

CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting: 24th June 2013
Report of: Customer Service and Libraries Manager
Subject/Title: Access to Payday Loan Websites through Public PCs in Libraries
Portfolio Holder: Councillor David Brown

1.0 Report Summary

- 1.1 This report recommends the introduction of a policy to block access to payday loan websites through public PCs in Cheshire East libraries and other Council buildings.

2.0 Recommendation

- 2.1 That a policy be introduced to block access to payday loan websites through public PCs in public libraries and other Council buildings in Cheshire East.

3.0 Reasons for Recommendation

- 3.1 There has been significant recent media coverage regarding payday loan companies, with the Citizens Advice Bureau describing the payday loan industry as “out of control”, following claims of irresponsible lending and harassment. A report by the regulator, the Office of Fair Trading, revealed “widespread irresponsible lending” in the industry. This policy will enable the Council to take action to protect people from falling into a high interest debt trap and guide them towards affordable credit.

4.0 Wards Affected

- 4.1 All wards

5.0 Local Ward Members

- 5.1 Not applicable.

6.0 Policy Implications

- 6.1 Not applicable.

7.0 Financial Implications

- 7.1 There will be no financial implications as a result of this policy. As mentioned in paragraph 10.6, there is software already in place that will enable the required changes to be made within existing budgets.

8.0 Legal Implications

- 8.1 There are no specific legal issues in respect of the proposal in this report.

9.0 Risk Management

- 9.1 There is minimal risk associated with the introduction of this policy. It could be considered an opportunity to improve the reputation of the Council by taking positive action to protect residents.

10.0 Background and Options

- 10.1 There has been significant recent media coverage regarding payday loan companies, with the Citizens Advice Bureau describing the payday loan industry as “out of control”, following claims of irresponsible lending and harassment. Citizens Advice has claimed that loans were given to people aged under 18, to those with mental health issues, and to individuals who were drunk at the time. It has called on the regulator to ban irresponsible lenders. Citizens Advice analysed 780 cases and said it had found evidence of lenders chasing the wrong people for debts, taking more than they were owed, and taking regular repayments from those who were struggling to pay. It called on High Street banks to offer micro-loans as an alternative to payday loans.
- 10.2 Payday loans have increased in popularity over recent years, partly as banks draw back on lending. Typically, someone will borrow a few hundred pounds from a payday loan firm for a short time, to tide them over until they receive their next wage or salary cheque.
- 10.3 A report by the regulator, the Office of Fair Trading (OFT), revealed “widespread irresponsible lending” in the industry. Following the publication of its report, the OFT sent a warning letter to all known payday lenders reminding them of the need to fully comply with the law and guidance. In addition, it has given the biggest 50 firms, which together account for 90% of the market, 12 weeks to change their practices or risk losing their licences. It has been writing to lenders telling them where to improve and is considering whether to refer the market to the Competition Commission to study how payday loan companies compete.
- 10.4 Some local authorities have begun to take action against pay-day lenders by blocking access to online payday loan companies from public computers in its libraries. Dundee City Council was the first to block access in December 2012 in a bid to stop people getting into debt over Christmas. The move was criticised, however, by the Consumer Finance Association, which represents

some of the largest and most responsible pay-day lenders in the UK, commenting "The council is free to block whichever sites it wishes from its employees' computers but to also do so on public ones in community centres and libraries is denying local residents access to short-term, flexible credit. Pay-day loans are increasingly popular and responsible lenders such as the CFA's members operate by a strict code of conduct which protects consumers."

- 10.5 Renfrewshire Council has also put in place measures to block access to payday loan websites from computers in its libraries, offices and community facilities. Michael Holmes, Renfrewshire's deputy leader, said: "The council is determined to use its voice and influence to guide people towards affordable credit such as credit unions and protect them from falling into a high interest debt trap. The changes to the benefit system are going to take £22m out of the pockets of the poorest people in Renfrewshire. Many of them will be driven to payday lenders to try to make ends meet".
- 10.6 The public are able to access the internet through public PCs in Cheshire East libraries using the People's Network. The software that manages access to the internet through these PCs enables the Council to filter access to specified websites, typically because they contain illegal, obscene or pornographic material. The software also uses dynamic content analysis to screen the actual content, context and construction of web pages, so that objectionable, hidden and malicious material can be accurately identified and blocked, ensuring safer surfing, in particular for young people. This software would enable the Council to block access to payday loan websites. It is proposed that access to the websites of the top 50 payday lenders identified in the OFT's Compliance review is blocked using this software.
- 10.7 This policy will apply to PCs for public use in all Council buildings wherever practically possible.

11.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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