drowning in debt

how irresponsible lenders are creating a tidal wave of misery

Church Action on Poverty

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Acknowledgements

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Executive summary

- Poorer households have been hit hard by the financial crisis. Yet we are definitely not 'all in this together'.
- In fact, for the high-cost lenders – home credit or door-to-door money-lenders, the rent-to-own (RTO) sector, pawnbrokers and payday lenders – this is boom time. The UK high-cost credit market is now worth over £7.5 billion.
- The rent-to-own (RTO) sector has more than doubled its pre-tax profits over the last three years, **from £9.83 million to £19.7 million,** by selling basic appliances, furniture, and white goods to hard-up families at inflated prices with interest rates of up to **70%.**
- A six-seater sofa from Sofaland costs **£660** – while the equivalent item from BrightHouse costs **£2113.26.** Add on BrightHouse's 64.7% interest, and this sofa ends up costing **£4056.00 – six times** the price of the Sofaland equivalent, and **nine times** the cost of a similar item on eBay.
- As the recession forces mainstream retailers to shut down their stores, with electronics giant Dixons planning to close 60 shops as losses continue, RTO market leaders **BrightHouse** are increasingly dominating the high street. The number of RTO shops across the country has **roughly doubled** since the recession began, from **179** in 2008 to **344** now.
- Yet against this backdrop of enormous profits and expanding markets, the people who are fuelling this boom continue to struggle to pay for the most basic amenities.
- The median wage in Britain is now £3,300 less than it was in 2006–07, and the cost of ordinary food, clothes and leisure facilities has increased by 25 per cent since 2008. Welfare reform and increasing taxes mean every UK household is now £1,500 a year worse off.[1]
- Affordable credit has become more difficult to access since the recession. Some 7.8 million people nationally are unable to access bank loans or credit cards – and one in 10 don't even have a current account.
- The situation is made even worse by the Government's decision to almost halve local authority crisis funding, from £329 million in 2010–11 to £178 million in 2013–14.[3]
- People who are benefit-dependent, without savings, on a low income or with a bad credit history are reliant on the RTO and high-cost credit sector to furnish their homes or buy essential appliances like washing machines, cookers, and fridges.
- Church Action on Poverty partner Thrive and the Centre for Responsible Credit have worked with dozens of high-cost credit customers, who say they need to be able to access credit – but at a reasonable cost.
- Low-income customers without access to credit are forced to pay far more for finance, food and fuel. Nationally, this 'poverty premium' is equivalent to £4 billion a year.
- We believe it is time the **WHOLE** of the high-cost credit sector started to properly share the data that will enable their customers to access cheaper, mainstream credit, so they are no longer trapped in a destructive cycle of debt.
- We have successfully negotiated with RTO leaders BrightHouse, PerfectHome and Buy As You View to secure a number of important reforms that include a **commitment to data sharing, lower default charges, lower interest rates of 24.9%, more flexible payment options, and independent debt advice.**
- **These changes have improved the lives of almost 400,000 low-income customers.** We believe this shows that the high-cost credit sector can change. But there are still huge barriers to be overcome.
- From April 2014, the Financial Conduct Authority (FCA) will take over responsibility for regulating the high-cost credit market from the Office of Fair Trading. The FCA will have the power to cap loans and revoke licences.
- The FCA has already introduced new rules that to ensure that, from July 2014, only those who can afford to repay a payday loan will be granted one, as well as new restrictions on the rolling over of loans and withdrawals of cash from borrowers' accounts.
- The Government continues to reject calls for a cap on the interest rates that firms can charge borrowers.[4] However, we believe it is crucial that the FCA uses their new powers to place firm limits on what the high-cost credit sector can charge.
- Otherwise, millions more will needlessly sink further into debt.

Recommendations

- Nobody should ever have to use more than a third of their gross income to repay high-cost lenders
- Lenders should share data so that they can check borrowers' income and other commitments before lending
- Lenders who break these rules should lose their licences.

Rent-to-own – reform in progress?

