Housing in Practice

Keeping the loan sharks at bay

In the latest in our Housing in Practice series, **Neil Merrick** reports on a housing association that's helping tenants fend off illegal money lenders by advising them on ways to manage their household budget.



The resident's story

Having spent weeks in hospital with Covid and then losing his job, Gregg Coton was struggling to make ends meet.

Though a trained computer technician, the 'brain fog' caused by the virus meant he was unable to access financial services online, including benefit applications.

But thanks to the help he received from Natalie French, a money adviser with housing association Citizen, he got to grips with his money problems. This included going to court with the support of Citizens Advice, the national advice body, and gaining an increase in the benefits that he receives from the Department for Work and Pensions.

"I'd got into a lot of problems and was struggling to think straight," says Coton, who has been a council or housing association tenant in Coventry since the early 1990s. "Now I'm receiving the money I'm entitled to, and I'm extremely grateful for the help that I received."

Why is independent financial advice so important to tenants?

Tenants on low incomes often struggle to pay rent, energy costs and other bills and are therefore vulnerable to illegal money lenders, or loan sharks. "People are on the breadline and really feeling the pinch," says Sam Johnston, a neighbourhood team leader for Citizen.

Three years ago, as cost of living pressures grew, a report by the Centre for Social Justice estimated that as many as 1.08 million people in England could be borrowing from loan sharks.

A loan shark is someone who lends money illegally, without authorisation from the Financial Conduct Authority. The loan normally involves high or extortionate rates of interest, making it difficult if not possible for the borrower to repay it.

Citizen owns about 30,000 homes across the West Midlands. As with other social landlords, its tenants may be part of tightly-knit communities.

While this has many advantages, it may lead to people being encouraged to borrow from 'a friend of a friend'. Before they know it, they find themselves owing large sums (including interest) and facing coercion if they don't repay their debts.

How can a social landlord dissuade tenants from using loan sharks?

Last year, Birmingham Social Housing Partnership (a consortium of 30 housing associations) joined forces with Stop Loan Sharks, a national body, to warn tenants about the danger of using loan sharks.

"A large proportion of our tenants are vulnerable and open to exploitation," says Emma Peniket, the partnership's lead. "Before you know it, they are borrowing money and interest is being added. That's how the cycle starts."

The campaign aims to flag up via social media and other means the support that's available to people with money problems, as well as ways to notify the police if they are approached by loan sharks.

In November, tenants from Citizen were among those who gave evidence leading to the prosecution of a Coventry man who was operating as a loan shark in parts of the city. Citizen's neighbourhood team supported tenants while they gave evidence, finding a safe space where they felt comfortable talking about their experiences to the police.

The association also shared information to support the police investigation and eventual prosecution of the loan shark. "At first, the victims were frightened to speak out," says Sam Johnston, who's based in Coventry. "But they were persuaded that it was the right thing to do."

So, is it all about tenants helping to prosecute loan sharks?

No. Tenants would be better off if they never needed to resort to loan sharks. The key thing is that landlords spot when money problems are brewing and respond to early warning signs by offering appropriate advice.

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>
> **Emma Peniket, Birmingham Social Housing Partnership**

Bal Basi, Citizen's neighbourhood services manager in Coventry, says tenants are extremely hard-pressed, sometimes using food banks and asking for money to pay for mobile phones.

Staff try to visit tenants at home at least once per year, she says, referring them to the housing association's advice service if a tenant has financial concerns or other problems.

Credit unions have all but disappeared in much of the UK, meaning people are likely to be helped through discretionary housing payments (awarded by the council) or hardship payments offered by water companies.

Staff also check that tenants claim all the benefits they are entitled to, and are on the correct energy tariff. "We help them balance their income and expenditure and make sure their rent is paid so their home is safe," says Basi.

How does the advice service operate?

Previously known as the money advice team, Citizen Housing Association's advice services team has expanded during the past five years and offers a range of support. "We've seen a drastic increase in demand since Covid," says manager Michael Clarke.

The team is made up of 10 money advice officers, as well

as three employment coaches, two energy advisers and a digital inclusion adviser, who helps people to improve IT skills and access online services.

Households are contacted during the first week of their tenancy to discuss financial and other needs. Where necessary, they are helped to draw up an income and expenditure statement and shown ways to maximise income. Where appropriate, tenants may be referred to debt advice charities.

Are tenants generally happy to talk about money problems?

Not always. Some people see talking about personal finance as an invasion of their privacy, especially if they are struggling to make ends meet.

Some of Citizen's money advice officers previously worked for agencies that assist with money matters. They are also trained to spot cases of financial abuse, where people are denied access to their money, possibly by a family member.

"Our officers are trained to ask personal questions," says Michael Clarke. "We meet people who are reluctant to engage, so we build trust with them through taking 'baby steps' and looking for quick wins."

As part of the campaign run by Birmingham Social Housing Partnership [see above], advice officers received training from Stop Loan Sharks, also known as the England Illegal Money Lending Team.

Advisers also work closely with other staff at Citizen, meaning tenants who might be vulnerable to loan sharks are identified at an early stage. Warning signs can include people failing to pay a service charge, or discrepancies in bank statements.

What can other social landlords learn from Citizen's approach?

In an ideal world, people would never come into contact with loan sharks or consider using them to borrow money.

The important thing is that housing associations and other social landlords adopt a whole-organisation approach, feeding information to one another and taking an early interest in tenants' finances so they become aware of people looking for ways to scrape together money.

Across the West Midlands and elsewhere, housing associations are also trying to ensure that, aside from loan sharks, there are better options for raising money and balancing the household budget.

"We work with other front-facing teams across the organisation," says Clarke. "All of our services overlap and, whenever things crop up, we share information with our colleagues. We have put a tight net around customers' welfare."







Right: a selection of posters from Stop Loan Sharks