

SWIMMING WITH SHARKS: UPDATE

Renewing the fight against illegal money lending

June 2026

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Acknowledgments

We would like to extend our thanks to many organisations who gave evidence to the CSJ in the preparation of this updated analysis, as well as the original *Swimming with Sharks* (2022) report. This includes (but is by no means limited to): the Illegal Money Lending Team, victims of illegal money lending who agreed to be interviewed by us, HM Treasury and the Financial Conduct Authority, the Money and Pensions Service, the Association of British Credit Unions (now known as All Together Money), Responsible Finance, Christians Against Poverty, as well as other housing associations, debt advisers, credit unions, CDFIs, and all other stakeholders who engaged with us and responded to our call for evidence. We are particularly grateful to John Pears and Lowell for making our *Swimming with Sharks* research possible.

We would like to thank supporters of the CSJ Debt and Financial Inclusion Unit:



Disclaimer: the views and recommendations in this report are those of the CSJ and do not necessarily represent those of the individuals or organisations mentioned above.

Foreword

After 20 years in the debt advice sector, I am seeing this industry face new dangers even as old dangers remain unfixed.

We now see more complex causes of debt with fewer long-term solutions. The cost-of-living crisis has pushed more people into debt. I have seen a shift in the last 10 years away from people overusing credit cards and loans from the high street for luxury items such as new settees or fancy holidays to people using them to cover rent, utility bills, food and fuel.

When families find themselves living in a constant deficit with no way out, they start to swim with sharks. They start to go towards dangerous waters that they thought would give them some relief from permanent negative budgets.

You would not expect a local businessman to be a loan shark in disguise. You would not expect him to get a respectable young man to sell drugs to pay his debt, to drive the young man's mum into paying off her son's debts, to terrify her so that she will not disclose who the shark is because he knows where her grandchildren live.

She is scared. The young man commits suicide. A family ruined by heartache and a businessman still trading and profiting from people's misery.

We did not expect to see this in our small market town in the heart of Leicestershire. But this is just one case. Too often there is nothing we can do about it, despite our training with The Illegal Money Lending Team.

The victim is scared, the son is dead and we feel powerless to change anything.

Lives matter. Stories matter: they tell what is happening on our streets. The statistics in this report suggest half a million more people are using loan sharks than four years ago. We need to do more.

I fully endorse the recommendations of this paper. We need to make it harder for loan sharks to exist. We need to make it harder for new sharks to see this as a profitable business.

As a society we all want to be safe and not exploited. Those with limited choices financially find themselves entering spaces that cause them greater, long-term harm.

Legislation needs to back us more powerfully. Organisations need clearer pictures of the problem. Debt advice agencies need to be empowered, and we all need to work together to reduce the loan shark industry.

Amanda Heath

MIMA (cert), Founder and CEO of Melton and District Money Advice Centre

Executive summary

Too many people in Britain are swimming with sharks. New CSJ analysis suggests that half a million more people could be borrowing from a loan shark today than in 2022, with a total of 1.7 million people in England and two million people across the UK likely borrowing from an illegal money lender.

Yet, as we argued in our 2022 report *Swimming with Sharks*, the popular image of a loan shark does not always hold.¹ In that report, we identified that a majority of victims knew the loan shark before borrowing from them with many even considering them a friend. Loans sharks were as, if not more, likely to inflict psychological manipulation, online shaming, and verbal harassment as direct physical violence.

Updating the unpublished dataset used in *Swimming with Sharks*, we find that these trends persist. Between 2022 and 2025, 66 per cent of victims supported by the Illegal Money Lending Team (IMLT) met their loan shark through friends or family, 60 per cent considered their lender a friend before borrowing from them, and 28 per cent were threatened with social media shaming.

There is, moreover, little evidence that the demand for illegal lending is abating. The most common reason cited for borrowing from a loan shark was to cover everyday costs like household bills and groceries, with many other victims citing helping family, covering the cost of life events such as funerals and weddings, vehicle repairs, and business costs.

These victims turn to illegal lending because they cannot – or assume they cannot – access credit elsewhere. Almost three quarters of those who try to access other sources of credit are rejected by regulated lenders. This is the gap illegal lenders insidiously fill. Tackling illegal money lending requires both suppressing its supply and re-directing its demand.

To clear the waters, we are calling for renewed action to:

- › **clamp down on lenders**, tackling criminal exploitation on the high street and using the Online Safety Act to crackdown on those abusing social media to harass victims;
- › **expand the supply of safer credit**, fulfilling promised common bond reform and assessing the place of high-cost credit;
- › **buttress the debt advise sector**, with stronger training mandates and warm referrals to the IMLT.

None of these policies are costly. They require small legislative amendments and the strengthening of action already underway. But they could be life-changing, if not lifesaving, for those sinking in shark-infested waters.