The rent-to-own (RTO) sector is thriving. By providing furniture, electrical items and white goods to low-income customers who would otherwise have difficulty paying for such high-value items, the industry has grown as incomes have dropped.

RTO agreements are attractive because they spread the purchase cost over a number of years, and therefore allow poorer customers, including many in receipt of income-related benefits, to obtain goods without having to save.

However, whilst weekly repayments are low, the length of agreements, high interest rates, high cash mark-ups on goods and additional charges for optional insurance and service cover mean that goods end up costing up to **six times** more than what they should.

In addition, pricing is often misleading and customers are unclear as to what exactly they have to pay back. The Office of Fair Trading has stated there is 'a lack of transparency' in the pricing of RTO agreements.

Negotiations

In 2011, Church Action on Poverty partner Thrive, a community organising project based in Stockton-on-Tees, started receiving reports that local people dependent on the RTO sector were being exploited and were spiralling into debt.

Thrive launched a hard-hitting campaign against the sector. Eventually, the leading RTO lenders BrightHouse, Buy As You View (BAYV), and PerfectHome agreed to enter into negotiations with Thrive and the Centre for Responsible Credit.

The hard work paid off. Following a series of meetings, the sector has agreed to a new customer charter, which commits them to:

- Ensure that cash prices for goods are competitive with others in the sector
- Use mystery shoppers to evaluate how prices are explained to their customers
- Limit default charges
- Provide a range of payment options and offer discounts to those who pay by direct debits
- Offer free independent debt advice and have clear policies in place for those who are struggling
- Develop clear policies for future complaints handling
- Provide clear annual accounts

Case study: rent-to-own

Mum-of-five Donna Allison, 28, of Thornaby, is a member of Thrive. Taking out doorstep loans and using rent-to-own companies had left her with large debts. But with Thrive's help, Donna has managed to pay off most of her loans, and is a money mentor.

"Everyone I know has doorstep lenders – family, friends. They also use Buy As You View and PerfectHome. You don't have the money to save when you've got children or you're on benefits so you go to these places. But then you're paying a thousand pounds for a second-hand washer.

Our fridge freezer is reconditioned. But it will still cost us just under a grand.

I had bailiffs coming to the door, and red letters all the time. I was scared to answer the phone. I was getting depressed. They threatened to come and take my goods from me if I didn't pay. I was frightened.

You'd get loan sharks in my neighbourhood coming to your door. You fall into it. They seem to target Christmas time, when they know people struggle. So you're going to take that money just to give your kids a good Christmas.

They keep asking me if I would like another loan. But now I'm strong, and say no. I've started looking on second-hand pages on Facebook, and on Freecycle. If I needed something, before I'd be the type to just go out and spend, and not think about where the money is going.

Now I feel much better in myself. I've got more money to spend on the children. And all the money that I would have given to those loan sharks I'm now saving."

Donna Allison lives in Thornaby and is a member of Thrive Teesside

Everyone I know has doorstep lenders – family, friends

Credit sharing commitments

Thrive and the Centre for Responsible Credit also held meetings and interviews with lenders, credit reference agencies, and users of high-cost credit, and carried out a review of current mechanisms for data-sharing and their impact for low-income consumers.

In October 2012, BrightHouse started to share negative data on defaulted agreements. In 2012, they built on this to move to full data sharing arrangements with both Call Credit and Equifax. Most recently, they have signed an agreement to conduct full data sharing with Experian.

PerfectHome and BAYV are both in discussions with the Call Credit credit agency to start sharing data.

BrightHouse are now considering discounting the price of credit for its better customers. The use of data sharing has meant they now no longer take on high-risk customers, and have actually made savings as a result.

Lower interest rates

BAYV have introduced differential APR rates, ranging from 59.9% for a new customer paying by cash to 24.9% for existing good customers paying by direct debit. Various combinations in between are available, depending on how a customer pays, and if they are existing or new customers. They operate no late default fees.

PerfectHome now operate the lowest representative APR of 29.6% – and customers who pay by direct debit now receive an even lower rate of 24.9%. They operate a one-off late fee of £3.75.

