

Ulster University: The impact of Covid-19 and associated lockdown on financial difficulties, debt and illegal money lending.

Report Overview

Date completed:

August 2021

What we did and who we spoke to:

The Consumer Council commissioned Ulster University to conduct follow-up research to the larger study published by the Consumer Council in 2020 ([Illegal Money Lending And Debt Project, March 2020](#)).

This new research was carried out using a mixture of focus groups and semi-structured interviews with a range of organisations working in the field of social deprivation, such as community development groups, youth workers, and addiction/gambling support services. Due to Covid 19 restrictions, these were conducted through online platforms and telephone interviews.

What we asked:

The original study had found that one of the most important reasons for borrowers turning to illegal lenders was that they had exhausted all available resources and had a desperate and urgent need for money, often as a result of a crisis or unexpected shortfall in income. The primary objective of this follow-up study was to provide an update on what had been previously found, with a focus on any impacts created by Covid-19 and the lockdown. Therefore the research asked participants about their client / service users' experiences during the pandemic. This included financial difficulties experienced, increases in debt, and any associated issues with illegal money lending.

What we were told:

A summary of participants' views showed:

- Covid-19 has impacted young people more severely than other sections of society, particularly in relation to insecurity in employment insecurity, housing, gambling and addiction.
- A widening of access to alternative forms of credit is needed to try and curb illegal lending.
- Education and awareness training was again cited as being absolutely crucial to tackling the problem, mirroring the recommendations of the 2020 report.
- The removal of welfare mitigation measures and the temporary Covid-19 support arrangements will disproportionately affect those already on the margins of society.
- Greater regulation of the remaining 'payday loan' companies is recommended, with particular emphasis on improved eligibility checks.
- Legislation should be strengthened with respect to the gambling industry.
- Greater controls are needed for high street activities such as cash converter / pawn broker type outlets. In some instances these were used as a means of accessing cash, leading to an increase in financial vulnerability for those already in a precarious position.