

Press release **STRICTLY EMBARGOED TUESDAY OCT 1, 2013**

## PAYDAY LENDING CUSTOMERS ARE TYPICALLY HUNGRY, COLD AND WORRIED ABOUT EVICTION SAYS CHARITY'S FINDINGS

A debt charity is calling for tighter regulations to protect vulnerable people from rogue payday lenders.

Shocking new findings from debt counsellors Christians Against Poverty show four out of five (78%) people taking out a payday loan did so to afford food.

Worse still, one in five people weren't even asked if they had a job. Chief Executive Matt Barlow said: "This evidence shows that people taking out payday loans are not, typically, doing cosy house repairs as most payday lenders would have us believe. People who take out this expensive sort of credit are hungry, worried about keeping warm and becoming homeless.

"Some elements of the industry have worked hard to improve their practices - and we warmly welcome that - but these findings show irresponsible lending still looms large and those companies give the better firms a very bad name."

More than 1,500 of CAP's clients were asked if they had taken out a payday loan and if so, how many. More than half had taken out between two and five loans before they called CAP for free debt help.

A further 16 % admitted they had "lost count" of how many payday loans they had used.

Mr Barlow said: "We try hard to take a balanced view, being fair to both our clients and the credit industry. Therefore we shall be taking this report to individual companies and the Consumer Finance Association with the expectation that they will want to engage with us.

"We want to see regulations that insist on appropriate affordability checks including a mandatory sign-up to a credit reference company which will work in real-time, to stop people taking out multiple loans on the same day or living a payday loan lifestyle, paying one off with another.

"Thankfully there are companies who are leading the way in responsible lending and we want to see this best practice spread to the smaller names and the overseas operations who seem all-too-happy to operate outside of the OFT's guidelines."

Ends

## MORE ABOUT THE FINDINGS

1,577 respondents (representing 11,377 current clients being helped by the charity)

Percentages have been rounded up in places, so don't add to 100%

22% said they had taken out a payday loan before getting debt help

### HOW MANY PAYDAY LOANS DID YOU TAKE OUT?

1	19%
2-5	51%
6-9	13%
10-29	1.38%
"Lost count"	16%

### WHEN APPLYING FOR A PAYDAY LOAN, WERE YOU ASKED ABOUT YOUR:

Income	86% Yes	15% No
Outgoings	32% Yes	68% No
Work Status	81% Yes	19% No
Household Budget	22% Yes	78% No

### WHAT WERE YOU USING THE PAYDAY LOAN(S) FOR?

(Respondents could pick more than one so per cent not 100%)

Home improvements	10%
Car repairs/purchase	15%
Cost of Christmas	27%
Electricity/gas bills	52%
Food shopping	78%
Rent/mortgage	36%
Emergency eg flood damage	5%

The three lowest categories are those described in payday lenders' advertising – in fact three highest were food, fuel bills and housing.

## MORE ABOUT CHRISTIANS AGAINST POVERTY

CAP is a UK charity determined to reduce poverty through free debt counselling, financial education, via the CAP Money Course, and CAP Job Clubs, which tackle unemployment.

Debt help is offered through a network of 233 churches supported by CAP's HQ in Bradford. Help is given freely to all regardless of age, gender, faith or background.

More at [www.capuk.org](http://www.capuk.org) For debt help call 0800 328 0006

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