BrightHouse have yet to introduce similar interest rates, and operate the highest in the market with a representative APR of 64.7%, which increases to 69.9% for some items.

Company statistics

The three main rent-to-own players – BrightHouse, PerfectHome, and Buy As You View – together made pre-tax profits this financial year of **£19.7 million – more than double the £9.83 million profit made in 2009–10.**

BrightHouse is the clear market leader, **with £8.3 million pre-tax profit this year, an increase of £8.5 million since 2008,** when they made a £200,000 loss.

PerfectHome, the second largest rent-to-own company, have seen the greatest profit growth. Their pre-tax profits have **soared by £13.4 million since 2008,** to turn round a loss of £6.2 million in 2008 to a profit of £7.2 million this year.

Buy As You View, the oldest RTO company first established in 1972, saw profits drop by £8.2 million between 2009 and 2012 – the height of the recession. But the last year has seen pre-tax profits increase sharply from 2011, with an increase of **£5.6 million.**

Pre-tax profits

	BrightHouse	PerfectHome	Buy As You View
2009–10	3.0	0.7	6.8
2010–11	10.1	2.7	6.3
2011–12	12.5	3.9	-1.4
2012–13	8.3	7.2	4.0

Number of stores

	BrightHouse	PerfectHome	Buy As You View
2008–09	158	21	N/A – payments home-collected
2013	280	64	

Graham Clarke is Chief Executive of RTO company Buy As You View

I want to be able to reward good payers

Case study: a voice from the industry

Graham Clarke discusses why his company have become more responsible – and why others should do the same:

> "Thrive threw a lot of rocks at me. Do you just sit back and not respond? In my corporate life that was always seen as the best way to approach. I don't buy that. The model currently works like insurance; good payers subsidise bad payers. You pay the same whether you're a bad customer, or you've been a customer for 40 years. But I want to be able to reward good payers. That isn't some soft-hearted approach; this is business. I want to keep good customers.
> As a consequence of that we are one of the first companies in the sector to offer differential pricing. My existing customers pay a lower APR than new customers. We still have a high APR; but it's a high cost to collect. The company never used to do direct debits.
> The Office of Fair Trading (OFT) had made some recommendations about data sharing. But from that recommendation there was very little that had been done. Coming together with Thrive helped as a catalyst to get round the table and start moving towards that.
> One of the frustrations from both sides of the table is how difficult that is. There's no specific legislation to allow data sharing to happen. But it has made the OFT see there that there is a groundswell both from consumers and businesses.
> It is a piece of PR. But that's not been the driver. We've seen that this has been good for us; it's helped us improve. We are absolutely prepared to make more changes in the future."

Price comparisons

The cash price the RTO sector sells at is already hugely inflated – even before interest.

Some items sold by market leader BrightHouse cost almost **FOUR times** the price of the same goods on the high street or from an online retailer.

A six-seater sofa from Sofaland costs **£660** – whereas an equivalent item from BrightHouse costs **£2113.26.**

Add on BrightHouse's 64.7% interest, and this sofa ends up costing **£4056.00**. More than a good quality second-hand 2006 Volkswagen Golf car, **SIX TIMES** the price of the Sofaland equivalent, and **NINE TIMES** the cost of a similar item on eBay.

Both PerfectHome and Buy As You View offer a lower interest rate of for reliable payers.

Yet their cash prices are still **more than DOUBLE** the high street equivalent, and their normal interest rates bump prices up to between **THREE to FOUR** times the retail price.

A person buying the four items listed below on eBay – instead of BrightHouse – would make a saving of **£5,870.25.** **(NB** The cheapest items available in each range were used for the comparison.)