¹ Centre for Social Justice (Mar 2022), '*Swimming with Sharks: Tackling illegal money lending in England*'. Accessed via: [CSJ-Illegal-lending-paper.pdf](#) (Accessed: 6 May 2026)

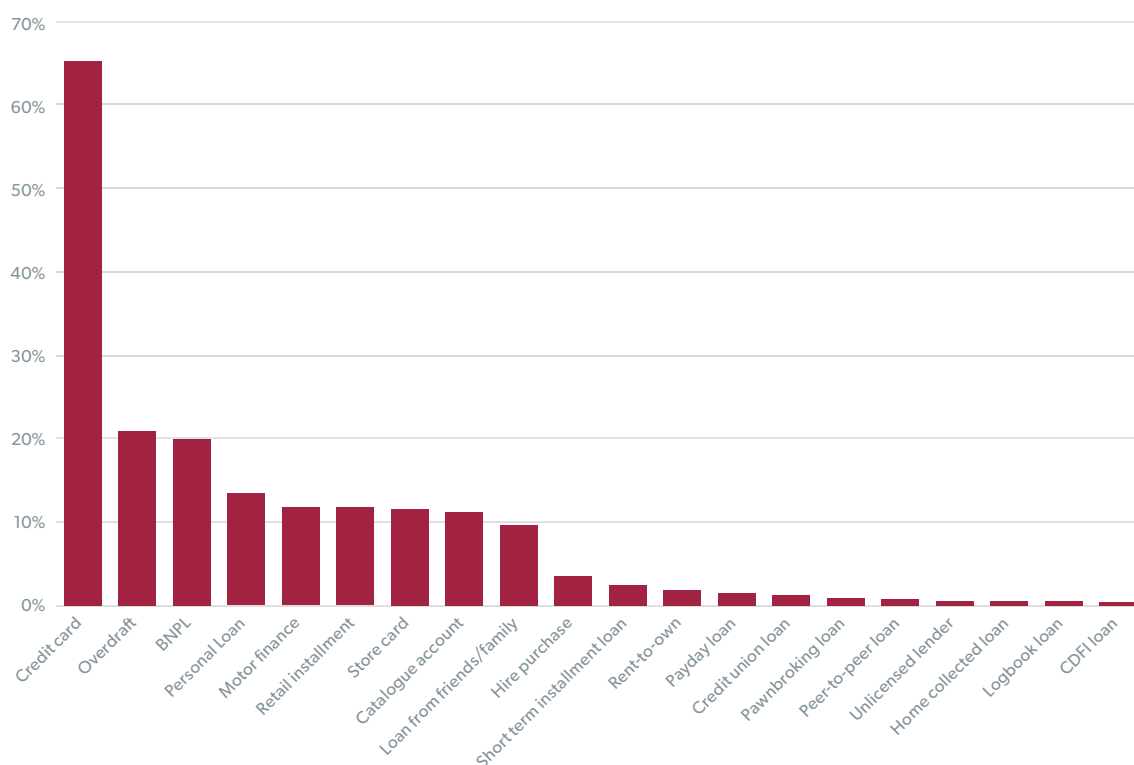
1. Still swimming

Britain is a nation of debt. It has over £250 billion of outstanding unsecured consumer credit, equating to an average of £8,600 per household, while 84 per cent of UK adults hold at least one consumer credit product. Of course, debt is not intrinsically bad - used well, credit can help people ride out shortfalls in their cash flow or make transformative purchases – but there is one exception: illegal money lending.

Illegal money lending takes many forms, from small-scale lenders pestering their victims to violent predators and organised crime. Some sharks veil their activities under the apparent regalia of a regulated company, drawing up fake contracts and advertising over social media, or even lending independently while working for a separate, regulated firm.

The market for illegal money lending has changed in the last two decades, but one fact remains consistent: official statistics risk underestimating the true scale of the challenge. The Financial Conduct Authority’s latest Financial Lives Survey, for example, found only 350,000 adults had borrowed from an ‘unlicensed lender’ in 2024, improbably registering no significant growth in illegal money lending compared to an official estimate by central government in 2010.²

