

LCQ7: Stealing personal data of others for purpose of taking out loans

Following is a question by Dr Hon Cheng Chung-tai and a written reply by the Secretary for Financial Services and the Treasury, Mr James Lau, in the Legislative Council today (December 12):

Question:

Recently, quite a number of members of the public sought my assistance, saying that they had been harassed by debt collection agencies by various means (including threatening letters, frequent telephone calls, short messages, and threatening notes posted outside their residences) in an attempt to coerce them to repay loans on behalf of other people. They suspected that their personal data had been stolen and used at an earlier time, resulting in their being deemed to be loan guarantors without their knowledge. In this connection, will the Government inform this Council:

(1) of the number of reports, received by the Police since January this year, about harassment by debt collection agencies; and

(2) whether it will review the provisions in and the enforcement of the Money Lenders Ordinance (Cap 163), with a view to eradicating the acts of stealing the personal data of others for the purpose of taking out loans?

Reply:

President,

Under the Money Lenders Ordinance (Cap 163), all licensed money lenders must carry on money lending business in accordance with the conditions imposed by the licensing court on their licences. One of the licensing conditions prohibits a licensed money lender and its debt collectors from recovering debts directly or indirectly from anyone other than the debtor, or harassing anyone while trying to locate the whereabouts of the debtor, or adopting unlawful or improper debt collection practices.

To enhance personal data protection, the licensing court has, since December 2016, imposed an additional licensing condition on all money lender licences. The additional licensing condition stipulates that all licensed money lenders are required to take steps to ensure that when collecting or receiving personal data from another person, the licensed money lenders will not take part in any unlawful disclosure or use of personal data.

It is an offence for a licensed money lender to breach any of the licencing conditions. The licensing court may revoke its license or reject its licence renewal application. Members of the public may make a report to the Police if they suspect that their personal data have been used fraudulently to make them loan referees, or if any money lender is suspected to have breached the licensing conditions. The Police will conduct

investigation and take follow-up actions having regards to the circumstances of the case.

Our reply to the question raised by Dr Hon Cheng Chung-tai is set out below:

(1) In the first ten months in 2018, the Police received 1 293 crime reports relating to debt collection, which represented a drop of 244 cases from the same period last year. The majority of these cases concerned criminal damage. Regarding non-crime harassment (such as harassment by telephone calls, harassment by visits, etc.), the Police received a total of 6 650 related reports in the first ten months in 2018, which represented a drop of 1 298 cases as compared with the same period last year.

(2) The Government attaches great importance to the protection of personal data. We note that it has been reported recently that the personal data of a member of the public had been used fraudulently to make him a loan referee without his knowledge, and that he was harassed by debt collectors by various means. To address the issue, the licensing court has, since October 2018, imposed an additional licensing condition on money lender licences. Under the new additional licensing condition, when a referee is provided in respect of a loan application by a borrower, the money lender shall, before entering into any loan agreement, ask the intending borrower to provide the written consent signed by the referee confirming his/her agreement to act as referee for the intending borrower in respect of the loan application.