

16 May 2008

Consumer Protection Code for Licensed Moneylenders
Consumer Protection Codes Dept.
Financial Regulator
PO Box No. 9138
College Green
Dublin 2

Re: Draft Protection Code for Licensed Moneylenders

Dear Sir/Madam

We would like to comment on just one section of CP33, the Draft Consumer Protection Code for Licensed Moneylenders.

Point 34 on page 22 refers to advising consumers in default to contact MABS or other relevant credit counselling services. A significant number of our customers often go into arrears of two payments or more over the duration of their contract with us. Most of them however, proceed to clearing all of their repayments within the scheduled time or within a reasonable period thereafter.

We would also point out that advising decent people to contact MABS in such situations is insulting to them and we would compare it to using a sledgehammer to crack open a nut. Many of our customers are from lower socio-economic backgrounds, where self-esteem is often low. Counselling them re contacting MABS, (however well-intentioned) may further erode their self-esteem. These customers deserve to be treated with more dignity!

Furthermore this measure will lead to increased bureaucracy, increasing our administrative costs when the Financial Regulator's focus is on keeping our cost of credit down. As licensed moneylenders, surely we cannot be expected to have the same controls and staffing levels of large financial institutions. We would also suggest that advising defaulting consumers regarding MABS will do little to reduce our incidence of bad debts.

If you insist on introducing such a measure, we suggest it would be more pragmatic that the customer be informed about MABS only if they go into arrears of 6 months or more.

Yours sincerely

David Madden
Managing Director
Maddens Finance Ltd