

#### 4: Responsible lending and acting in the best interests of consumers

The proposals in relation to advertising are designed specifically to prohibit current methods of customer acquisition and retention. There is no evidence that additional consumer protection measures are required.

##### 4.1 Prohibiting targeted advertising

**Question 1:**

Do you agree with our proposal to prohibit moneylenders from engaging in targeted advertising?

Targeted advertising does NOT apply to our company.

**Question 2:**

Do you have any views on our proposed definition for “targeted advertising” as set out in the draft Regulations?

Same as question 1.

## 4: Responsible lending and acting in the best interests of consumers

### 4.2 Prohibiting unsolicited contact on foot of referrals from consumers

**Question 3:**

Do you see any reason why unsolicited contact with a new customer, on foot of a referral from an existing consumer, should not be prohibited?

**YES.**

There are no reasons why contact should be prohibited.

A referral from a customer is usually a good account, as they will have spoken and as such is not a non-solicited call in our view.

### 4.3 Prohibiting unsolicited contact for the purposes of sales and marketing

**Question 4:**

Do you foresee any practical difficulties with our proposal to prohibit unsolicited contact with existing consumers for the purposes of sales and marketing?

**YES.**

These restrictions would inhibit our growth potential and would contravene **GDPR**

### 4.4 Removing the exception to the unsolicited contact rules for non-cash credit

**Question 5:**

Do you have any views on the proposal to remove the existing exception from the unsolicited contact rules for moneylenders providing non-cash credit?

**YES.**

There is no reason for this change so the exception should remain.

### 4.5 Preventing catalogue firms providing discounts predicated on availing of credit

**Question 6:**

Do you agree with the proposal outlined above in relation to the additional rules specifically targeted at discounts which are predicated on availing of credit?

**NO**

Our firm has a discount system at present, and we intend to continue with it.

**Question 7:**

Do you have any views on what, if any, unintended consequences may arise in implementing this proposal?

**NO**

**5: Consumers availing of credit from a moneylender on a more informed and considered basis**

**5.1 Enhancing the existing high-cost credit warning statement**

**Question 8:**

Do you see any reason why the existing warning statement should not be enhanced in the manner set out above?

**YES.**

In our view the warning statement is more than adequate, our clients are in the main long-standing clients, and they place value on the service received from us.

**Question 9:**

Do you agree that the enhanced warning statement should be included in all moneylending advertisements?

**NO.**

We consider the current warning statement more than adequate, and we should not be required to direct clients to any other financial entities.

## 5: Consumers availing of credit from a moneylender on a more informed and considered basis

### 5.2 Requiring moneylenders to prompt consumers to consider alternatives

**Question 10:**

Do you have any views on the proposal to require moneylenders to provide consumers with an Information Notice at pre-contract points?

**YES.**

As per question 9, we consider unfair to promote any other institutions.

**Question 11:**

Do you have any suggestions in relation to the format and content of the enhanced warning statement (referred to, at Section 5.1 above) or the Information Notice to enhance the quality, relevance or impact of the information provided?

**YES.**

The current warning statement is sufficient and does not need replacement.

### 5.3 Heightened protection for consumers using moneylending loans to pay for immediate basic needs

**Question 12:**

A. Do you agree with these proposals?

B. Do you foresee any practical difficulties arising from the implementation of these proposals?

**NO. we do not agree with these proposals.**

Our company does not ask consumers the purpose of the loan as this may colour the way we look at the credit application. The loan application is looked at from a Credit worthiness and affordability point of view and not the purpose of the loan.

Our clients in financial difficulties, will be offered a reduced scheduled repayment from us, before referring to any agency.

**YES. we do foresee practical consequences**

The purpose for all loans will be “home improvements or a holiday”

**5: Consumers availing of credit from a moneylender on a more informed and considered basis**

**Question 13:**

What do you suggest be included within the concept of “immediate basic needs” to which these proposals would apply?

Our experience gained over 25 years no two clients have the same basic needs.

**5.4 Aggregate information to consumers with more than one moneylending agreement**

**Question 14:**

**A.** Do you see any reason why the Central Bank should not prevent moneylenders from providing a second or further loan to a consumer unless the consumer is provided with the aggregate loan information set out above?

**B.** Is there any other information that a moneylender should provide to the consumer at the same time?

Our company policy has always been very strict where second loans are concerned, and our clients are well aware of their exact financial status with our company.

## 6: Reducing the possibility of consumers over-extending themselves in respect of their borrowing from licensed moneylenders

### Question 15:

Are you in favour of the introduction of a debt servicing ratio restriction as outlined above?

**NO.**

If a licensed moneylender over-lends then the debt will be written off and the lender will suffer the loss or the lender will arrange a sustainable repayment schedule for the debtor at no extra cost.

It is in the lenders best interest to lend responsibly.

### Question 16:

Do you have any views on what percentage of income the restriction should be set at and whether it should be based on gross or net income (gross income meaning the income, before tax or other deductions, of the consumer and net income meaning the income, after tax or other deductions, of the consumer)? Please provide any data or analysis you have to support your response.

**There should be no restrictions.**

The customer should decide how much they wish to spend on credit.

In our view these restrictions would be punitive and encourage consumers to turn to illegal / unlicensed moneylenders in the absence of a legal alternative.

### Question 17:

Should such a restriction also apply to forbearance arrangements for moneylending consumers in arrears? Do you have any views on how it should apply in an arrears case (e.g., do you consider that different factors also need to be taken into account in such a case)?