Figure 1: Credit products held by UK consumers according to the FCA



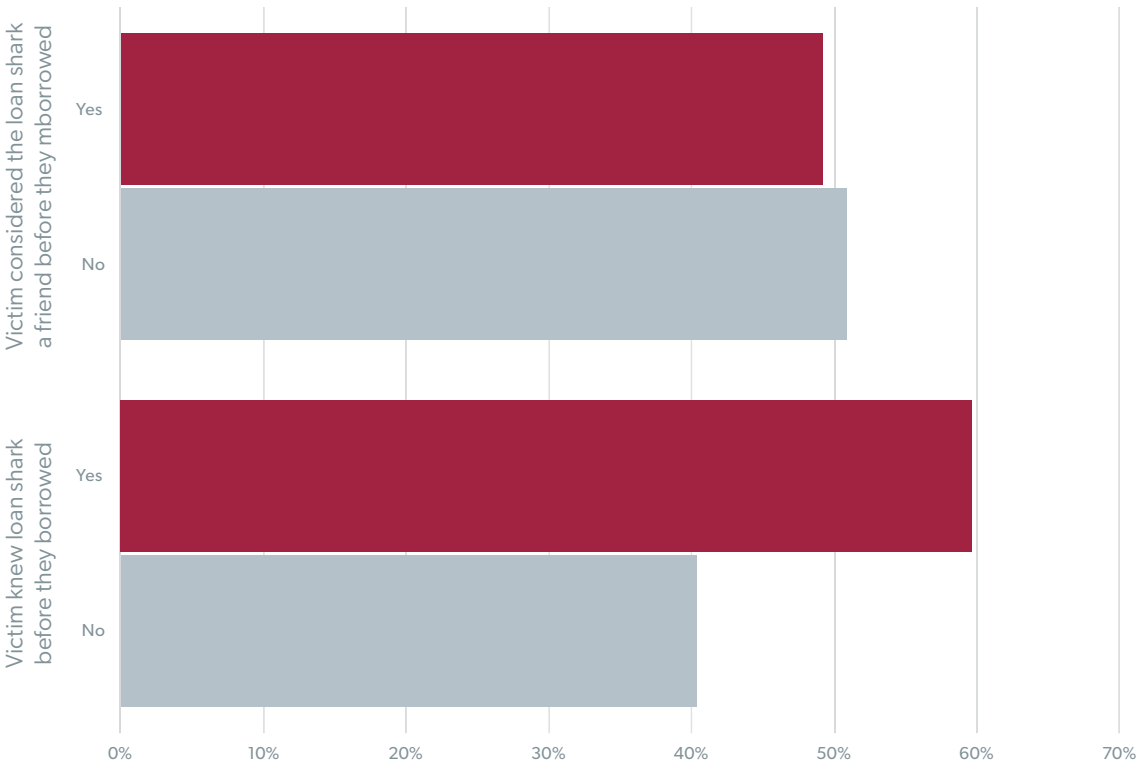
Source: Centre for Social Justice analysis of Financial Lives Survey 2024

² Department for Business, Innovation and Skills (Oct 2010), 'Interim evaluation of the National Illegal Money Lending Projects'. Accessed via: Report prepared by POLI-CIS for Department for Business, Innovation and Skills : Interim Evaluation of the National Illegal Money Lending Projects (Accessed: 6 May 2026)

Our 2022 report *Swimming with Sharks* argued that official estimates are too conservative.³ The Financial Lives Survey asks respondents if they have held a 'loan from an unlicensed money lender or another informal lender' explaining that 'this is where someone lends money on a commercial basis, but without being authorised by the Financial Conduct Authority.'

However, victims are often unaware that a lender is acting illegally and do not understand what being authorised by the FCA means. Many consider unlicensed lenders to be friends and members of their community and continue to repay their debts even to loan sharks under arrest. The FCA's question is liable to undercount how many people are borrowing from illegal lenders because victims simply do not realise that they are doing so.

Figure 2: Most victims knew the loan shark before borrowing and a majority thought they were friends



Source: Centre for Social Justice analysis of Illegal Money Lending Team England 2022-2025 data

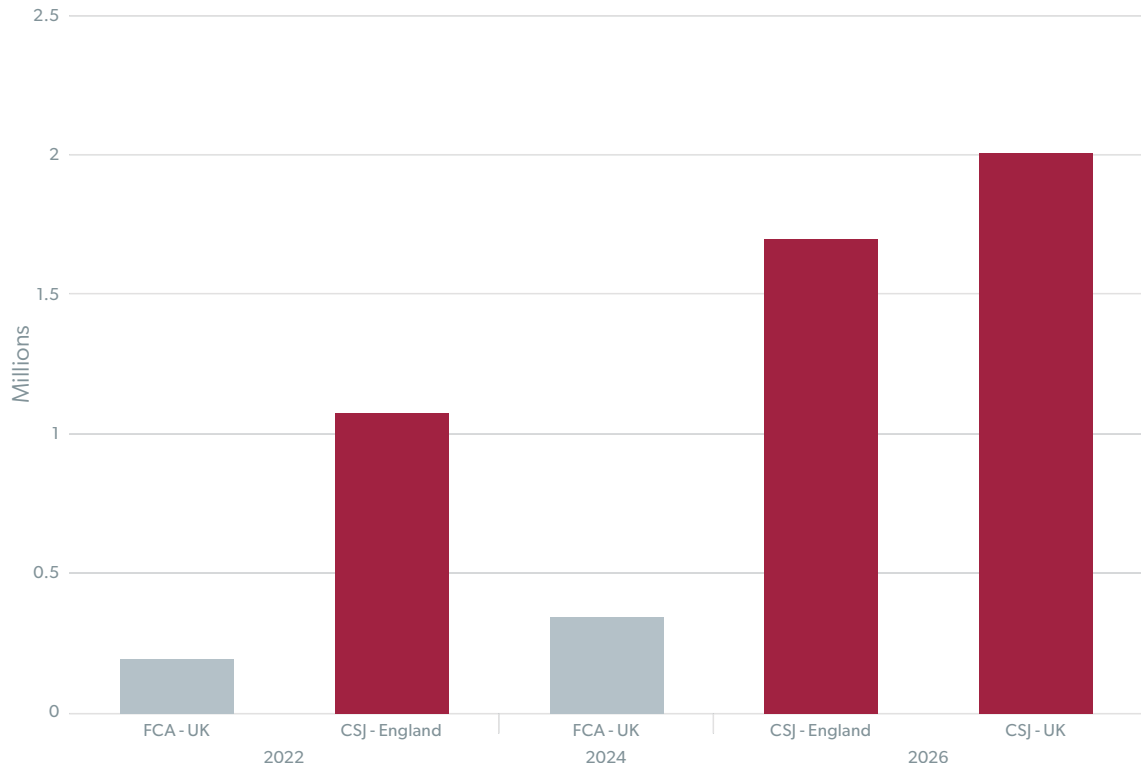
In *Swimming with Sharks*, we commissioned a poll with the research agency Opinium to estimate the prevalence of illegal money lender using a more descriptive methodology. We asked a sample of 4,002 UK adults 'have you borrowed from someone in your local area who charged you interest (this excludes legitimate lenders such as banks, authorised doorstep lenders, payday lenders, and credit unions).' Our results suggested that almost 1.1 million people in England were likely borrowing from an unlicensed lender in 2022, far more than the 200,000 estimated by the 2022 Financial Lives Survey.⁴