Washing machine

Difference between eBay and BrightHouse price = £797.02

BrightHouse: Hotpoint 7kg washing machine (£487.68 + APR 64.7% (payments of £6 per week for 156 weeks)) = **£936.00**

PerfectHome: Hotpoint 7kg washing machine (£356.99 + APR: 29.6% (payments of £3.28 for 156 weeks)) = **£511.68**

Buy As You View: Valueline reconditioned washing machine (£251 + APR: 59.9% (payments of £3.11 for 130 weeks)) = **£404.30**

Appliances Online: Hotpoint 6kg washing machine = **£235**

eBay: Used Hotpoint 7kg washing machine (Buy It Now price £99.99 + two-year warranty £23.99 + £15 delivery in local area) = **£138.98**

Six-seater corner sofa

Difference between eBay and BrightHouse price = £3,606

BrightHouse: Six-seater corner Serena reclining sofa (£2113.26 + APR 64.7% (£26 a week for 156 weeks)) = **£4,056.00**

PerfectHome: Cassis recliner corner suite (£1,846.99 + APR 29.6 % (£16.99 a week for 156 weeks))= **£2,650.44**

Buy As You View: Worldwide Mandy leather suite (£1,449.99 + APR 59.9% (£14.65 a week for 208 weeks)) = **£3,047.20**

www.sofaland.com: Alexander six-seater corner sofa = **£660**

eBay: 10ft by 7ft leather corner sofa (Buy It Now price)= **£450**

24-inch flatscreen TV

Difference between eBay and BrightHouse price = £430.22

BrightHouse: Baird 24-inch TV (£330.73 + APR 64.7% (3.70 a week for 156 weeks)) = **£577.20**

Buy As You View: Refurbished Value Line TV (£294.00 + APR 59.9% (£3.65 a week for 130 weeks)) = **£474.50**

PerfectHome: Laurus 24-inch TV (£239.99 + APR 29.6% (£2.21 a week for 156 weeks)) = **£344.76**

Argos: Bush 24-inch TV = **£149.99**

eBay: Used Baird 24-inch TV (£139.99 + £6.99 postage) = **£146.98**

Basic laptop

Difference between eBay and BrightHouse price = £1,037.01

BrightHouse: Samsung gold notebook bundle (£741.14 + APR 69.9% (£11.50 per week for 104 weeks)) = **£1,196.00**

PerfectHome: Dell Convertible laptop (£568.79 + APR 29.6% (£6.99 per week for 104 weeks)) = **£726.96**

Buy As You View: Valueline refurbished laptop (£294.00 + APR 59.9% (£3.65 per week for 130 weeks)) = **£474.50**

Argos: Dell Inspiron laptop= **£329.99**

eBay: Seller refurbished Dell Latitude D410 laptop (£99.00 + 2-year warranty £59.99)) = **£158.99**

Payday lending: the failure of self-regulation

Payday lending is pernicious, predatory, and has the ability to very quickly trap people with rapidly escalating debt which has hugely damaging human, social and financial costs.

With 240 lenders operating from 1,238 locations and employing more than 4,842 employees, the sector is the biggest growing of the high-cost credit market.[6]

The Office of Fair Trading (OFT) estimates that the payday market more than doubled between 2009 and 2012, shooting up from £900 million to £2.2 billion – the equivalent of 8.2 million new loans. The top dozen payday lenders – one charging interest rates of more than 7,000 per cent – made almost £1 billion in the last 12 months.

In September, Wonga, the market leader, reported pre-tax profits of £84.5 million for 2012. In the same year they lent £1.2 billion, an increase of 68 per cent on the previous year, and approved 10,400 loans a day. [8]

Yet the OFT says 'irresponsible lending' throughout the sector is widespread, and around 2.7 million payday loans could not be repaid on time, or at all, in 2011–12.

One million families are being forced to take out payday loans every month as they struggle to meet the rising cost of living. Nearly 400,000 of them use the high-cost loans to pay for essentials such as food and fuel, and a quarter need the money to pay off existing credit.

More than a quarter of payday loans are 'rolled over' by borrowers unable to pay them back, which means they are forced to take out new credit and spiral further into debt. Yet these are the people who are funding the big profits. Half the industry's income comes from the default charges and additional interest earned by refinanced loans.

