

“Loan sharks circling on the vulnerable”

Consumer debt and the additional problems caused by the recession could well be driving up the numbers of people borrowing money from illegal lenders and loan sharks. Undoubtedly many people seeking a quick cash injection could well be lured into the temptation of easy money.

With borrowing from traditional lenders almost at a standstill consumers could well be forced to turn to illegal money lenders.

Commenting, Phil Wood, managing director of chartered accountants and licensed insolvency practitioners, Barringtons said “Loan sharks know exactly where to target people on low incomes, particularly younger people and single parents who are perhaps a bit more inexperienced or are finding it difficult to get by financially. This type of borrowing simply creates a cycle of debt which is difficult to get out of. These lenders are typically charging 180 per cent APR or more which means that in just twelve months vulnerable people will end up paying back almost twice as much borrowed in the first place. Many illegal money lenders can often use extremely unpleasant methods to obtain their repayments. The diminished availability of regulated sub-prime credit is set to continue and people in financial trouble should be obtaining free debt advice from the debt charities not being forced to borrow from illegal sources.”