3 Centre for Social Justice (Mar 2022), p. 15.

4 Ibid, p. 14.

We repeated our methodology this year. Working with Opinium, we polled a nationally representative sample of 4,103 people. 3.7 per cent of respondents were currently borrowing from someone in their local area who was not a legitimate lender such as a bank, authorised doorstep lender, payday lender or credit union and charged them interest: over two million people across the UK and, when re-based, over 1.7 million people in England alone.

Figure 3: Estimates of illegal money lending in the UK and England by the FCA and CSJ



Source: Centre for Social Justice analysis of the 2022 & 2024 Financial Lives Surveys and Opinium polling of 4,002 UK adults in 2022 and 4,103 UK adults in 2026.

Note: The FCA Financial Lives Surveys counted the number of people who held 'a loan from an unlicensed money lender or another informal lender... where someone lends money on a commercial basis, but without being authorised by the Financial Conduct Authority.' The Opinium surveys asked, 'have you borrowed from someone in your local area who charged you interest (this excludes legitimate lenders such as banks, authorised doorstep lenders, payday lenders, and credit unions).'

Our estimates are 1.7 million and 1.4 million more, respectively, than the UK-wide statistic of 350,000 victims estimated by the FCA in its 2024 Financial Lives Survey. Our findings also suggest that 500,000 more people in England are now borrowing from an illegal money lender than were doing so when we surveyed in 2022. Hundreds of thousands more Brits are now swimming with sharks.

RECOMMENDATION 1

The Financial Conduct Authority should develop a new, more descriptive question to track the incidence of illegal money lending within the Financial Lives Survey.

2. Changes in the illegal lending market

Swimming with Sharks segmented the illegal money lending market into eight groupings (see the Box below).⁵ These groupings are not mutually exclusive: all lenders will use some low-level coercion, and a small business owner may have links to organised crime. It is difficult to estimate the scale of total illegal money lending and, therefore, near impossible to calculate the size of these segments. However, there are worrying national trends that we believe may be increasing the prevalence of certain lenders.

The sharks

- *The community-based lender*: Loan sharks operating in the traditional, small-scale model limited to a given geography. They will often be known in their area as ‘someone who lends money’ and may seek out victims in pubs, job centres and food banks. Their reputation in their community often carries weight and ensures payment.
- *The small business owner*: Some loan sharks use their business as a front for illegal lending. The shops we heard about were often at the heart of deprived communities where few other local amenities existed. They will occasionally exploit their victims by suggesting they work in the business when they cannot pay.
- *Mr/Mrs Pretend*: A common business type is for lenders to pretend they are legitimate commercial lenders, drawing up contracts and advertising material. This includes lenders whose FCA authorisation may have lapsed, but they continue to lend anyway
- *The parallel lender*: These are loan sharks who may work for legitimate lenders, such as doorstep lending companies, but offered loans to clients their company rejected. Such lenders have a keen insight into the vulnerable borrowers within their communities and can use their association with a legitimate company to intimidate their victims.
- *The coercive lender*: Most loan sharks use psychological manipulation to enforce repayment from their debtors. Manipulation can involve threats to the victim’s standing, including telling the wider the community that they are a ‘bad debtor’, and the lender making themselves a constant presence. In one instance, the CSJ was told a shark bought their victim’s children chocolate selection boxes as an implied threat.
- *The ‘illusive’ Mr Big*: Some lenders may create the perception of being allied to a larger organised crime group to ensure repayment. The shark then continually threatens their victim with the intervention of ‘Mr Big’ if they fail to pay.

