STOP £OAN SHARKS
Scottish Illegal Money Lending Unit

An Introduction to Illegal Money Lending

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What Is An Illegal Lender?

A ‘loan shark’ is anyone who is lending money without having an authorisation from the Financial Conduct Authority (FCA)

This is in breach of the Financial Services and Markets Act 2000

These unauthorised money lenders are working illegally –they are commonly known as ‘loan sharks’

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Example of Illegal Lending

Jim recently lost his job. He is struggling to pay his rent and to put food on the table for his family. He meets his friend Paul who also lost his job. Jim tells Paul about his problems and Paul says he borrowed from Kevin.

Kevin lends money to people in the area when they are short. Paul gives Jim, Kevin's phone number. Jim arranges to borrow £200 from Kevin and to pay it back at £20 per week. Kevin then transfers the money into Jim's bank account and tells Jim that he is expected to transfer £20 every Wednesday until it is paid back.

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How to Spot An Illegal Lender?

An illegal lender is easy to spot. They very rarely give out the information that you would expect to get if you borrowed money from a bank or other authorisedlender.

They are very unlikely to get paperwork, cancellation rights, statements and other information that you should receive from an authorised lender.

They will use threats, intimidation and sometimes violence to ensure payments are made.

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Example of Illegal Lending

Katherine is a single parent who came to Scotland a few years ago from Poland. She works as a cleaner but has had her hours reduced recently.

She is in a closed social media group with some other people who originally are from Poland. One of the people on the page had posted that she can offer loans. Katherine messages her and arranges a loan of £100. It is agreed that she would will pay back £10 per week. Katherine know that other people have also borrowed through the site. She makes payments into a bank account of another person.

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Quick Quiz