



Banc Ceannais na hÉireann
Central Bank of Ireland

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Central Bank Publishes Findings of Inspection of Licensed Moneylenders

The Central Bank of Ireland today (18 February 2011) published the results of a themed inspection of licensed moneylenders, which showed a high level of compliance among firms. Inspections were conducted in 11 of the 46 licensed moneylenders currently operating in Ireland and examined provisions of the Consumer Protection Code for Licensed Moneylenders (Moneylender's Code) and the Consumer Credit Act, 1995.

The inspections focused on whether consumers were being charged in accordance with moneylenders' authorised APRs (Annual Percentage Rates) and costs of credit as set out in the moneylenders' licence. It also examined whether firms had their licences on display and if they indicated the high-cost nature of loans on loan documentation issued to consumers, as required by the Moneylender's Code.

Overall the inspections found a high level of compliance with the requirements and consumers were charged in accordance with moneylenders' authorised APRs and costs of credit. In addition, firms had their licences on display and indicated the high-cost nature of loans on loan documentation issued to consumers. Some minor administrative errors were identified which are being followed up with firms, on an individual basis.

The introduction of the Moneylender's Code in 2009 has led to greater consumer protection in this sector with the introduction of a number of new measures specific to the moneylending sector including requirements that moneylenders disclose the high cost nature of the credit being advanced. They must also provide consumers, who demonstrate difficulty in meeting their repayments, with information on debt counselling services such as the Money Advice and Budgeting Services (MABS).

Consumers should be aware that some loans from moneylenders have a high cost of credit attached to them. Other sources of credit should be considered if consumers are using short term, high cost loans

consecutively, to fund long term borrowing needs. Loans may be available over a longer term, at a lower cost, for example, from a credit union.

ENDS

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Notes for Editors

The General Principles of the Moneylender's Code came into effect on 1 January 2009, with the remainder of it effective from 30 September 2009. The Code is available to view at <http://www.financialregulator.ie/processes/consumer-protection-code/Pages/codes-of-conduct.aspx>

Provision 3 (b), Chapter 2 of the Moneylender's Code states that a moneylender must, prior to entering into an agreement with a consumer: prominently indicate the high-cost nature of the loan on all loan documentation where the APR is 23% or higher.