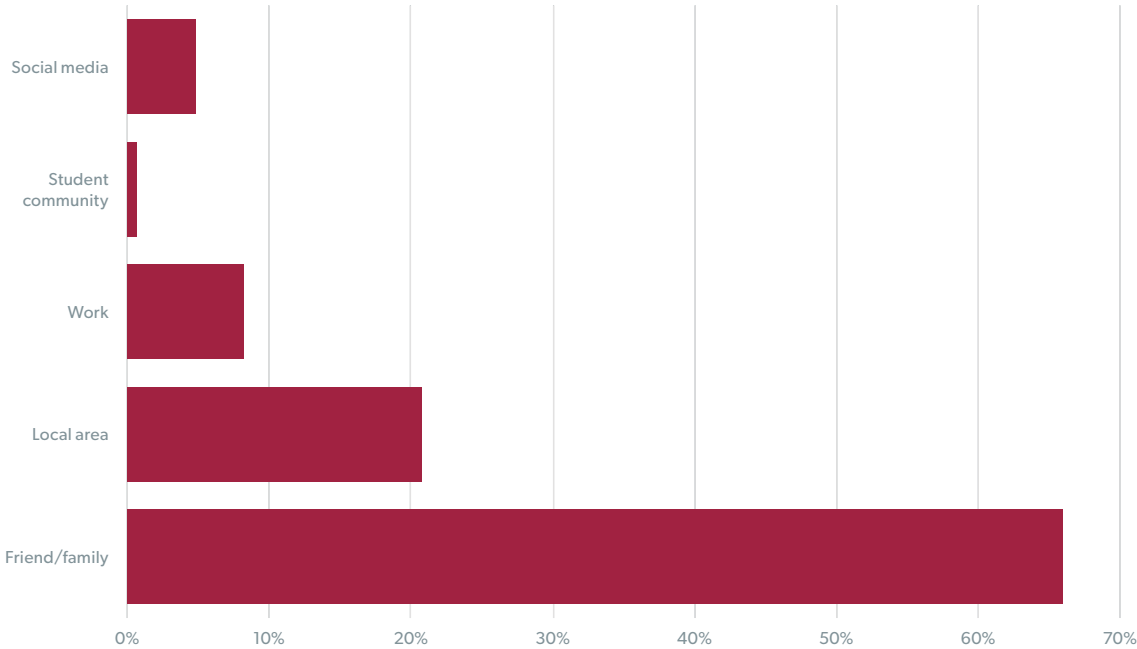
5 Centre for Social Justice (Mar 2022), pp. 19-32.

- *The violent one-man band:* There are smaller scale loan sharks who resort to extreme violence when their victims could not repay. We heard instances of sharks turning up at their victim’s home to kick in the door or throw a brick through the window. While such violence is less common than psychological manipulation, such violent lenders exist.
- *Organised crime:* Some loan sharks are associated with wider groupings, whether a small group of accomplices or larger criminal gangs. We heard of several London boroughs where a victim found themselves in the grip of organised crime group and struggled to come forward as a consequence.

The first segment we are concerned by is the small business owner. The CSJ’s inquiry into Britain’s broken high streets – which will be the subject of a forthcoming report – has heard evidence from frontline charities and Trading Standards teams across the UK of the rise in ‘dodgy’ shops on the UK’s high streets.

In one recent survey, 96 per cent of Trading Standards professionals had encountered serious and organised crime in their duties and 97 per cent were aware of suspected organised criminal gangs operating out of retail premises within their duties.⁶ Recent BBC reports have linked more than 100 mini-marts across the UK to a Kurdish crime network and uncovered cases of child sexual exploitation and drug dealing from ‘dodgy’ high street shops.⁷

Figure 4: How victims of illegal money lender met their loan shark



Source: Centre for Social Justice analysis of Illegal Money Lending Team England 2022-2025 data

6 Chartered Trading Standards Institute (2026), *Hidden in Plain Sight: Tackling Crime on the UK’s High Streets*. Accessed via: [hidden-in-plain-sight-tackling-crime-on-the-uks-high-streets.pdf](#) (Accessed: 6 May 2026)

7 BBC (Nov 2025), *Criminal network behind UK mini-marts enables migrants to work illegally - BBC investigation*, accessed via: [Crime network behind UK mini-marts is enabling migrants to work illegally - BBC News & BBC \(Mar 2026\)](#), *Reports of children as young as 11 abused in West Midlands mini-marts, BBC reveals*, accessed via: [Reports of children as young as 11 abused in West Midlands mini-marts, BBC reveals - BBC News & BBC \(Apr 2026\)](#), *High Street mini-marts selling cocaine, cannabis and prescription drugs, BBC secret filming reveals*, accessed via: [Cocaine and cannabis sold in High Street mini-marts - BBC undercover filming - BBC News](#). (All accessed 6 May 2026)

Given the growth in ‘dodgy’ street shops, and repeated reports of criminality, it would be unsurprising to find that the volume of illegal money lending stemming from small businesses and associated with organised crime has risen. According to the IMLT, 21 per cent of victims met their loan shark in their local area with many of these instances refer to the loan shark owning a local business or restaurant, though the sample size is too small to draw a definite conclusion.

