

**REPORT TO: ENVIRONMENTAL SERVICES AND SUSTAINABILITY COMMITTEE  
15<sup>TH</sup> NOVEMBER 2004**

**REPORT ON: ILLEGAL MONEYLENDING – DEPARTMENT OF TRADE & INDUSTRY (DTI)  
NATIONAL INITIATIVE**

**REPORT BY: HEAD OF ENVIRONMENTAL HEALTH & TRADING STANDARDS**

**REPORT NO: 768-2004**

## **1.0 PURPOSE OF REPORT**

1.1 This report seeks to inform members of the launch of a Scotland wide illegal moneylending team, and approve the operation of the team in Dundee when appropriate.

## **2.0 RECOMMENDATIONS**

2.1 It is recommended that the committee notes the contents of this report and agrees that the Head of Environmental Health and Trading Standards can use delegated powers to authorise named officers of Glasgow City Council to undertake enforcement duties under the Consumer Credit Act 1974.

## **3.0 FINANCIAL IMPLICATIONS**

3.1 There are no financial implications arising from this report.

## **4.0 DUNDEE 21 IMPLICATIONS**

4.1 People live without fear of crime:  
These proposals will help ensure the safety and security of communities, enabling action to be taken against individuals who profit through illegal moneylending.

## **5.0 EQUAL OPPORTUNITIES IMPLICATIONS**

5.1 There are no equal opportunity implications in this report

## **6.0 BACKGROUND**

6.1 The Department of Trade and Industry published a White Paper on Consumer Credit in December 2003 which amongst other matters referred to the need to adopt measures to tackle illegal moneylending.

6.2 Borrowers who are normally excluded from obtaining loans from legitimate sources either because of a poor credit history or lack of income, often fall prey to illegal moneylenders or 'loansharks'.

Loansharks are not licensed under the requirements of the Consumer Credit Act 1974, and the rates of interest charged are often extortionate. Failure to meet repayments can result in threats and violence.

6.3 The DTI has allocated funding to two Trading Standards Services in the UK, to establish projects based in Birmingham and Glasgow with teams of specialist officers, to investigate complaints about illegal moneylending.

The team currently established within Glasgow City Council was launched during September. It covers all of Scotland and the funding support is in place to cover a two year period of operation.

- 6.4 Investigations into illegal moneylending complaints are resource intensive with offences being difficult to prove in Court because witnesses are often unwilling to provide statements. There are also considerations of the safety and welfare of staff who may live within the same local area.
- 6.5 As the work of the investigative team could be Scotland wide, an operating protocol has been drawn up and agreed by the Society of Chief Officers of Trading Standards in Scotland (SCOTSS) covering working practices and the flow of intelligence. The protocol ensures that investigations within Dundee are formally notified and specific agreement in writing is given. In this way formal authorisation by Dundee City Council can be given for any covert surveillance operations undertaken by the project team.
- 6.6 The Consumer Credit Act 1974 is silent on any geographic restriction of powers used by duly appointed officers of a Local Authority. It is nevertheless believed prudent to grant credentials to officers employed by another Council to avoid any future challenge in Court.
- 6.7 Trading Standards Officers will liaise with all relevant agencies within Dundee that may have information or complaints regarding illegal moneylending. The initiative will be promoted by Glasgow City Council, and members of the public will be encouraged to give information via 'Crimestoppers'.

## **7.0 CONSULTATIONS**

- 7.1 The Chief Executive  
Depute Chief Executive (Support Services)  
Depute Chief Executive (Finance)

## **8.0 BACKGROUND PAPERS**

None

**Albert Oswald**  
**Head of Environmental Health & Trading Standards**

5<sup>th</sup> November 2004