Cashfloat.co.uk reports an extensive scam alert related to Claim Management Companies in the UK

Tuesday 20 February, 2018

February 20, 2018 07:00 AM GMT

Cashfloat.co.uk reports on a new activity in the UK which targets payday loan customers who feel mistreated and are looking for help in making a complaint.

Western Circle trading as Cashfloat is a London-based payday lender that has recently become aware of a new scheme operating in the UK payday loans market targeting unassuming payday loan customers. The operations are believed to be run by the same companies who ran the PPI refund scams in the infamous PPI scandal. Here is a breakdown of what's going on:

Payday Loan complaints

When a payday loan customer is dissatisfied with the service they receive, they have the right to complain. They can complain directly to the lender, which is easy and free and normally the most effective. If they are still dissatisfied, they can complain to the Financial Ombudsman Service (FOS) – a government-run agency dedicated to helping UK consumers protect their rights. So if customers can make a direct complaint, why would a Claim Management Company offer to submit the complaint for them?

The Scheme

Cashfloat.co.uk, a trading name of Western Circle Ltd, discovered that Claim Management Companies are persuading payday loan customers to issue a complaint through them in exchange for 30-40% of the compensation money, even though complaining directly to the lender is free and far easier. In fact, just this month, the Advertising Standards Authority (ASA) banned an advert of a payday loans claims company that 'exaggerated the ease and speed' of getting a payday loan refund through them. You can read more on the subject on Cashfloat's website.

The scheme then goes one step further. When a complaint is made to the FOS, the lender is charged a hefty fee for the FOS to deal with the complaint. What some unscrupulous CMCs will do is effectively blackmail the lender into paying them a part of the sum in return for not submitting the complaint. In this scenario, the lender loses money, the customer is left dissatisfied and taken advantage of while the CMC earns a tidy sum.

Richard Sherlock from Cashfloat's Investigations department commented saying,

> "This scheme really seems to be taking off. We have received numerous emails from Claim Management Companies making ridiculous demands. Our only concern is for the customers who are tricked out of their money from people who never had any interest in helping them"
>
> "We strongly advise that complaints only be made to the lender direct. If still unsatisfied, complaining to the FOS is simple and does not require a middleman,"

Western Circle believes that by alerting the public to these unfair practices, they can help raise awareness, thereby preventing unsuspecting consumers from falling into the trap of unethical claim management companies.

About Western Circle Ltd:

Western Circle Limited is a technology and data driven lending company. The company develops and integrates technologies to enable affordable loans online under the new FCA regulations. These technologies include underwriting expert systems, online loan intelligence analytics, and proactive compliance management systems. WCL has already helped over 25000 people in the UK alone to obtain affordable loans online, via its trading style http://www.cashfloat.co.uk. Western Circle Ltd aims to reinvent the science of affordable online loans and make this helpful and responsible financial instrument accessible to all clients across the UK.

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Scan Me:

Contacts

Western Circle Ltd

Kelly Richard, 020-3757-1933

kelly.richard@cashfloat.co.uk

or

SEO & Security related queries

Ofer Valencio Akerman,

Master of SEO for financial markets & Cyber security expert

Akerman@masterlevelseo.com

Company Contact:

Cashfloat.co.uk

T. 020 3757 1933
E. kelly.richard@cashfloat.co.uk
W. https://www.cashfloat.co.uk/

Additional Contact(s):
Online Strategy: akerman@masterlevelseo.com

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