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Dear Sir/Madam

CMA PAYDAY LENDING MARKET INVESTIGATION

Response to: Payday lending market investigation - Consultation on the DRAFT Order

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

Our comments are outlined below and follow the structure of the Draft Order:

Part 2

2 Interpretation

2.1 In this Order

"interconnected body corporate" – this definition excludes businesses that are run by a sole trader or partnership. It would be better to use the term "undertaking" instead of body corporate as this would cover a range of business types such as sole traders and partnerships, giving a

wider view to the possibility of interconnection. The Order needs to cover cases where body corporates share directors. For instance a business could create a new body corporate in order to circumvent the protections intended in 9.1. It would be wise to add to the definitions a) to c) with something on the lines of the following:

d) it has officers and managers in common.

"Payday loan" is defined but the definition uses the term "APR" which does not appear to be defined. The definition of payday loan is very definite, possibly giving room for abuse via, for instance, a loan of £1010, for 18 months at and APR of 99%. Consideration should be given on how to avoid this.

Part 3

3.2 – Do online lenders have to publish details of **all** their products? We assume "up to date" will be a matter of fact or what an "average consumer" (as defined in the Consumer Protection from Unfair Trading Regulations 2008) might expect. This should be more clearly defined. Reference to "up to date" could be added to Clause 5.

3.3 – We ask why non-online retailers are excluded. We believe that there is a case for their inclusion as many non-online retailers do advertise their services on line. Consumers may wish to research before entering a high street shop to buy. Some people may prefer to go to a high street shop as it is easier to deal with a person face to face plus this avoids any internet fraud.

8.8 – Where payday lenders notify CMA of connection to PCW we would recommend that **any association** should be also be noted on the PCW so that it is in the public domain.

Part 4

12.1 c) – The passing of 3 months seems a little long we would prefer to see 2 months. This shorter time period will help consumers from sliding into further debt, giving them earlier notice that their finances are in trouble.

Part 6

17 – Directions

- Should the sanctions for breaching the directions also be outlined?
- Should the likely time scales imposed by directions etc. also be given?
- Will the directions be made public, we would recommend that they are.

We look forward to seeing the outcome of this consultation.

Yours sincerely

Ken Biswell

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Circulation:

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