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2 July 2014

Dear Sir/Madam

## **CMA MARKET INVESTIGATION INTO PAYDAY LENDING**

**Response to: Notice of a request for a variation of the terms of reference under Rule 11 of the CMA Rules of Procedure (CMA 17)**

### **Introduction**

These comments are from the Islington Debt Coalition Payday Loan working group. We are a sub group of the Islington Debt Coalition a partnership of organisations led by Islington Council working to tackle the issue of debt in Islington. The Payday Loan working group comprise representatives from:

Islington Council – Financial Operations  
Islington Council – Planning & Development  
Islington Council – Trading Standards Service  
London Capital Credit Union  
Islington Law Centre  
Islington People's Rights  
Islington Citizen Advice Bureau

We welcome the opportunity to respond to the proposed remedies derived from CMA's Payday Lending Market Investigation. Our detailed response is outlined below.

We are happy for our comments to be made public.

### **Comments**

We agree that the terms of reference should be widened to include credit brokers and lead generators.

Islington Council's trading standards team identified, through the monitoring of consumer complaints reported to the Citizens Advice consumer service, a number of concerns.

- The majority of cases they receive concerning credit are about brokerage/lead generation and failures, or delays, in refunding brokerage fees.
- A large proportion of the cases concern advance fee loans scams. This is where a consumer is

contacted by phone or email and offered a loan if, for instance £200, is paid in advance. When questioned consumers say they applied for loans on line, using several sites, and assumed the call related to one of those applications. This suggests that some lead generators do not make it clear they are not lenders and also there are concerns that some may be careless about passing on consumer data.

- Under the OFT's licensing regime Islington trading standards are notified of new licence applications and of licence variations. In the calendar year 2013 42 OFT notifications were received. Of these 16 related to licensees giving one of Islington's virtual offices as their principal place of business. The majority of applications related to the credit brokerage category.
- When examining the credit licence applications the team noticed that most had more than one trading name in the form of a web address. One extreme example is EPL Web Solutions Ltd, credit licence number 643001, that can be examined via an open source site <http://www2.crw.gov.uk/pr/>, have over 40 trading names.
- The trading standards team has also found cases where a one licence holder has had its website set up by different licence holder. Many of the lead generators are possibly linked.

We look forward to seeing the outcome of this consultation.

Yours sincerely

**Grace Hussey**

Chair of Islington Debt Coalition Payday Loan Working Group  
Islington Council

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