

DERBYSHIRE COUNTY COUNCIL

MEETING WITH CABINET MEMBER, HEALTH AND COMMUNITIES

10 February 2015

Report of the Strategic Director, Health and Communities

**ILLEGAL MONEY LENDING AWARENESS RAISING AND ENFORCEMENT IN
DERBYSHIRE**

1. Purpose of Report:

To inform the Cabinet Member, Health and Communities of activities undertaken in Derbyshire to raise awareness of the harm from dealing with illegal money lenders.

2. Information and Analysis:

- 2.1 The Trading Standards Division has been working with the Illegal Money Lending Unit since March 2008. Originally there were a number of regional teams, but since April 2011 there has been a single Illegal Money Lending Unit (IMLU) operated by Birmingham City Council. Cabinet has previously delegated authority to the Head of Trading Standards to enter into an agreement with Birmingham City Council for officers within the IMLU to take appropriate action against those individuals identified as operating as illegal loan-sharks. The purpose of this report is to advise Members of activities undertaken by the IMLU in Derbyshire to raise awareness of the potential harm from loansharks and to investigate complaints about loansharks operating in the county.
- 2.2 Loan sharks are lenders who operate without a consumer credit licence, charge extortionate rates of interest and use intimidation and sometimes violence in order to guarantee payments. People borrow from loan sharks for many different reasons; sometimes for family emergencies, car purchase or for everyday living expenses; often the lender will be well known in the community as a person you can borrow from. Fortunately there have been relatively few formal complaints in Derbyshire and so the majority of activity has been to raise awareness within communities who might have loansharks operating. The awareness raising is led by a LIAISE Officer (Lead in Awareness, Intelligence, Support & Education) assigned to the county.
- 2.3 In the event of a complaint or intelligence about a suspected illegal money lender, the IMLU will liaise with the Trading Standards Division to establish whether anything is known about the alleged offender. Typically, however, loansharks will operate 'below the radar' and few complaints are made as local

residents are either unaware that they are being taken advantage of, or are too intimidated to make a complaint. Any complaint is given an operational name and investigated by the IMLU. If there is insufficient evidence to pursue a criminal investigation the LIAISE Officer will engage local community groups to help raise awareness and encourage other potential victims to come forward. Examples of Operations conducted in Derbyshire are as follows:

- **Operation Juke, Operation Comore**
Two alleged offenders named by Derbyshire Police both under cutting each other and information of several witnesses; currently with Intel team pending further enquiries.
- **Operation Wrangel – Cotmanhay**
Complaint involving inter-family loan – statements have been taken, but alleged perpetrator is no longer pursuing alleged debt
- **Operation Bathurst – Ilkeston**
Couple borrowed £4,500 from a “business man” known to lend money. Insufficient evidence to pursue further
- **Operation Syringa – Matlock**
Insufficient evidence to pursue – awareness training delivered to local partner agencies
- **Operation Spider Flower – Chesterfield**
Suspected loan-shark identified, but insufficient evidence to pursue

2.4 Although there have been relatively few complaints leading to successful enforcement action in Derbyshire, several loansharks operating within Derby have been identified and prosecuted. Loansharks typically operate in relatively small local communities, but it is possible that Derbyshire residents were victim of City based criminals. The IMLU has successfully prosecuted illegal money lenders elsewhere in the UK and have been able to use ‘Proceeds of Crime’ money to help raise awareness in local communities throughout the county.

2.5 Examples of partnership working in Derbyshire undertaken by the IMLU LIAISON Officer together with funded community awareness raising events are provided in the appendix to this report.

4 Other Considerations:

In preparing this report the relevance of the following factors has been considered; human resources, legal, financial, prevention of crime and disorder, equality of opportunity; environmental, health, human resources, property and transport considerations.

5 Background Papers:

Cabinet Reports of 21 June 2005 and 11 March 2008 – Authorisation to Carry Out Enforcement Responsibilities.

