

MPs urge crackdown on payday lender advertising



Payday lenders should be banned from advertising during children's TV programmes and forced to provide real-time data about people who have taken out loans, a committee of MPs has said.

A report by the business, innovation and skills committee recommended tough action on marketing by firms offering short-term, high-cost loans, after hearing evidence that children were being "groomed" to accept such borrowing as normal.

A recent report by Ofcom suggested that the average child aged between four and 15 was exposed to 70 payday loan adverts last year. The committee's chair, Adrian Bailey MP, said: "It is worrying that our children are being exposed to such an extent to adverts that can present payday loans as a fun, easy and appropriate way to access finance. Children's programmes are simply not an acceptable place for payday loan adverts."

However, the committee said the regulator needed to be tougher on lenders and, allow just one rollover, and insist that consumers be given three days' notice of any attempt to collect repayments.

It said sharing data between lenders was vital to ensure robust affordability checks and stop customers applying for multiple loans, and called on the FCA to set a deadline of July 2014 for this to be set up.

Bailey said: "The rapid expansion of the payday loan sector has been accompanied by a significant increase in the number of people experiencing serious debt problems. The two are not unrelated. It is clear that consumers are increasingly at risk from payday loans."

Hilary Osborne, The Guardian, Friday 20 December 2013