The StepChange debt charity says those who come to them for help typically have three payday loans, and are normally' maxed out' on credit cards and overdrafts before they even apply for a payday loan.[12]

More than 150 debt advisers who responded to a survey by the OFT said the loans were unaffordable from the outset, and had severe doubts over whether or not lenders ever assessed whether borrowers could even afford to pay the loans back. Indeed, a third of loans are repaid late or not paid back at all.

Half of all payday loan transactions – including all of Wonga's – are now reported to credit reference agencies. The OFT's 2012 Irresponsible Lending Guidance stipulates that payday loan companies should use the data to assess whether or not borrowers can afford to pay back their loans. Yet the National Audit Office agrees has confirmed that payday companies simply ignore the guidance.

Over one in five (28 per cent) do not conduct affordability assessments for new customers. One in three (35 per cent) fail to do so for each new loan. More than three quarters (78 per cent) of payday lenders fail to conduct an affordability assessments every time a loan is rolled over. Almost a third of lenders confirmed to the OFT that they would roll over loans an average of four times – and in some cases as many as 12.

In fact, the Centre for Responsible Credit has stated that, without tough regulation, credit information sharing may result in firms deliberately choosing to lend to people with a high level of existing debt.

The Financial Conduct Authority, who are due to take over the regulation of the payday loans sector from April 2014, has already provided a welcome response to some of these unscrupulous practices.

From July 2014, only those who can afford to repay a payday loan will be granted one. New restrictions will limit the number of times a loan can be refinanced to two, and lenders will be limited to two unsuccessful attempts to withdraw cash. They will be banned from trying to collect just part of the planned repayment.

Lenders will also have to publish risk warnings on adverts and provide information on free debt advice to anyone who wants to roll over a loan. Current guidance on checking whether a borrower can afford a loan before making it will become binding rules.

However, the Government still opposes a cap on the amount payday lenders can charge. We accept that a decision on how a cap would be implemented would require careful deliberation. There are many factors to consider, including whether the cap would be variable or fixed, and how the amount lent would be measured against a borrower's income.

We believe, however, that such a limit is absolutely necessary to curb the most irresponsible payday lenders. Otherwise, the sector will continue to levy exorbitant interest rates, and drive people into debt.

What it costs

This is what it costs to take out a £400 payday loan from the top five lenders:

Wonga: Representative APR 5853% x 30 day term = **£555.54**

Kwikquid: Representative APR 1990% x 30-day term = **£500**

The Money Shop: Representative APR 2961.4% x 28-day term = **£519.96**

PayDay UK: Representative APR 2610.15% x 28-day term = **£519.80**

PayDay Manager: Representative APR 2370.92% x 28-day term = **£519.80**

Doorstep lending: hidden debts

Doorstep lending is an almost hidden form of high-cost credit.

It operates via door-to-door collection, and although loans are typically larger – £250 to £760 – and paid back over longer periods of time than payday loans, the interest means that lenders very often end up paying almost double the cost of the original loan.

In 2006, the Competition Commission estimated that £1.3 billion worth of doorstep loans were lent. In 2010, there were 2.3 million customers, with 2.93 million loans handed out by the four main doorstep lenders in 2012.

Yet the customers of doorstep lenders are at the very bottom of the income scale. Only a third of all door step lenders live in a household with a full-time earner. Most are women, with around half aged 50 or over, and most live in social housing.[18]

Poor credit records and low incomes mean many do not have any access to mainstream lending. A 2006 Competition Commission inquiry found that a lack of effective price competition in the sector was costing some of the poorest consumers £75 million a year.

In addition, doorstep lenders use other high-cost credit products – such as shopping vouchers, credit cards, hire purchase loans and motor finance – to generate business, piling additional debts onto their borrowers.

But the recession has hit the sector hard. Provident Financial and S&U plc – the other main player in the market – have actually committed to tightening their criteria for lending.