Cabinet Report: Authorisation to carry out illegal money lending enforcement (Communities); 19 April 2011

CabCo Report: Trading Standards East Midlands Illegal Money Lending Team; 11 April 2011

6 Key Decision:

No

7 Call-in:

Is it required that call-in be waived for any decision on this report?

No

8 Officer's Recommendation:

That the Cabinet Member, Health and Communities notes the activities of the Illegal Money Lending Unit to tackle illegal money lending and raise awareness about the potential harm from loansharks operating in Derbyshire.

**David Lowe
Strategic Director
Health and Communities**

Appendix 1 – England IMLT Liaise Activity

Introduction

The England Illegal Money Lending Team (IMLT) has been active in Derbyshire since November 2007 but for the last 3 years it has been based and managed by Birmingham City Council (BCC). BCC developed the Liaise Officer role to give each region a locally based officer who could work very closely with the local Trading Standards teams and all of the appropriate county support services when needed. The role of the Liaise officer is to develop awareness raising, train all partner agencies, support witnesses (and victims) and collate intelligence gathering from any sources available. Your Liaise Officer since 2011 is Steve Ward (steve.ward@birmingham.gov.uk)

Financial Action and Advice Derbyshire (FAAD)

IMLT has been a key member for over 3 years of the Financial Action and Advice Derbyshire partnership. IMLT are identified in the Action Plan to help deliver the Financial Inclusion Strategy for Derbyshire. IMLT's role has been to deliver awareness activities and professional staff training on the dangers of loan sharks and their victims. Through FAAD IMLT has been able to connect to a vast array of organisations and in many cases delivered joint financial capabilities events:

Derbyshire Police Buxton Division Head Quarters Oct 2012

IMLT were invited to attend the Safer Neighbourhood Team Training Days. This was a 40 minute training presentation to hundreds of officers working within the division. The aim of the training was to produce a better understanding of how low level criminal activity can be related to loan sharking.

Intelligence leading to Operations by IMLT

Through the awareness work and training of staff of all partners we have received intelligence of illegal money activity. Where there was enough information we created an Operation name. Over the last 36 months the following 8 areas in Derbyshire have suggested loan shark activity; Op Syringa – Matlock, Op Spider Flower – Chesterfield, Op Perilla – Clay Cross, Op Tarragon – Derby, City, Op Wrangel – Cotmanhay, Op Comore – Glossop, Op Juke – Glossop, Op Punto – Spondon, Op Bathurst – Ilkeston, Op tbc – Bolsover

Derbyshire IMLT Funding POCA (Proceeds of Crime Applications)

Over the last three years many Derbyshire partners have received financial support from IMLT and its POCA Funding to help raise awareness of their support services and the IMLT. Recent examples for 2013 – 2014 include the following:

- **Bolsover Healthy Neighbourhoods Team:**

This team needed financial support to provide a referral agency and promotional service day targeted at very vulnerable families around the district of Bolsover. The day was labelled as an "Eats and Treats". Over 95% of the families attended and feedback from the families was that they felt at ease and would subsequently engage with the services in the future. On the day activities included a crèche, two family fun structured play sessions provided by

Bolsover Children's Centre, pamper treatments, cook and eat demonstrations including lunches, craft activities for adults and other freebies. Health and Wellbeing agencies attended and Sporting Futures provided a physical activity aimed at Lads and Dads. IMLT and Derbyshire Police PCSO were on hand giving advice and safety information.

- **Chesterfield and North East Credit Union:**

IMLT is a great advocate and supporter of credit unions. IMLT has worked with the credit union for many years and recently provided £500 of funding to help refurbish the new credit union premises in the town of Chesterfield (by financing the new window design). Also on previous years IMLT has provided up to £500 towards a new junior membership incentive scheme. This is to encourage young people to know about the credit union and to learn the skills of saving and borrowing from an affordable and safe source.



