The number of adults in Yorkshire and Humberside considering taking out a payday loan in the next six months has risen, according to research carried out by insolvency trade body R3, in contrast with figures nationally which are continuing to fall.

Six per cent of adults in Yorkshire and the Humber, the same as the number across Britain, say that they are likely to take out a payday loan in the next six months, double the 3% in the region who were in this position in June 2013. Over the same period, the proportion of British adults likely to take out a payday loan in the next six months fell from 7%. However, payday loan demand in Yorkshire and the Humber has fallen significantly since its peak of 12% in April 2012.

William Ballmann, chair of insolvency trade body R3 in Yorkshire and partner at national law firm Gateley LLP, says: “While it’s encouraging that demand for payday loans is falling nationally, it is worrying that there appears to have been a recent increase in likely demand in the region. The negative publicity and high profile interventions on the topic from politicians have not had so much of an impact here as they have elsewhere.”
The highest proportion of British adults who say that they are likely to take out a payday loan in the next six months remains those aged between 18 and 34. 13% of those in this age group say they are likely to take out a payday loan in the next six months. However this is down from 17% in June 2013 and 24% in September 2013.

By comparison, only 4% of British adults aged 35 and over say they are likely to take out a payday loan in the next six months.

Mr Ballmann says: “It is still a matter of concern that payday loans are disproportionately attractive to younger generations. It may be that other sources of finance, such as traditional bank loans, aren’t available to these age groups, many of whom will not have had a chance to build up a decent credit rating. High-cost credit shouldn’t be the only option.

“While payday or other high-interest loans are appropriate in some circumstances, they are not appropriate for all borrowers or in all circumstances. It’s very important that the payday loan industry takes greater responsibility to explain to borrowers not only the initial cost of taking out a loan, but all potential costs too, including the costs of loan ‘rollovers’ or late payment charges.”

The number of people actually taking out payday loans has remained consistent, with 5% of British adults saying that they have taken out a payday loan in the last six months, the same as in June.

Ends

Photo shows: William Ballmann, chair of insolvency trade body R3 in Yorkshire and partner at national law firm Gateley LLP

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Notes to editors (R3):

- R3 is the trade body for Insolvency Professionals, and represents 97% of the UK’s Insolvency Practitioners.
- R3 comments on a wide variety of personal and corporate insolvency issues. Contact the press office, or see www.r3.org.uk for further information.
- R3 promotes best practice for professionals working with financially troubled individuals and businesses; all R3 members are regulated by one of nine recognised professional bodies.
- R3 stands for ‘Rescue, Recovery, and Renewal’ and is also known as the Association of Business Recovery Professionals.
- ComRes interviewed 2,006 GB adults online between 27th and 29th September 2013. Data were weighted to be demographically representative of all British adults aged 18+.
- ComRes is a member of the British Polling Council and abides by its rules (www.britishpollingcouncil.org). This commits us to the highest standards of transparency.
- Data tables are available on the ComRes website, www.comres.co.uk