

**London Boroughs of Brent & Harrow
Trading Standards Joint Advisory Board
14 JUNE 2023
Report from the Senior Service Manager**

FOR INFORMATION

Illegal Money Lending Team

1.0 Purpose of the Report

- 1.1 The Brent and Harrow Trading Standards has been in partnership with the National Illegal Money Lending Team (IMLT) since 2013. IMLT provide a service where residents who have borrowed from illegal money lenders can report these lenders and receive advice and support.
- 1.2 The purpose of this report is to update members on work that has been carried out by the IMLT within the boroughs of Brent and Harrow over the years and advice on future plans.

2.0 Recommendations

- 2.1 That Joint Advisory Board Members consider the report and make comments where appropriate.

3.0 Details

- 3.1 The Illegal Money Lending team's function is to provide enforcement against illegal money lenders, therefore policing the unregulated market and protecting the very often vulnerable victims from abuse. The team works across the country and provides enforcement for all local authorities in England.
- 3.2 Illegal moneylenders are people who conduct a consumer credit business without authorisation from the Financial Conduct Authority (FCA) and often charge very high interest rates. These lenders are commonly known as 'Loan Sharks'.
- 3.3 In its 2022 report, the Centre for Social Justice, a government think tank, commissioned by IMLT completed in-depth research into hidden debt and loan sharks and their investigations concluded that in England alone, 1.08 million people are estimated to be using a loan shark.
- 3.4 Hard pressed families who are struggling with the rise in the cost of living are likely to be preyed upon by loan sharks and illegal money lenders due to the scale of household debt rising as financial pressures on households leaves many struggling to afford their monthly bills.

- 3.5 Loan sharks pose a dangerous threat to all communities. They charge exorbitant interest rates and target the most vulnerable with aggressive and exploitative practices. The impact of illegal money lending is severe and far-reaching, with devastating consequences for the mental health and wellbeing of those affected.
- 3.6 Loan Sharks often seem friendly at first, but many will later become intimidating, threatening or violent if payments are missed, not to mention the excessive add-on fees and pressure put on which could leave those desperate for help in a worse position than where they started. Loan sharks often target those who are struggling to get credit through legitimate sources. It is estimated that it takes an average of 2.5 years for a victim to reach out for support.
- 3.7 The IMLT works hard to combat the growth in illegal lending by focusing on prevention, awareness and enforcement activities.
- 3.8 Recently in April 2023, a woman was arrested on suspicion of illegal money lending, assault and money laundering offences following an operation in the London Borough of Brent.
- 3.9 Previously, in 2021 a Brent man who ran an illegal money lending business for 7 years, issuing 124 loans amounting to £128,935 was sentenced to 17 months in prison, suspended for 18 months and ordered to do 200 hours of unpaid work. He was given the payback order at a Proceeds of Crime hearing at Harrow Crown Court.
- 3.10 Additionally, a Harrow Doctor who was a hospital consultant acted as a loan shark to lend £1 Million to colleagues working at Central Middlesex and Northwick Park Hospitals by lending them the cash at interest rates more than 600 times based to make a huge profit. He was given a 10 months prison sentence, suspended for 2 years back in October 2016 he was then subsequently ordered to pay back £525,000 in proceeds of crime for his financial gains.
- 3.11 London Boroughs of Brent and Harrow Trading Standards has worked closely with the IMLT consisting of the following:
- IMLT representative holding a workshop at Harrow Council's Adult and Children Safeguarding Teams joint conference in February 2022
 - Prior to the pandemic, taking part in Harrow Day of Action as a rolling programme and loan shark awareness at event days in Harrow alongside Trading Standards outside of St Ann's Shopping Centre
 - Illegal Money Lending Awareness raising inclusion in Harrow CVS Bulletin
 - Loan Shark Awareness raising event held at Brent Civic Centre which included the attendance of the local community and Credit Unions
 - Event work with previous Financial Inclusion Officer running an IML Proceeds of Crime Grant funding opportunity
- 3.12 The Service is notified of ongoing investigations and sometimes assists on raids if required to be carried out on loan sharks.
- 3.13 Brent and Harrow Trading Standards is committed to continue working with IMLT to ensure that victims that have engaged with loan sharks are able to get support and loan sharks are reported, investigated and prosecuted.

- 3.14 One of the recommendations within the 2022 report by the Centre for Social Justice is that councils should be equipped to uncover illegal lending. This can be achieved through raising awareness within the council and that non-Trading Standards teams are trained to recognise and stamp out illegal lending.
- 3.15 Trading Standards plans to work with ILMT to provide training and workshops to staff within both Brent and Harrow councils such as social services, housing benefits and safeguarding teams to enable them to identify victims and direct them to where they can receive support. This would include updating websites to have current and up to date information writing to schools and encouraging them to sign up with ILMT to have access to materials that could assist in educating children to have a better understanding of where the money comes from, budgeting and have a general understanding of handling money, avoiding debts in a hope to stop them getting into financial difficulties in the future.

4.0 Financial Implications

- 4.1 The staffing resource to implement this will be met from within the Trading Standards base budget.

5.0 Legal Implications

- 5.1 There is no legal implications arising from this report.

6.0 Equality Implications

- 6.1 The proposals in this report have been screened to assess their relevance to equality and were found to have no equality implications.

7.0 Consultation with Ward Members and Stakeholders

- 7.1 There is no requirement to specifically consult Ward Members about this report as it affects all wards across both Boroughs.

8.0 Human Resources Implications

- 8.0 There are no significant staffing implications arising from this report.

Contact Officer

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