- **Gamesley Financial Inclusion Plan:**

IMLT have been a partner in the Gamesley Financial Inclusion Plan since 2012. IMLT main action was to tackle illegal money lending activity on the Gamesley Estate. Working with partners in the group and supported by High Peak Borough Council, a series of staff training days were delivered to council support and front line staff. Still on offer is the availability of community advocate training for members of the community. For two years running, IMLT provided £500 of funding to support the Gamesley Christmas Market where many hundreds of families attend each year.

- **Shirebrook 2012 Your Community Choice:**

IMLT were able to provide local residents, charities, community and voluntary groups, schools and statutory agencies benefiting those that live in Shirebrook, Derbyshire a total of £2,500 funding was offered at the time. The aim of the funding was offered to any worthwhile community project that met the following criteria:

1. Contributes to raising the awareness of the dangers of using 'loan sharks'

2. Promotes professional credit options to people at risk of using 'loan sharks'
3. Promotes financial management/budgeting to people at risk of using 'loan sharks'
4. Reduces crime and disorder in the local area and promote the illegal money lending team.

The successful applications were as follows:

- **2 Shires Credit Union – Beer Mats - £250**

To design and supply bar mats to as many of the pubs and clubs in Shirebrook as are willing to have them and use them. On one side we will promote the Stop Loan Shark project and on the other promote 2 Shires Credit Union. This will have the dual benefit of raising awareness of the dangers of using Loan Sharks and promotes the use of a professional alternative.

- **2 Shires Credit Union – Balloons - £250**

To design and purchase a supply of balloons in a number of different colours to contain the message 'Say NO to Loan Sharks – Say YES to Credit Union. They will be distributed via as many of the schools and organisations working with younger children in Shirebrook as are willing to have them. They will be distributed along with a flyer promoting the Stop Loan Shark campaign and promoting the Credit Union. This will have the dual benefit of raising awareness of the dangers of using Loan Sharks and promotes the use of a professional alternative to count your vote.

- **Rhubarb Farm – Leaflets and Posters - £250**

Rhubarb Farm is planning to start a Credit Union collection point at the Farm, for the 2 Shires Credit Union, which will help raise membership of the Credit Union. 2 Shires Credit Union has arranged to provide the training. We have recruited three Langwith residents who will be taking the training and then staffing the collection point every week. They would like to have a small amount of money to produce leaflets and posters to promote this collection point, to encourage more people to join the credit union and move out of the hands of loan sharks, who are very predatory in Langwith and Whaley Thorns.

- **Shirebrook Royal British Legion FC – Trip Costs - £500**

From the POCA funding costs where covered in new members of the team to enter a national football tournament aimed at community groups. The team where able to come 3rd in the completion. The success of the team at this level will be in the Shirebrook Post with an estimated readership of 10,000. In the article will be the fact that the team where sponsored by the IMLT and POCA etc

- **Shirebrook Rangers Community Football Club – Sports Equipment - £250**

Shirebrook Rangers is a community football club which runs 14 youth teams and one adult team with approximately 240 registered players. They have produced a five year development plan which includes the provision of an end of season coaching programme to introduce to new players, and parents, to the

club and to create additional teams for the following season. Although they have some equipment needed to run the coaching programme they require additional and replacement equipment to ensure that there is enough for the amount of children attending. Last year they averaged 60 children per week aged from 4 to 10 over a five week programme and created two new teams from those old enough to play. They have also continued to provide coaching on a weekly basis for those too young to register with a team. The team are advertising to the local the community to gain additional players through posters which will have the IMLT logo on and again will have regular press articles in the Shirebrook Post again mentioning the sponsorship of the IMLT.

- **Financial Health Group - Promoting the Credit Union - £250**

The Shirebrook event has enabled the group to be more focused on its key objectives. Through the event the group has networked with other agencies on the day and now reaches much more parts of the community. Through the funding it has produced banners and stickers to advertise the credit union and the loan shark project. The event made the group create a constitution and now feels more confident to piggy back onto lots of other events it would not have done.