RECOMMENDATION 2

The National Crime Agency should measure and report the incidence of illegal money lending from high street shops in its next iteration of Operation Machinize (the joint operation to tackle the criminal exploitation of high street businesses).

Swimming with Sharks also highlighted the rise in loan sharks using social media. Then, 2 per cent of loan shark victims referred to the IMLT met their lender over social media.⁸ Between 2022 and 2025, it increased to five per cent. More significant than victims meeting loan sharks through social media, however, is the growth in loan sharks using it to threaten victims. 28 per cent of victims referred to the IMLT were harassed over social media by their loan shark or threatened with social media shaming.

As ‘dodgy’ shops offer illegal lenders a physical shopfront in vulnerable communities, so social media is offering them a shopfront to vulnerable online communities. The challenge now is not only to fight off the longstanding sharks embedded in specific geographies, but to clamp down on these new channels. *Swimming with Sharks* recommended the then-government include illegal money lending within the Online Safety Act: Ofcom should now exercise the powers that act provided.

RECOMMENDATION 3

Ofcom should review the prevalence of illegal money lending advertisement, communication, and shaming across social media platforms and, should the scale of harm be sufficient, implement a targeted enforcement programme using its powers under the Online Safety Act.

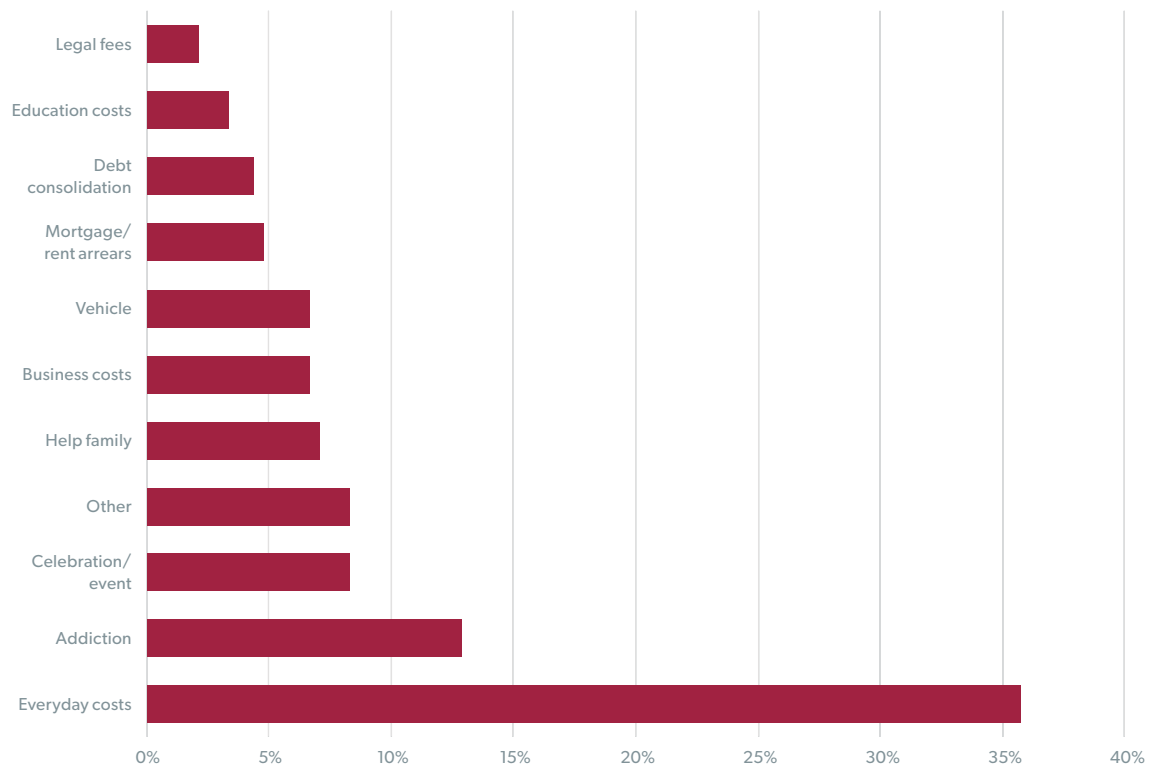
The supply of illegal lending is only one half of the picture, however, illegal lending has evolved and grown because the demand for it continues unabated. Victims are often driven to borrow from illegal lenders to cover unavoidable costs. A plurality of victims (36 per cent) supported by the IMLT between 2022 and 2025 cited ‘everyday costs’ as their reason for borrowing from a loan shark, while taking out loans to help family, pay often unavoidable business costs, or cover the costs of funerals, weddings, and other significant life events make up another 22 per cent.

