



Promoting Affordable Credit Policy

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1. Introduction

Borrowing is a necessity for many residents. High cost credit companies target those who may have poor credit and low financial resilience. This can lead to over-indebtedness, default and insolvency, as residents may take on too much high cost credit. A number of residents targeted by high-cost credit providers may also be vulnerable and we have a particular duty to ensure they are supported to make well-informed borrowing choices.

The Swansea Tackling Poverty Strategy states our vision of a Swansea in which:

- Income poverty is not a barrier to doing well at school, having a healthy and vibrant life, developing skills and qualifications and having a fulfilling occupation.
- Residents maximise their income and get the most out of their money.
- Residents avoid paying the 'Poverty Premium', the extra costs people on low incomes must pay for essentials such as fuel and transport.

The Welsh Government's Financial Inclusion Strategy (2016) promotes financial inclusion for all residents in Wales. The overall aim is to provide information and advice and to ensure residents have access to appropriate and affordable financial services.

2. Definitions

High Cost Lending includes:

- High-cost short-term credit
- High-cost unsecured loans aimed at poor credit customers
- Guarantor Loans
- Door step loans / home collected cash loans
- Pay-day loans
- Logbook loans / V5 Car loan
- Pawn broking
- Rent-to-own

It can also include:

- Unregulated lenders e.g. Loan Sharks

Affordable Credit features include:

- Credit products with affordable repayments
- Clear cost of credit stated
- Affordability checks undertaken
- Responsible lending
- Build the financial capacity of the borrower
- Ethical, affordable and accessible credit products

3. Policy Statement

Swansea Council aims to:

- 1) End the targeting of high cost credit,
- 2) Prevent high cost borrowing
- 3) Promote access to more equitable and affordable credit.

Therefore, we:

- Promote, encourage and support the take up of free and impartial debt advice, through:
 - a) general campaigns, and
 - b) a proactive offer whenever a resident discloses that they are in financial difficulty
- Commit to work with Swansea Credit Union/s.
- Promote and establish Credit Union collection points where possible.
- Promote and encourage membership of the Credit Union to new and existing council tenants
- Promote and encourage membership of the Credit Union to new and existing staff.
- Block payday loan sites on council computers and public access computers and signpost to Swansea Credit Union/s, Citizen's Advice and Money Advice Service.
- Promote the Financial Conduct Authority register of regulated lenders on the Council website (<https://register.fca.org.uk/>).
- Promote reporting of any loan shark activities to the Wales Illegal Money Lending Unit and Swansea Trading Standards.
- Provide Loan Shark Awareness training to staff and County Councillors.

4. Action Plan: Governance and Monitoring

This policy will be implemented through a three year Action Plan, reviewed annually in January and monitored quarterly.

The Action Plan will set out how officers and members will ensure delivery against the commitments listed in the above policy statement. It may also include additional actions which are considered timely and relevant to this policy.

The Action Plan will be monitored quarterly via the Swansea Council Poverty Forum.

Finance and Performance Monitoring will be monitored quarterly via the Tackling Poverty Service Performance Report and copied to the Cabinet Member / presented to Scrutiny by request.

The policy will be monitored annually through the Corporate Policy Monitoring Document.

Issues will be escalated via Cabinet Member briefing sessions.

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