

Loan sharks: New data reveal they are often work colleagues or 'friends'

June 14 2023, by Adele Atkinson



Illegal money lenders prey on people of all ages. Credit: Kristi Blokhin

[Malai Gambrill](#) doesn't sound like your typical loan shark. She was a woman in her early 50s working in a hospital in Gillingham, not far from London. She lent £3,000 to a colleague and supposed friend on the

agreement that they would pay it back monthly, paying an extra £5 for each £100 that was outstanding.

The borrower paid back £4,650 over a period of nearly three years, only to be told that they still owed £3,000. At that point, they went to the police. Gambrill's home was raided and the police discovered that she was running a whole money lending and pawning service on the side.

Unusually for this sort of operation, Gambrill wasn't actually threatening her [victims](#) with violence, which may explain why she was given a suspended jail sentence and only made to do 150 hours of unpaid work. But she is part of a much wider problem in the UK and elsewhere that has [almost certainly](#) got worse during the current [cost-of-living crisis](#).

Few banks or building societies are willing to offer loans to those already facing [financial difficulties](#), and public awareness of alternatives like credit unions [is low](#). This is despite all the discussion about the importance of people being able to access a range of necessary financial services, as part of policies intended to [increase financial inclusion](#). Many struggling people end up with no alternative but to look elsewhere for help.

The scale of the problem

An [OECD survey in 2020](#) found that, on average across 25 countries, 43% of people who had faced a financial shortfall had "borrowed informally." Many are borrowing from [family members](#) or genuine friends, but many more have in fact fallen victim to [loan sharks](#).

Over a million people are currently paying illegal money lenders in England alone, [according to](#) the Center for Social Justice. Incredibly, that's more than 1 in 50 adults.

The Illegal Money Lending Team (IMLT), a [government agency](#) that covers England and Wales, provides data that helps to reveal the scale of the problem. That data is not published but it is provided to partner organizations and academics like myself. This data shows that borrowers range from young men and women to people over 80. Almost half are working. Almost all are in a state of worry, stress and depression, while 14% have attempted to end their lives. The median amount they borrowed in 2022 was £500, yet the median amount repaid was £4,500.

Just like in the case of Gambrill, the lender often doesn't seem like a loan shark in the beginning. As many as 56% of victims originally considered their lender to be a friend, while around one in ten had met them at work. Yet these apparently friendly faces quickly start to turn manipulative, threatening to shame or even harm the borrower, or their family, in the event of late repayments.

Victims rarely have savings, while 79% owe money to other lenders. Almost one third of loans are simply to cover household bills, which clearly demonstrates the impact of the cost-of-living crisis.

Finally, around half of victims have faced threats of physical violence, while other forms of extortion such as blackmail are also common.

One person who had borrowed money from loan sharks told the IMLT in 2022:

"The boyfriend was very scary and said that he would charge me an extra £20 per day as a penalty fee. The couple came and knocked on my door every day demanding payment. Over seven months I paid back more than £4,000. I was very stressed and didn't leave my home for over two months; I couldn't sleep. I sold jewelry that was very precious to me—given to me by my late husband—and I still owed £3,000."

Despite this, victims typically wait an average of two and a half years before they seek support.

What can be done

We all have a role to play in preventing people from falling victim to these sorts of activities. We need to be mindful about possible informal lending among us, whether at work or in our local community, and report suspicious activity.

For anyone at risk of being a victim to loan sharks, the following points may be helpful:

- If you are considering borrowing from someone you know, look at other options. Speak to your local credit union. If you are struggling with debts, speak to [Citizens Advice](#) or [StepChange](#).
- Anyone lending money for profit without a consumer credit license is acting illegally, but it is not against the law to borrow from a loan shark. You will therefore not be in any trouble if you seek help after you have obtained a loan. You can contact [Stop Loan Sharks](#), a service from the IMLT.
- If you think you are the victim of a loan shark, you probably are. If you are paying back significantly more than you borrowed from someone who did not give you a written contract (or gave you one that is unlikely to be legal), seek help. The same goes for those who have no clarity on when they will be free of their debt, who are being bullied, put under pressure or threatened, or have had to hand over ID as security against a loan.

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