lists firms and individuals that have authorisation to offer loans and credit. Make sure you do your research before borrowing money.

### **How to get help**

If you have borrowed money from a loan shark or you're worried about a loved one, you can access specialist advice and support from the [England Illegal Money Lending Team](#). The team exists to help victims of illegal lending and their friends and family.

The Stop Loan Sharks Helpline is available 24 hours a day, 7 days a week on **0300 555 2222**. You can also use the confidential live chat service on their [website](#) to speak to a support worker (available 9am - 5pm, Monday - Friday).