

Press Release

October 17 2012

Rise in multiple payday loans

National debt charity Consumer Credit Counselling Service (CCCS) has seen a dramatic rise in the number of people seeking its help who have multiple payday loans. Over 2,000 of its clients this year have had five or more payday loans, a three-fold increase from 716 for the whole of 2009. At the more extreme end of the scale, 173 of those who sought its help in 2012 had ten or more payday loans while only 42 had this number in 2009.

The average amount owed on payday loans by those seeking its help is rising too, up from £1,187 in 2009 to £1,458 in 2012.

CCCS has seen a general rise in the number of people seeking its help with payday loans, going up from 6,491 in 2009 to 17,414 in 2011. So far in 2012, 16,467 have contacted it for help with payday loans.

The charity says that the increase in the number of people with multiple payday loans is very worrying as this can be expensive credit and taking out multiple payday loans is a sign of a debt problem.

It says that, while the payday loan trade associations announced improved codes of practice for payday lenders in July which included commitments to carrying out appropriate affordability assessments and credit vetting to check that customers can afford the loan, the issue of multiple lending was not addressed.

CCCS says that the payday loan industry needs to take action to deal with the problem of multiple lending, to prevent consumers from falling into a dangerous debt spiral.

Commenting on the findings, Delroy Corinaldi, CCCS external affairs director said:

“Payday loans are not the cheapest form of credit but some people find them useful and are able to repay what they owe at the end of the month. However, multiple payday loans can very quickly become unmanageable and CCCS sees the consequences of people trying to manage numerous payday loans.

“Measures must be put in place to ensure that more people don’t find themselves in this situation and CCCS calls on the payday loan industry to address this issue urgently.”

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Notes to editors:

1. CCCS’s ethos is to help the “can’t pays”, not the “won’t pays”, and does not condone debt avoidance. CCCS always aims to help its clients pay back what they owe, in a realistic timescale and manner that is suited to each individual’s situation.
2. CCCS is self-funding. Lenders share with the charity the benefit they receive from its operation, making a donation from the money repaid to them. This allows CCCS to retain its independence and ensure that its advice is always in the best interest of the client.
3. The CCCS free phone helpline 0800 138 1111 is open 8am to 8pm, Monday to Friday.
4. CCCS *Debt Remedy* is available at www.cccs.co.uk
5. Follow us on Twitter: @CCCSPressOffice

Media enquiries:

All media enquiries should be directed to:

Una Farrell - unaf@cccs.co.uk

Tel: 0207 391 4583 (07950 469101 if outside office hours)