**There should be no restrictions.**

The customer should decide how much they wish to spend on credit.

Forbearance arrangements by moneylenders do not result in additional debts accruing (i.e. there are no penalty charges or additional interest).

## 6: Reducing the possibility of consumers over-extending themselves in respect of their borrowing from licensed moneylenders

### Question 18:

Do you have views on the potential impact the introduction of a debt servicing ratio restriction, as outlined above, might have on consumers and the licensed moneylending sector?

**YES.**

Licensed moneylenders are not in a position to know the full extent of a consumer's indebtedness to other licensed moneylenders or credit providers without access to the Central Credit Register. As most loans to new customers are less than €500, the lender cannot reference the CCR.

A lender has no means of proving a customer's income, as often a large part of that income is contributions from other household members.

**This restriction will drive some customers to illegal lenders and there are more and more illegals operating without sanction as the Central Bank and the Guards do not want to do anything about illegal lending.**

**Question 19:**

Are there any circumstances which you consider should be exempted from such a debt servicing ratio restriction?

**There should be no restrictions.** The customer should decide how much they wish to spend on credit.

**Question 20:**

How would such a restriction operate in the case of “running account” credit provided by moneylenders? For example, should it operate on the basis of the consumer’s credit limit on that account?

Not applicable to Southside Finance Ltd..

## 7: Enhancing the professionalism of the sector

### 7.1 Training of staff and agents

**Question 21:**

Do you agree with the proposal to introduce an explicit requirement that moneylenders provide on-going training to staff and agents in respect of the firm's lending policies and procedures?

Not applicable to Southside Finance Ltd.

### 7.2 Lending policies and procedures

**Question 22:**

**A.** Do you agree with the proposal to require moneylenders to have written lending policies and procedures in place?

**B.** If you agree with the proposal, should moneylenders be required to address any other matters within their lending policies and procedures?

**YES.**

Southside Finance Ltd., already has documented policies and procedures in place to meet existing business needs and statutory / regulatory requirements including AML, Data Protection (GDPR), Health & Safety, Fitness and Probity and others. Apart from reflecting statutory / regulatory requirements, we make decisions on other business matters for inclusion in the firm's policies and procedures.

**Question 23:**

Do you have any comments on the proposal to require moneylenders to retain records of income and expenditure relied upon to assess a consumer's creditworthiness?

**YES.**

Southside Finance Ltd., captures details of income and expenditure on a yearly basis. All loans are signed separately, these details are retained including the signature of the prospective borrower verifying the details to be true and accurate.

### 7.3 Engagement with third parties who are acting on behalf of borrowers

**Question 24:**

Do you have any comments on the proposal to introduce explicit obligations on moneylenders to engage with third parties who are acting on behalf of borrowers?

**NO.**

Southside does not engage with third parties, except where a house holder is asked to approve loans for relatives, but not act as guarantors.

### 7.4 Repayment books and collections

**Question 25:**

Do you agree with the proposals outlined above in relation to the additional rules specifically targeted at tightening the rules in place around repayment books and collections?

Consumer Credit Act 1995 requires that if the consumers payment card is removed that a receipt is given to the customer.

Southside Finance Ltd., will only remove cards that has been mislaid for very long periods in order to update same.

Customers cards details are update on a weekly basis.

## 8: Additional enhancements to the Moneylenders Code of Conduct

### Question 26:

Do you have any comments on the changes proposed above, that is:

- A. Applying relevant requirements under the 2010 Regulations to loan amounts below €200;
- B. Introducing a specific protection for vulnerable consumers;
- C. Introducing strengthened requirements for communicating with consumers;
- D. Requiring that consumers in arrears are signposted to MABS earlier; and
- E. Aligning the wording of requirements with the wording of similar provisions in the CPC 2012, where appropriate.

- A) Our preference would be the status quo to apply.
- B) Southside Finance Ltd., deals with vulnerable customers with care and are happy to comply with the requirements of the CPC 2012.
- C) In our view the communication with our clients is satisfactory. We are happy to adhere to requirements that are consistent with the Central Bank codes and regulations.
- D) The current requirement to inform customers about a debt counselling services upon Loan Application, Loan Agreement, on the sixth default or missed repayment and on all other correspondence issued, is carried out by Southside Finance Ltd.  
**Southside Finance Ltd.** totally disagrees with this requirement.
- E) We welcome the alignment of requirements to the provisions in the CPC 2012 as outlined.

**Question 27:**

Do you have comments on the attached draft Regulations? In your response, please quote the number of the specific provision(s) which give rise to your concerns and, if possible, suggest alternative drafting or solutions.

No comment

**Question 28:**

Do you have any suggestions for further reform in the moneylending sector, e.g., are there any gaps or areas omitted from the protections proposed in this Consultation Paper?

We feel the moneylending sector in Ireland is overregulated compared to its size in the economy, and its limited contribution to the over-indebtedness of consumers as reflected in the MABS statistics.

**Question 29:**

Do you have any other views on the overall function and risks of the licensed moneylending sector in Ireland?

We feel the single operators such as ourselves are overregulated and the reduction in the number of said companies has reduced dramatically in recent years, due we feel to over regulation, and this can only benefit the unlicensed and illegal sector, witch still exists in spite of Consumer Credit Act of 1995 threats to that sector.