

Morses Club FAQs

This document is to be provided as a primer on key terms and questions for more in-depth information for your internal teams. It can also be used, if appropriate, as conversation guidance in F2F conversations.

What is Morses Club?

Morses Club was a high-cost doorstep lender that recently stopped issuing loans. That means that its collection agents went door to door offering loans and taking repayments. They typically worked in areas where there are more likely to be people in financially vulnerable circumstances, lending to people who often didn't have much financial security or safety net. Since Covid they also offered online loans to many. It was set up in 2009 and has lent to hundreds of thousands of customers over the years.

It has now gone into administration so it is not making any further loans but will be collecting outstanding loans.

Morses Club also owned Dot Dot Loans, an online high-cost lending business. Dot Dot Loans (previously known as Shelby Finance) is also in administration. It is a much smaller business.

Why should we be worried about its collapse?

Its collapse is likely to affect many of the people you serve.

There are increasingly few options for people in the Morses Club customer demographic, which is known as the 'sub prime' market, to borrow money legally. This is referred to as a 'credit vacuum'.

Morses Club was a high cost option compared to credit cards and other lenders, but at least it was available and it was regulated. Without it, there are concerns that people won't have anywhere to turn to meet emergency expenses if their fridge breaks or they're hit with an unexpected bill, and that some of its former customers will resort to illegal lenders, aka loan sharks. This might include 'parallel lenders', by which we mean former Morses employees who may continue to offer loans on an unregulated, informal basis. This leaves customers at the mercy of unfair and exploitative practices.

Why will this help those we serve?

Sharing this information could save those you serve from a lot of hardship, difficulty, and extra expense.

Many of those you help would benefit from understanding that there are alternative options including community lenders, also known as Community Development Financial Institutions or CDFIs. Knowing what options you have is a key part of financial resilience.

It's also important to make people aware of illegal lending. According to the England Illegal Moneylending Team, often people don't realise they are borrowing from a loan shark/illegal lender – they think they are borrowing from a friend or a legitimate lender. We see cases where people have borrowed for years from someone who used to be authorised to lend money – but has carried on lending after the authorisation has been taken away or the company has ceased trading. This means the customer is no longer protected by the strict rules around lending, and the lender is acting illegally. To find out more or access support go to www.stoploansharks.co.uk.

Am I allowed to recommend a lender? Could this be seen as encouraging people to take out credit?

We're not recommending individual lenders or encouraging people to take out loans – this is just about letting people know that there are safe options available if they need it. The BBC, ITV, Mirror, Sun, Guardian, Express and Financial Times have all highlighted that CDFIs can offer safer and more affordable credit to the people they serve.

Are you getting commission from these lenders?

Absolutely not. We just want people to know that the option is there if they need it.

Shouldn't we just send those we help to a price comparison site?

Many responsible lenders aren't listed on mainstream price comparison sites. It's more likely that the people you serve won't have options available from the commercial lenders that are listed on price comparison sites

Is there a risk that those we help will get turned down by these lenders? What happens next?

Responsible lenders work hard to understand their applicants' circumstances and provide credit to as many people who need it as possible, but by nature, they are 'responsible', and they have to turn people away if they can't afford to repay. That's how it should be; it's not in anyone's interest to make a loan that won't get repaid.

Another aspect of being responsible is that they will signpost people whose applications are declined, to

places like debt charities such as Stepchange and Turn2Us, or benefits calculators which often help people uncover significant extra income.

Can we also recommend credit unions?

Of course. Fair4All Finance supports the credit union sector. Recent customers of Morses Club are more likely to be accepted for a loan, should they need it, from a CDFI which is why we have focussed on CDFIs as an alternative. Credit unions are an excellent way for people from all backgrounds to develop a savings habit and the ability to apply for affordable loans should they need them.

Where else can I direct people?

The [Stop Loan Sharks](#) campaign, [StepChange](#); [Turn2Us](#); [Gov.uk/benefits-calculators](#); [FindYourCreditUnion.co.uk](#). Here's a [helpful video created by Responsible Finance](#) which explains what a CDFI is, and what they do.

Who is behind this? Who else is supporting this campaign?

This work is being organised by Fair4All Finance, which is a not-for-profit financial inclusion organisation, publicly funded through the Dormant Assets scheme. We've also been speaking about this issue to the National Housing Federation, the England Illegal Money Lending Team aka the Stop Loan Sharks campaign, and others.

What does Fair4All Finance do?

Fair4All Finance's roles include supporting the community finance sector, which includes credit unions and responsible lenders, as well as working with mainstream financial institutions to encourage more financial inclusion. They also undertake research on the issues impacting those in financially vulnerable circumstances.

We know someone currently paying off a Morses Club or Dot Dot loan. What should we tell them?

They should look out for communications sent to them from the company administrators, or new information posted on its website. It's important that they continue to repay this loan unless they are told otherwise, as this would have a negative impact on their credit score.

In addition, the information under the heading 'Do you have a current Morses or Dot Dot loan?' on the [Debt Camel page about Morses](#) may be useful. Debt Camel is a well-known, non-profit blog on a range of money and debt topics.