

## **Beware of Payday Loan Scams**

Although high-interest loans are illegal in Arkansas, payday lenders and payday collection scams still target Arkansas consumers.

What is a payday loan? Payday loans are short-term loans for small amounts, usually less than \$500. They are typically due on your next payday; so, they are sometimes called “cash advance” or “check loans”. The fees often amount to an interest rate of 400% APR or greater. Charges continue to mount if the borrower is not able to repay the loan on the due date. The loan rolls over with increasing fees, interest, and debt. The last payday lender left Arkansas in 2009. Loans at interest rates of 17% APR (annual percentage rate) or higher are illegal in Arkansas.

Do you have an illegal loan? Storefront payday lenders have been shut down but many still try to entice Arkansas consumers via the phone or internet. These loans are illegal and unenforceable under Arkansas law. Contact the Office of the Attorney General to request that the lender cancel the loan.

Are bill collectors claiming that you have a payday loan? Recent consumer complaints report a payday collection scam where callers insist that the consumer is overdue on a payday loan. The callers often harass their victims and may threaten legal action. Callers may have personal, financial information about the intended victim. Never provide additional information in response to these types of calls. Contact the Office of the Attorney General to file a complaint. Monitor your bank and credit card accounts for suspicious activity. Set a fraud alert with the credit reporting bureaus to further monitor for fraudulent activity.

Contact the office of the Attorney General if you have been a victim of payday lending or of a collection scam. Call 1-800-482-8982 or visit [www.gotyourbackarkansas.org](http://www.gotyourbackarkansas.org).

For research-based information about financial stability and consumer protection, visit the website of the Cooperative Extension Service at <http://www.uaex.edu/health-living/personal-finance/default.aspx>.

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