In 2011, only around one in five new applications were being accepted, compared to around one in three in 2008.[19] But disappointingly, there is no evidence that these profits have been passed on to lower-income customers.[20]

And at a time when it has stated its commitment to a more cautious approach to lending, doorstep lending's main player, Provident Financial – which has 2.7 million customers – has actually been gradually increasing its prices. [21]

In 2009, a new 52-week £100 loan was introduced, and charged £82 interest – a huge hike on the previous £65 charge. [22]

OFT recommendations that doorstep lenders share repayment data to help their customers access cheaper, mainstream credit appear to have been ignored, ensuring that their dependence on high-cost credit is maintained. [23] The sector remains in urgent need of reform.

What it costs

This is what it costs to borrow £100 from the main doorstep lenders:

- Mutual Clothing and Supply: £140 payable on a 51-week loan. APR 104%
- Universal Cash Loans: £144 payable on a 36-week loan. APR 197.9%
- Shopacheck Financial Services: £175 payable on a 51-week loan. APR 254.5%
- Provident Personal Credit: £182 payable on a 52-week loan. APR 272.2%

A £300 loan over 52 weeks from Provident Financial home-collected at 272% APR costs £246 in interest.

The same loan from a credit union at the maximum 26.8% APR costs £38 in interest – a difference of £208.

Credit sharing – a solution?

Although the sharing of consumer credit histories amongst banks and credit companies has been normal for some time, data sharing in the high-cost credit market does not happen in the same way.

Both the Office of Fair Trading (OFT and the Department for Business, Innovation and Skills (DBIS) have identified that data sharing would:

- Lower exorbitant interest rates
- Increase competition in credit markets, therefore reducing the price paid by consumers with good repayment records
- Help lower-income consumers build up a good record; thereby enabling them to access more mainstream lending sources, like banks
- Help consumer credit firms to become more responsible

However, Church Action on Poverty and the Centre for Responsible Credit believe that developments have been far too slow.

Companies claim that by focusing on customers with low risk credit, other, lower income customers will be excluded.

In reality, firms continue to target high risk customers as they pay the highest default charges – so many have a strong financial incentive to ignore requirements to lend responsibly.

Even if they did focus on the lower-risk customers, a lack of competition within the sector means there is no guarantee that any savings would be passed on to customers.

Data sharing will only stop debt if firms they use it to focus on lower risk customers; and pass on the benefits of better payments with cheaper prices.

Yet despite the OFT recommending way back in 2010 that borrowers have a responsibility to lend in a 'sustainable' way, many have yet to define a 'line in the sand' concerning what is acceptable.

The OFT and the FCA should be working with the credit ratings agencies to use official income and standard of living data to calculate standardised affordability criteria that can be applied to all potential borrowers.

These assessments would ensure that debt repayments would be low enough to prevent customers from being unable to afford their living costs.

Currently, the Standing Committee of Repricocity (SCOR) – the committee which oversees credit sharing – needs to give permission before releasing data collected by the credit rating agencies to the Government and regulatory bodies.

SCOR needs to be more open so that policy makers and regulators can better use the data to create better regulation.

SCOR also needs to actively involve consumer agencies in their work, and change the way they report so it is easier to differentiate between 'good' and 'bad' payers.

The UK high-cost credit market is now worth over £7.5 billion

Endnotes

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Pray and reflect

If you're part of a church, you could run a session of prayer and reflection about debt – and use it to generate support for wider action. This could be a particularly helpful approach if your church runs house groups or Bible study groups.

At the start of the session, summarise some of this report's findings and recommendations, then give out copies of the readings below. Ask participants to read the passages aloud. Reflect as a group: What do these passages say about those for whom debt is a daily reality and how such people should be treated? Then ask participants to get into groups of two or three, discuss one of the passages, and reflect on its relevance in today's world in light of this campaign and report.

Ask people to feed back their reflections to the whole group and discuss any emerging common themes. You will need to facilitate this with some care.

Based on what has been discussed, the group now needs to decide what they, and the church as whole, could do. Share with them some of the ideas for action in this report, and brainstorm what would work best in your context and with the available resources. Don't be too concerned as to whether or not what you are identifying is achievable at this point – rather, allow people the space to share their thoughts and ideas.

