

Press Release

LCQ9: Regulation of money-lending advertisements

Wednesday, May 11, 2016

Following is a question by the Hon Tam Yiu-chung and a written reply by the Secretary for Financial Services and the Treasury, Professor K C Chan, in the Legislative Council today (May 11):

Question:

Section 30(1)(b) of the Money Lenders Ordinance (Cap. 163) provides that any person who by any false, misleading or deceptive statement, representation or promise, or by any dishonest concealment of material facts, fraudulently induces or attempts to induce any person to borrow money from a money lender commits an offence. However, at present, quite a number of money-lending advertisements highlight that loans may be "borrowed and repaid easily" with "no income proof or identity card required". On the other hand, according to the relevant requirements under sections 17B and 27A of and the Schedule to the Housing Ordinance (Cap. 283), owners of flats under the Home Ownership Scheme (HOS) must not mortgage or remortgage their flats before paying a premium or obtaining approval from the Director of Housing. However, some advertisements on property lending disregard the requirement and boast that "applications may also be made in respect of HOS flats for which a premium has not been paid". Some members of the public have pointed out that the aforesaid advertisements have, to a certain extent, concealed the burden of loan repayment on the borrowers in future, as well as the legal risks they may face when applying for such loans. In this connection, will the Government inform this Council:

(1) of the respective numbers of cases of alleged breach of section 30(1)(b) of Cap. 163 in respect of which the authorities conducted investigations and instituted prosecutions in the past five years; among such cases, the number of cases in which the persons involved were convicted; and

(2) whether the authorities proactively examined in the past five years if the various types of money-lending advertisements had contravened such provision; if they did, of the details; if not, the reasons for that?

Reply:

President,

(1) and (2) For the period between 2011 and 2015, the numbers of cases handled by the Police involving alleged money lending offences under the Money Lenders Ordinance are 59, 47, 48, 31 and 17 respectively. The Police do not have a breakdown of cases involving alleged breach of section 30(1)(b) of the Ordinance, nor was there any prosecution or conviction against breaches of the same during that period. The authorities concerned will continue to monitoring closely the issues raised in the Hon Tam's question and will take active follow-up action if there are cases of suspected contravention of section 30(1)(b).

At the same time, in order to alert the public that over-borrowing may result in serious financial burden, we will step up public education to promote the importance of proper debt management, and we also intend to impose new licensing conditions on money lenders licences, requiring all money lenders to include a "health warning" statement in their advertisements to remind the public to be prudent in borrowing. Besides, we will promote public awareness of the availability of advice, counselling and other supportive social welfare services provided by non-governmental organisations so that people in need can seek timely assistance through proper channels.

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