Monday 20th January 2014 – for immediate release

MCLEOD WELCOMES SUMMIT ON PAYDAY LOANS

SNP MSP Dr Aileen McLeod has welcomed the announcement that the Scottish Government will convene a summit to look at halting the growth of payday lenders on the high street.

Minister for Local Government and Planning, Derek Mackay, announced the summit during a parliamentary debate on the Town Centre Action Plan, which will look at every possible method to tackle the problem and to rebalance Scotland’s high streets. This comes shortly after Dr McLeod backed calls by Enterprise Minister Fergus Ewing for the UK Government to bring forward plans to introduce a cap on the cost of payday loans in December.

Payday lending has grown as a problem in recent years, with Citizens Advice Scotland reporting that they see over 100 cases per week of people facing hardship as a result of taking out a payday loan, while Dumfries & Galloway Citizens Advice Service has reported increases in both payday and doorstep lending. The Scottish Government has pledged to protect consumers pledging payday lenders would be subject to tougher regulation in an independent Scotland.

Dr McLeod commented:

“I am very concerned that the growth of payday lending is perpetuating a culture of exploitation as high interest borrowing casts thousands of people in Scotland into a spiral of debt. The reports we have heard here in Dumfries & Galloway are worrying and with January being a difficult month for many, it’s important that people know the options open to them.

“If you find yourself in financial difficulty, your first point of call should be Citizens Advice Scotland.

“While I welcome the news that an interest rates cap will be introduced, it is long overdue and it is disappointing that it will not be come into force until January 2015 at the earliest. We need action now and that is why the Scottish Government has stepped in with the announcement of this summit.

“The human suffering caused by these unscrupulous practices is tragic and profoundly affects some of our most deprived communities. There should be nothing acceptable in charging 4000% interest to vulnerable families desperate for cash.

“While the Scottish Government’s commitment to tackle the problem is commendable, it is unfortunately true that the main powers to end the unethical practices of payday loan companies currently sit with Westminster.

“Only with the full powers of independence will we be able to fully stamp out the scourge of payday lending from our society.”

Ends.

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The Citizens Advice Scotland figures can be found here:

<http://www.cas.org.uk/news/payday-lenders-are-modern-day-loan-sharks-who-wreck-lives>