

Lord Young of Norwood Green  
Minister for Postal Affairs and  
Employment Relations

The Lord Dykes  
House of Lords  
London SW1A 0PW

9<sup>th</sup> February 2010

Dear Hugh.

**To ask Her Majesty's Government whether they will take action against companies seeking to induce consumers to incur excessive interest charges on short-term loans agreed over the internet. HL1338**

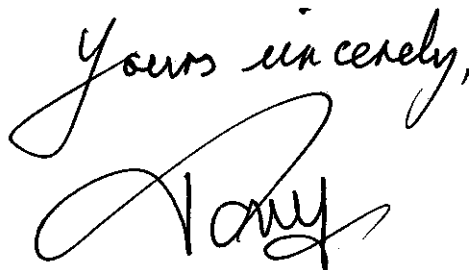
You tabled the above Parliamentary Question and I undertook to write to you with a substantive answer.

The Government are very concerned at the impact of high cost credit products on the most vulnerable in society. A diverse and innovative credit market benefits consumers, but there is a fine line between promoting choice in the market and some of the recent lending innovations that may be regarded as irresponsible. High interest online lending in particular can make it too easy for people to get credit anywhere and at any time without the opportunity to think through the implications.

That is why the Office of Fair Trading is bringing forward new Irresponsible Lending Guidance covering the marketing and selling of credit products. The guidance is intended to ensure that lenders do not irresponsibly promote credit and make clear the standards expected of them at all stages of the lending process. Government is determined to tackle irresponsible lenders, and those who are unable or unwilling to follow the guidance will face being stripped of their credit licences.

We are also working closely with the EU to bring in the new Consumer Credit Directive in the summer. This will require lenders to provide clear information to consumers on new loans, and check borrowers' creditworthiness before lending.

I will arrange for a copy of this letter to be placed in the Library of the House.

*Yours sincerely,*  


**Tony Young**  
**Lord Young of Norwood Green**

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