- **Ways to Work - Transport to Work - £250**

Ways to Work Bolsover is a project to help people with their transport difficulties when wanting to get to work or training. So far they have written to all 150 of their clients and offered the services of the credit union. 12 clients so far now have new accounts with taking out a loan to purchase a new moped.

What's planned for 2015?

IMLT are working with several partners to promote free Education Lesson Plans for schools; ages range from 5 – 11 and 11 - 19 years. IMLT worked with a leading financial education consultancy, to create a series of colourful, interactive teaching resources that can be used with children and young people of all ages and abilities to learn about money management and the dangers of using illegal money lenders, as part of a national cross-curricular campaign.

Working with Financial Action and Advice Derbyshire (FAAD) we are hoping to deliver these lesson plans free of charge to schools in Derbyshire but still need help in getting our message to schools. As a key aspect of ensuring that future generations have a better understanding of managing their money it is crucial that teachers are equipped to teach this subject in schools. Financial Education Solutions have been funded to deliver teacher training in Primary Schools through FAAD to achieve this and one of their key focuses was to highlight the IMLT resources to be used in schools. In the last six months they have trained 138 teachers at 14 Primary schools.

In addition to the FAAD work a further 8 teachers from 8 secondary schools attended a full days training in July which included learning about the IMLT resources.

FAAD Financial Awareness Events – “*Better Sign Posting*”

Financial Action and Advice Derbyshire (FAAD) are hosting a series of FREE networking events called “Better Sign Posting” around the county aimed at frontline staff and volunteers so that they are better informed and can refer their clients with money related issues to the appropriate services to help them. IMLT will be one of the major organisations offering information and workshops.

The format of the days will be to attend two (from a choice of three) free workshops:

- What can the CAB do for you / your client
- How can the Illegal Money Lending Team help you / your client
- Energy Switching – Save Pounds!

Listed are the following events:

1. South Derbyshire 9th February Hilton Village Hall, DE65 5GH
2. High Peak 20th February Bradbury Community House, SK13 8AR
3. Amber Valley & The Dales 26th February Strutts Community Centre, DE56 1UU
4. Bolsover 6th March Bolsover Assembly Rooms, S44 6NG
5. Erewash 12th March, Granville Community Centre, NG10 4HD
6. Chesterfield and North East Derbyshire Friday 20th March, The Arkwright Centre

Debt and Depression Mental Health Presentation by the England Illegal Money Lending Team - Supported by Derbyshire Healthcare NHS Foundation Trust

IMLT have recently found that 21% of loan shark victims interviewed showed signs of poor mental health with many speaking of suicide. Many of the victims we have worked with over the past few years have needed support for mental health problems so we thought it would be useful to introduce the England Illegal Money Lending Team and the work we are doing with the NHS. Case studies often help illustrate the damaging impact of becoming victim to a loanshark.

Example Victim

“It was horrendous, I can’t describe what it was like, I felt like taking an overdose. If you had seen me 6 months ago you wouldn’t believe it - I collapsed in Asda from all the stress. He is taking a £1,000 of me each month and further money for protection. This month alone I have paid him over £2,000. I am struggling to pay my mortgage and have had my house nearly repossessed 9 times. Felt really depressed, ended up in a place where I could see no end, I don’t wish to go back there; thought about suicide am now with a counsellor through work. My mental health has suffered, I have tried to commit suicide on more than one occasion”

The main aim of the presentation is to make as many health professionals aware of the dangers of using illegal money lenders and the serious mental health issues surrounding it. We will outline how to identify such victims and the process of prosecuting the offenders (and there by removing the debt).

IMLT, with the full support of the Derbyshire Healthcare NHS Foundation Trust Education Team, have organised a short seminar for 12th February 2015 at 10am –

12pm in the Conference Room, The Centre of Research and Development, Kingsway Hospital, Derby, DE22 3LZ

Final Note:

There is still a lot of awareness raising to do in Derbyshire both in providing information for victims as to where help is at hand and also in educating the community in particular young people into never using a loan shark in the first place. If you or your organisation would like to work with IMLT please do not hesitate to contact me:

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