

Cap On Payday Loan Costs Is Welcome, But More Still Needs To Be Done Says Uswitch.com

Monday 25 November, 2013

In response to today's announcement by the Government that it will be introducing a new law to cap the cost of payday loans, Michael Ossei, personal finance expert at uSwitch.com, says: "While the Government's announcement is a step in the right direction, putting a cap on interest rates does not solve the real issue of short-term lending.

"Payday lenders need to be held to account and made to demonstrate complete transparency in how they charge, that they have robust eligibility checks in place and that they treat customers fairly if they get behind with their repayments. The Government and FCA has to protect vulnerable consumers and must press ahead with tougher action on the marketing practices of these modern day highwaymen to stop the bombardment of adverts and messages promising borrowers a quick and easy cash fix.

"While payday lenders have a role to play in providing short-term credit to those who need funds quickly to fill a gap until they get paid, it's vital that consumers have options beyond legal or illegal loan sharks. With the right support and promotion, Credit unions, such as My Community Bank which launched today, could offer a viable alternative to those thinking of taking a payday loan.

"Introducing a cap on costs is a step in the right direction, but ultimately when looking at payday lenders the focus is on the wrong place. Yes, the APRs look horrendous, but the real issues to sort out are rollover, lack of adequate credit checking, people not being given adequate support to pay back if they end up in financial difficulties and the more sinister practices of chasing up debt. Sorting these out will do more to protect vulnerable consumers from falling into a debt trap."

For more information visit <http://www.uSwitch.com> or call 0800 093 06 07

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About us:

uSwitch.com is a free, impartial, online and telephone-based comparison and switching service, helping consumers compare prices on gas, electricity, water, heating cover, home telephone, broadband, digital television, mobile phones and personal finance products including mortgages, credit cards, current accounts and insurance. In 2010 uSwitch.com celebrated ten years of saving customers money.

uSwitch.com is the first comparison website to achieve the Plain English Campaign's Internet Crystal Mark, which is recognised as a standard that a website has clear language, is accessible and easy to use, and has been tested on a sample of its users.

uSwitch.com is dedicated to helping consumers save money whether they have internet access or not. It offers a dedicated call centre, manned by uSwitch customer service representatives, as well as a freepost 'Send us your bill' service, whereby customers can post their latest energy bills with their telephone number to FREEPOST USWITCH, to get a free call back from a dedicated customer services representative. The service is also available via fax and email. Consumers should fax 0203 214 8417 or email CustomerServices@uswitch.com with their postcode and usage details. uSwitch.com's address is Notcutt House, 36 Southwark Bridge Rd, London, SE1 9EU.

uSwitch.com is backed by LDC, the leading UK mid-market private equity house, and Forward Internet

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