Reflections

We cannot allow it to get around that debt is only a problem for people far away. We need to face the reality of debt, both the unnecessary debt of flamboyant lifestyles and the burden of debt faced by those who cannot survive without it. We need to analyse the economic pressures and systems that lead to such indebtedness.
Peter Selby, former Bishop of Worcester

At the end of every seventh year you are to cancel the debts of those who owe you money. This is how it is to be done. Everyone who has lent money to a fellow Israelite is to cancel the debt; he must not try to collect the money; the Lord himself has declared the debt cancelled.
Deuteronomy 15:1–3

Kath took out hire-purchase agreements to buy a washing machine and other items of furniture. With the repayments adding up to £171 every fortnight, plus extra charges, Kath had to take out other loans to pay for everyday essentials. The debts began to spiral out of control. Kath believes the loan companies acted irresponsibly; when she got close to paying off one loan, they would say "Now you're down to £100, we can offer you another £200." Kath suffers from depression and says, "It was like a drug. If they offer it you're going to take it... I couldn't say no to them. They played to my fears."
She no longer had any spare money for food, fuel and clothes. She sometimes had to turn to a food bank to feed her family, and she could not afford heating – having to use four or five blankets on the bed at night and worsening her asthma.
Kath says: "I'm just trying to let people know not to take debt on if they can't afford it. In the end, it's like a weight on you. You can't sleep, you can't eat properly, you're crying all the time, and you just daren't answer the door to people. "
Drowning in Debt *(Church Action on Poverty, 2013)*

Listen to this, you that trample on the needy and try to destroy the poor of the country. You say to yourselves, "We can hardly wait for the holy days to be over so that we can sell our corn. When will the Sabbath end, so that we can start selling again? Then we can overcharge, use false measures, and tamper with the scales to cheat our customers. We can sell worthless wheat at a high price. We'll find a poor man who can't pay his debts, not even the price of a pair of sandals, and we'll buy him as a slave."
Amos 8:4–6

The credit union was another essential part of the neighbourhood. Credit is now an everyday part of life in Britain, whether it be loans to companies or individuals. One of the extra disadvantages of places like Easterhouse is the difficulty in obtaining low-interest credit. No mainline banks operate in Easterhouse, and it is served by just one branch of the TSB. Many residents therefore turn to "the Provvy man" (Provident), catalogue firms and private legal money-lenders, all of whom charge high interest rates. In addition there are the illegal money-lenders – the loan sharks – who lend to anyone, with no questions about credit ratings, no forms to be completed, and immediate cash in hand.
Fare Dealings *by Bob Holman (Community Development Foundation, 1997)*

Whenever you are in doubt or when the self becomes too much with you, try the following expedient: Recall the face of the poorest and most helpless person you have ever seen and ask yourself if the step you are contemplating is going to be of any use to him or her... Then you will find your doubts and yourself melting away.
Gandhi

About us

Church Action on Poverty

The gap between rich and poor in the UK is greater now than at any time in the past 50 years. The UK is one of the most unequal countries in the industrialised world.

With support from many national Christian denominations and agencies, Church Action on Poverty is campaigning for changes which would Close the Gap and build a more equal society. Happier. Healthier. Safer. Fairer.

One result of the unjust division in our society is a 'Price Gap'. People on low incomes pay more for everyday goods and services (such as food, fuel and finance) than wealthier people do. This 'Poverty Premium' costs the average low-income family an extra £1,300 every year.

We invite anyone concerned about these injustices to work with us to Close the Gap. Visit www.church-poverty.org.uk to find out how you can become part of the campaign by Giving, Acting or Praying.

THRIVE TEESSIDE

Thrive is an action-research and campaigning organisation based in Stockton-on-Tees, working in deprived areas for the wellbeing of the communities, in partnership with Church Action on Poverty.

Thrive undertakes community organising to train local people who are not part of decision-making structures so that they can make a real difference in their communities.

Over the past five years, Thrive has worked intensively with local people who are indebted to high-cost lenders, helping them to access affordable sources of credit and to speak out against exploitative practices.

Church Action on Poverty

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www.church-poverty.org.uk/foodfuelfinance

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