

# Broadcast Committee of Advertising Practice Payday Loans Review

Review into the effectiveness of content rules to protect children from payday loans advertising



## Review into the effectiveness of BCAP Code content rules to protect children from payday loans advertising

In July 2014, in response to concern across society, including Government, media, consumer protection bodies and the public about the prevalence and increased use of short-term, high-cost credit during the economic downturn, BCAP announced a review into payday loans advertising on television. The review was confined to examining the effectiveness of the content rules to protect children, in light of concerns that payday loan ads were aimed at encouraging children to ask their parents to take out a payday loan. BCAP also welcomed any submissions of relevant evidence of a need for scheduling restrictions, which it committed to consider.

After a comprehensive review process and careful consideration of payday loan advertisements, BCAP does not consider that a change in its rules is merited at this time.

BCAP's [terms of reference](#) for the review set out its objectives in detail. BCAP's review involved:

an assessment of whether payday loans advertising appearing on television breaches BCAP's rules designed to protect children; and

an attempt to identify common techniques and styles used in TV payday loan ads that fall short of breaching the rules but may, through repeated use, fuel concerns about undue appeal to children.

For ease of reference, the relevant rules for the review were:

*1.2 Advertisements must be prepared with a sense of responsibility to the audience and to society.*

*5.9 Advertisements must neither directly exhort children to buy a product or service nor encourage them to ask their parents, guardians or other persons to buy or enquire about a product or service for them.*

The rule that most directly addresses concerns expressed about the content of payday loan ads in relation to children is rule 5.9. To breach the rule, an ad would need to directly encourage a child to ask their parents to enquire about or take out a payday loan.

BCAP is aware that concerns expressed about payday loan ads targeting children are not limited to explicit messaging in those ads. Notwithstanding the strict legal framework within which the Advertising Standards Authority (ASA) operates, BCAP considered whether there were advertising treatments for payday loans that appeared to be imperfectly captured by rule 5.9 (for example, because they appeared to indirectly encourage children to ask their parents to enquire about a loan), and whether such treatments might necessitate a change in the rule as it relates to payday loans. BCAP also considered such treatments under rule 1.2.

BCAP carried out an analysis of a sample of payday loan ads against the relevant content rules, the approach it took is set out in the terms of reference. BCAP looked at all TV ads for payday loans for three separate, non-consecutive months spread across 2013 and 2014 and in each case, carried out an assessment of whether any of the ads would breach rules 5.9 or 1.2. It also assessed whether any of the ads raised concerns that fell within the

ambit of rule 5.9 but which could not be dealt with by the rule – for example, because the encouragement was indirect, by featuring products that might appeal to children.

Another part of the work considered whether any of the content of the ads, including style and characters, as opposed to featured products, might appeal to children.

BCAP looked at a sample of 145 ads, made up of: 74 ads from March 2013; 34 ads from August 2013; and 37 ads from December 2013.

The review found a wide variety of treatments used in the ads, many of which had the potential to appeal to children in some way, but only because they were of broad appeal. Examples of these treatments included: songs, animated characters, puppets and jingles. BCAP found one ad which contained products that it thought would appeal to children: the ad included a brief section showing children's toys being unwrapped at Christmas, as part of a 'life stages' ad, showing different times in life where one might use payday loans.

The analysis did not suggest a problem with undue appeal to children in payday loans advertising when ads were assessed under the existing Code rules, nor did it show problematic treatments that appeared to be imperfectly captured by the rules.

BCAP identified the ads that it considered, through their content, style and nature of the products featured, may have been most likely to raise issues under the Code and presented them to members of the [ASA Council](#), asking for their assessment.

BCAP informed members that it had considered whether a selection of payday loan ads appealed to children either through their content, including style and characters, or by featuring a product that might appeal to children. An example ad of each of those two types of appeal was shown to members. The first ad showed a satsuma singing a song which included the lyrics "How do I get you alone". Members were asked whether they thought the ad was likely to appeal to children in breach of the relevant rules, or more generally in an undue manner.

No Council members were concerned that the ad breached the relevant rules or that it unduly appealed to children. Members noted that children might be interested in the song featured but not in a way that would engage them with the product over and above anyone else viewing the ad. Some members were concerned that similar ads could trivialise the process of taking out a loan, such as emphasising how easy it was to take one out. Members noted that claims that trivialised the taking out of a loan were already covered by the Code's social responsibility rules and the ASA had upheld complaints against several payday loan ads on those grounds, and not upheld complaints about the 'satsuma ad' on those grounds.

Members thought the ad featuring Christmas was not generally problematic. The Christmas scene was fleeting and children would be unlikely to engage with the ad.

The [Advertising Advisory Committee](#) (AAC) gave advice to BCAP on the review. The AAC said that appeal to children was a potential concern, though this needed to be linked to identified detriment. Such detriment should not be ruled out, particularly if there was a risk of conveying a message to children that credit and debt were a normal and acceptable way to organise family finances. But at the same time, some of the ads' impacts could be relatively benign. It also had to be recognised that payday loan ads were often designed to appeal to an adult audience believed to be alienated or put off by traditional credit advertising, and so may have some incidental appeal to children. Meanwhile it appeared to

the Committee that much of the debate focused on fundamental reservations about the product which were an issue for the financial regulator and not for BCAP.

An overall assessment of the analyses of the ads does not suggest that there is a need for changes to the BCAP Code rules designed to protect children, in the context of payday loans advertising. However, a common factor in all assessments of the ads is that light-hearted, jovial treatments do have the potential to trivialise the seriousness of taking out a payday loan, and that such treatments could and have breached the social responsibility rules. BCAP, the ASA Council and the AAC all support the idea that guidance on such treatments would be useful for advertisers to reduce the likelihood of ads trivialising loans.