These victims turn to loan sharks, in part, because they cannot – or assume they cannot - access credit elsewhere. Those who apply for credit before borrowing from a loan shark are routinely rejected as Figure 6 shows. Fair4All Finance highlighted in 2023 that many of the regulated credit sources for subprime borrowers have shrunk in the last decade. The volume of high-cost short-term credit fell from £2 billion in 2013 to £250 million in 2022 and the volume of home collected loans fell by 80 per cent in the same period.⁹

⁸ Centre for Social Justice (Mar 2022), p. 61.

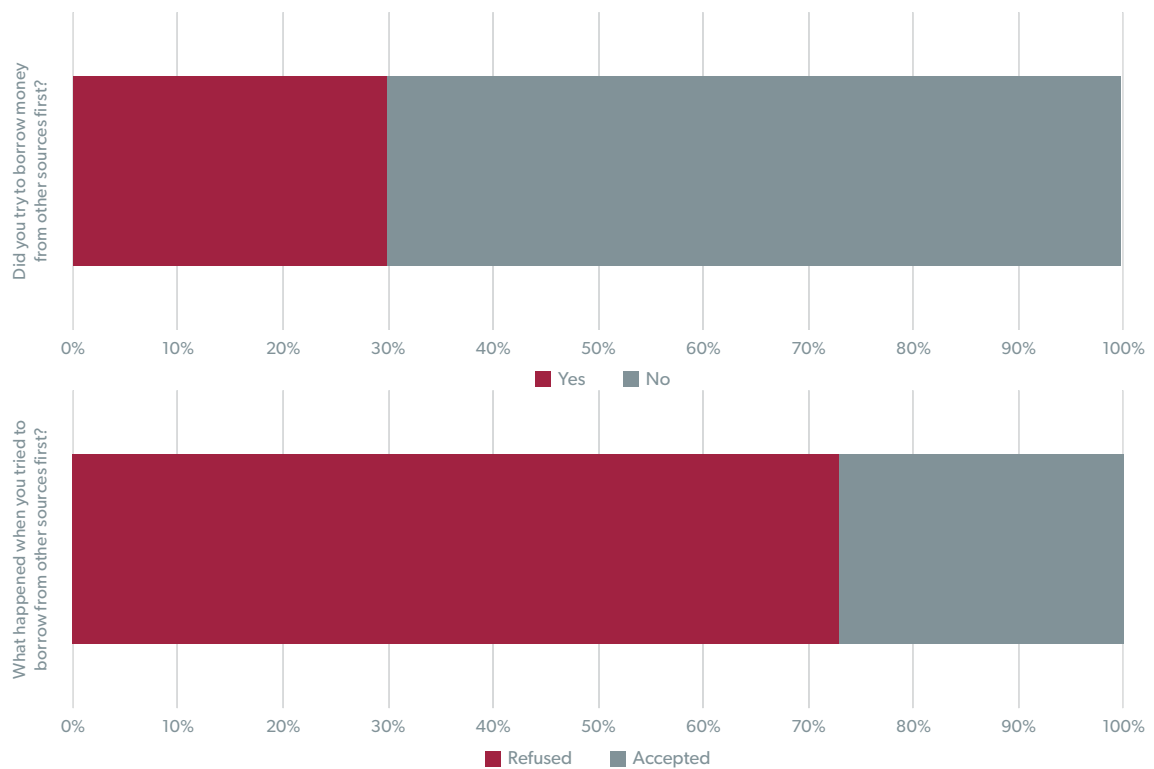
⁹ Fair4All Finance (Jun 2023), pp. 15-18.

Figure 5: Reasons cited for borrowing from a loan shark



Source: Centre for Social Justice analysis of Illegal Money Lending Team England 2022-2025 data

Figure 6: Victims who seek to borrow elsewhere first are almost always rejected



Source: Centre for Social Justice analysis of Illegal Money Lending Team England 2022-25 data

Credit unions are the obvious alternative to high-cost credit and illegal lenders for subprime borrowers, but the sector currently has too little reach. 51 per cent of victims supported by the IMLT between 2023 and 2025 had never heard of a credit union while another 22 per cent had heard of them but did not know what one was.

Several recommendations made by *Swimming with Sharks* to expand the credit union sector have been adopted, but too recently for their impact to be felt yet.¹⁰ The last government implemented our proposed reforms to the Credit Union Act 1979, legislating to expand the product offerings of credit unions into conditional sale agreements, hire purchase agreements, and insurance distribution activities through the Financial Services and Market Act 2023, while the current government has made several commitments aligned with our recommendations in its Financial Inclusion Strategy.¹¹ However, the commitments in the Strategy are yet to be fully implemented.

For example, the Strategy tasked Fair4All Finance with setting up a Credit Union Transformation Fund using £30 million of dormant assets funding – aligning with our recommendation for a Strategic Mergers Fund – and promised to reform the common bond.¹² The former should be operational this year, but the government has yet to set parliamentary time to achieve the latter. Given the urgent need to extend credit union’s reach, the government should ensure provisions to reform the common bond are in the Financial Services Bill planned for this parliamentary session.

