Alister Jack DL MP
Member of Parliament for Dumfries and Galloway

HOUSE OF COMMONS
LONDON SW1A 0AA

January 2019.

Dear Constituent,

A Response to the Payday Lenders Campaign

I am committed to ensuring that more households can manage unexpected costs through affordable credit. Tackling the problems caused by high-cost credit requires a comprehensive approach. That is why the Government wants to both encourage the growth of the social lending sector as an alternative to high cost credit like payday loans, and ensure that the existing payday lending sector is effectively regulated.

The Financial Conduct Authority (FCA) established, reformed and toughened rules governing payday lending in 2015, which included a holistic cap on the total cost of payday loans, so that no payday loan consumer should have to pay back more than twice what they borrowed. In addition, the FCA is consulting on a further package of regulatory reforms for the high-cost credit market. I believe that more can and should be done to build on this progress.

That is why I welcome the measures outlined in the recent Budget to make credit even more accessible, and help people manage problem debt. The Budget proposed a 'breathing space scheme', which would allow for a 60 day protection period from debt recovery action by creditors. The policy, on which there will be a consultation, is intended to allow people time to work out a path to consistent pay-back of debt.

The Budget also announced the introduction of a pilot scheme for interest free loans. There will first be a feasibility study carried out by the Government in collaboration with banks and debt charities.

Credit Unions are another key pillar of the affordable lending sector; a new pilot prize-linked savings scheme, also announced at Budget, will enable them to build their capital and expand their lending activities.

I am also glad the Government is cracking down on unlawful lending, or 'loan sharks'. There are around 300,000 people in Britain who are in debt to loan sharks, and important steps are being taken to help them. In April 2018, £5.5 million of funding was announced for investigations into illegal lenders and for prosecuting them, as well as assisting the victims.

I hope this letter reassures you that action is being taken to help people access affordable and reliable credit. I will continue to make my voice heard to defend the interests of hardworking people.

Yours sincerely,

Alister Jack DL MP
Dumfries and Galloway constituency.

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