



THE LAW SOCIETY  
of SCOTLAND

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Competition & Markets Authority  
Victoria House  
Southampton Row  
London  
WC1B 4AD

Date: 28 April 2014

Dear Sirs,

**Re: Payday Lending Market Investigation:**

- 1. Customers' use of multiple payday lenders**
- 2. Repeat borrowing and customers' use of multiple lenders**
- 3. Use of other credit products by payday loan customers**

I write in my capacity as secretary to the Law Society of Scotland's Consumer Law Committee and in relation to the Competition & Markets Authority's current investigation into the 'payday' lending market.

The Committee recently considered the above three papers, published on the 10 April 2014. In response to the request to provide comment on these, the Committee welcomes the investigation, recognising that the practices of some lenders in this sector are, at times, detrimental to borrowers.

Although the scrutiny of the business practices of this particular lending sector is to be welcomed, and is generally considered necessary to ensure the fair treatment of borrowers, it should also be remembered that they satisfy a consumer need and provide an access to credit to those who may have difficulty in securing necessary credit elsewhere. Without such access some may find themselves in serious financial hardship, unable to meet other financial commitments or provide the day to day necessities for their families, potentially leaving them little option but to seek loans from unlicensed lenders.

The Committee has actively engaged with the UK Parliament, recently proposing a number of amendments to the *Financial Services (Banking Reform) Act 2013* during its parliamentary passage, which sought to strengthen consumer protection and promote better awareness to borrowers of their rights under current consumer credit legislation. Please see: *Lords Hansard 26 November 2013 Column 1400* and amendments 178 / 179<sup>1</sup>.

The Committee welcomes any proposals and actions which seek to curtail any adverse business practices of the payday lending sector and provide greater

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<sup>1</sup> <http://www.publications.parliament.uk/pa/bills/lbill/2013-2014/0054/amend/ml054-II.htm>



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protection for borrowers, but would hope that these also take into account the service which the sector provides.

If you have any questions in relation to this, then please contact me direct.

Yours faithfully  
Brian Simpson  
Law Reform