



# Guide to Moneylending

A moneylender is a person who lends cash – usually at a much higher rate of interest than the market rate or the rate charged by banks. Moneylenders generally offer small personal loans.

## Q. Who borrows from Moneylenders?

A. Moneylenders usually lend cash to people who find it hard to get loans through banks or other lenders. They charge a high interest rate because these personal loans are unsecured. Many moneylenders also offer a door to door collections service.

## Q. Legal and Illegal Moneylenders

A. A legal moneylender is a lender who has a moneylending licence from the Central Bank. You can find a list of legal moneylenders on the Central Bank’s website at [www.centralbank.ie](http://www.centralbank.ie) or you can call their **Helpline on 1890 777 777**, to find out if a particular moneylender is licensed.

An illegal moneylender is someone who provides a moneylending service without a licence from the Central Bank. This is a criminal act and should be reported to the Gardai and/or the Central Bank.

Contact the Central Bank’s **Helpline on 1890 777 777** to find out if a moneylender is legal or illegal.

## Q. What kinds of credit do legal moneylenders offer?

A. Legal moneylenders offer different kinds of credit. They offer cash loans, goods on credit and vouchers or cheques to purchase items or finance you to order goods from a catalogue, on which they then charge interest.

## Q. What interest rates are charged by legal moneylenders?

A. Interest rates vary, but can be as high as 187% Annual Percentage Rate (APR). When you are borrowing from a legal moneylender, always look for the total cost of the loan. This is the amount you have borrowed **and** the interest you will have to pay back.

This amount stays the same no matter how long it takes you to pay back the loan. The moneylender cannot add further interest and charges at a later date. Make sure you understand and agree to all the figures before you sign anything. It is illegal for a moneylender to grant another loan to clear an existing loan.

	Licensed Moneylender	Credit Union 'It makes sense' loan
Amount borrowed	€500	€500
APR	157.3%	11.12%
Weekly Repayment	€15	€10.14
Number of repayments	52	52
Total amount to be repaid	€780	€527.28
Total Cost of Credit	€280	€27.28

\*Figures correct as at September 2017, and may vary according to provider  
 "Always check the cost of credit on any loan you plan to take out. It is the difference between the amount you borrow and the total you repay."

If you are considering borrowing from a money-lender, contact the **MABS Helpline** on **0761 07 2000**, Monday to Friday 9.00 am to 8.00 pm. We may be able to advise you on other options and ways of getting a cheaper loan.

### Q. Are there laws regulating legal moneylenders?

#### A. Legal moneylenders are bound by the regulations laid down by the **Consumer Credit Act 1995** and the **Consumer Protection Code for Licensed Moneylenders**

The Central Bank issues licences to legal moneylenders. The licence gives details of:

- Where the moneylender can operate
- How much interest he or she can charge
- What collection charges can be made on repayments

Under the Consumer Credit Act 1995, the legal moneylender is not allowed to:

- Trade without a licence
- Charge interest on top of interest
- Give a loan to clear another loan (a 'top-up' loan)
- Contact you in your place of work without your permission

#### The moneylender must:

Provide you with a written agreement that contains your name and address as well as his or her name and address. The agreement must contain details of the loan, including the amount of the loan, the date of the agreement, the rate of interest, the length of the loan etc. The agreement must contain your signature and the signature of the moneylender.

The moneylender must:

- Present you with a signed copy of the agreement within 14 days
- Inform you of your right to cancel the agreement within ten days
- Provide you with an up-to-date repayment book

The Money Advice and Budgeting Service has helpful information, budget sheets and sample letters available online at [www.mabs.ie](http://www.mabs.ie). Advice and information is also available by calling the MABS Helpline 0761 07 2000 (Monday – Friday 9.00 am to 8.00 pm.) and from over 60 offices nationwide.

### Q. What should I do if I am having difficulty with repayments to a legal moneylender?

#### A. If you are unable to repay the loan according to the agreement you signed, you should talk to your legal moneylender and offer to pay what you can afford. Before you make an offer, work out a budget for yourself so that the offer you make is realistic and is an offer that you will be able to keep to over a period of time until the loan is fully repaid. The moneylender is entitled to take legal action when an agreement has been broken. The moneylender must notify you in writing that legal proceedings are to be taken. They must also let you know what legal costs you may have to pay.

At this stage you should get independent advice. Call the **MABS Helpline** on **0761 07 2000** or the **Free Legal Advice Centre's (FLAC)** information line at **1890 350 250**.

Remember that under the **Non-Fatal Offences against the Person Act 1997**, it is an offence to demand payment of a debt in a way designed to alarm, distress or humiliate you.

### Q. What other options do I have?

#### A. Many credit unions are now offering the *It Makes Sense* loan. This is a new low cost loan for people who are in receipt of social welfare. To be eligible you must join the credit union and, in many cases, make the repayment through An Post Household Budget Scheme. Call to your local credit union to get more details or check their website [www.itmakessenseloan.ie](http://www.itmakessenseloan.ie)

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