RECOMMENDATION 4

The government should accelerate its legislation to increase the potential membership cap for credit unions from three million to 10 million, including the necessary amendments in the Financial Services Bill planned for this parliamentary session.

The wider financial sector can also support the expansion of credit unions. Some borrowers require manual underwriting: a task that is time and resource intensive for credit unions. Large banks, who do not typically service the market for small cash loans, should lend some of their underwriting capacity to support credit unions in the name of social governance and supporting financial inclusion.

RECOMMENDATION 5

Large banks should honour their commitment to social governance by lending spare capacity for manual underwriting to credit unions.

Besides credit unions, our 2025 report *Flexing the Future* pointed out that deferred payment credit (DPC, colloquially known as ‘buy now, pay later’) is the other growing supplier to subprime borrowers. *Flexing the Future* found that almost a quarter of subprime borrowers used DPC in 2023 and 33 per cent of consumers who used high-cost credit in 2017/18 were using DPC by 2022/23.¹³ The importance of DPC

10 Centre for Social Justice (Mar 2022), p. 112.
11 Financial Conduct Authority (May 2023), ‘Changes to credit union legislation in Great Britain’. Accessed via: [Changes to credit union legislation in Great Britain | FCA](#) (Accessed: 11 May 2026).
12 His Majesty’s Treasury (Nov 2025), ‘Financial Inclusion Strategy’, p. 28. Accessed via: [Financial Inclusion Strategy](#) (Accessed: 11 May 2026). His Majesty’s Treasury (Mar 2026), ‘Credit union common bond reform: Call for evidence response’, p. 16. Accessed via: [Government Response to the Credit Union Common Bond Reform Call for Evidence.pdf](#) (Accessed: 11 May 2026)
13 Centre for Social Justice (Apr 2025), ‘Flexing the future’, pp. 24-25. Accessed via: [Flexing the Future](#). (Accessed: 11 May 2026)

entering the FCA’s regulatory remit later this year is, therefore, hard to understate.¹⁴ It offers subprime borrowers access to a regulated but widely available credit source.

However, the nature of DPC is such that it cannot meet many of the reasons that victims of illegal lending cite as driving them to borrow from a loan shark. It may, of course, allow them to manage their broader budget better – 55 per cent of borrowers cited this as their primary reason for using DPC in the 2024 Financial Lives Survey – but it cannot meet the immediate cash-in-hand demands that many victims of loan sharks borrow for.

Both credit unions and DPC can address some of the unmet demand that drives borrowing from loan sharks, but they may not be sufficient to plug the entire credit gap. Though its potential harms are well known, high-cost short-term credit can serve a legitimate part of subprime credit demand: lending to those in need of credit to whom no one else will lend.¹⁵ Where the choice is between a regulated and an illegal lender, the former is vastly preferable to the latter.

RECOMMENDATION 6

The FCA should estimate the size of the credit gap that high-cost credit can feasibly fill and review the regulations that prevent them doing so, weighing the harms of high-cost credit against the likely harms of subprime borrowers turning to illegal lending.

While suppressing the supply of illegal loans and re-directing its demand, more needs to be done to support those already in debt to loan sharks. Our 2023 report *Friend or Foe* set out a new framework for debt advisers to identify and support clients with debts to loan sharks, but the current evidence suggests many cases are still missed.¹⁶ Only 45 per cent of illegal money lending victims who accessed debt counselling between 2022 and 2025 told their adviser about their illegal loan, with 27 per cent of those who did not tell their adviser saying it was because the adviser did not ask.

The IMLT provides free training about illegal lending to debt advice organisations and many debt advisers signpost to the IMLT, but these approaches clearly remain too soft touch. The FCA should mandate training on illegal money lending as part of all debt advisers introductory training to embed the identification and tackling of illegal lending in the debt advice sector. Client uptake of signposted support also remains too low: debt advisers should introduce clients directly to the IMLT instead.

RECOMMENDATION 7

The FCA should mandate training on illegal money lending as part of all debt advisers introductory training to embed the identification and tackling of illegal lending in the debt advice sector.

RECOMMENDATION 8

Debt advisers should commit to directly transferring clients who report having an illegal loan to the IMLT.

14 Financial Conduct Authority (Jun 2025), *Regulating Buy Now Pay Later (BNPL)*. Accessed via: [Regulating Buy Now Pay Later \(BNPL\) | FCA](#) (Accessed: 11 May 2026)

15 We have criticised high-cost short-term credit in the past, highlighting the risk of a ‘debt spiral’ for many debtors. See Centre for Social Justice (Nov 2013), *Maxed out: Serious personal debt in Britain*. Accessed via: [centreforsocialjustice.org.uk/wp-content/uploads/2013/11/CSJ_Serious_Debt_report_WEB_final.pdf](#) (Accessed: 11 May 2026)

16 Centre for Social Justice (Apr 2023), *Friend or foe? Equipping debt advisers to tackle illegal money lending*. Accessed via: [Friend or Foe?](#) (Accessed: 11 May 2026)

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