Dear Chris,

Sale of the Wonga loan book

I understand from Andrew Bailey, Chief Executive of the Financial Conduct Authority, that you are now considering whether Wonga’s loan book should be sold. I raised some questions about this with Mr Bailey earlier in the year, and he has suggested that I contact you directly for further information.

Given the short term nature of the loans offered by Wonga, it seems likely that loans taken out by people able to repay them will by now have been repaid—it being nearly a year since the company went into administration. Most of those which remain are therefore likely to be in arrears, in some cases substantially, and among them will be loans taken out by Wonga’s poorest and most vulnerable customers.

The choice of a buyer for the loan book is therefore hugely important. The Work and Pensions Committee hears repeatedly in our inquiries about the appalling impact that debt can have on people’s wellbeing. I would therefore be grateful if you could please answer the following questions:

1. What assessment, if any, you have made of the proportion of remaining Wonga customers who are vulnerable?

2. What steps will you be taking to ensure that any buyer of Wonga’s loan book is a reputable firm which follows a best practice approach to debt collection? Common best practice principles include timely assessments of vulnerabilities, affordable repayment plans, and signposting or referring people to debt advice.

3. Whether you have had any discussions about the sale with the Money and Pensions Service, and/or other support services for people in debt?
With best wishes and I look forward to hearing from you,

Rt Hon Frank Field MP  
Chair, Work and Pensions Committee