

PAYDAY LENDING IS ILLEGAL IN NY

New York bans payday lending through its longstanding criminal and civil usury laws. It is illegal for any lender to make payday loans, whether in person, by telephone, or over the Internet. It is also illegal to collect on payday loans in NY.

Why does New York State ban payday lending?

- Payday loans are extremely expensive. The annual percentage rates (APRs) on payday loans are often 400% and higher!
- Payday loans are designed to trap borrowers in a long-term cycle of debt, even though they are advertised as short-term loans.
- Loans are not made based on a person's ability to repay them, and most borrowers cannot afford to repay payday loans and still cover their basic expenses.
- Borrowers therefore frequently end up taking out repeated loans, paying a new fee each time, and still owing the original loan amount.
- If borrowers do not have enough money in their bank accounts when the payday lender attempts to withdraw payments, their banks typically charge high insufficient funds and/or overdraft fees.
- Payday lenders take advantage of people struggling to get from paycheck to paycheck.

WHAT CAN I DO IF I BORROWED A PAYDAY LOAN IN NYS?

Now that I know payday lending is illegal here, do I have to repay the loan?

No. Because New York prohibits payday lending, payday loans are void and unenforceable in the state. In other words, you have no legal obligation to repay the loan. Payday lenders, banks, and other debt collectors may not seek to collect on payday loans in our state.

Can my bank or credit union help me stop payday lenders from taking money out of my account? Yes. Banks and credit unions must stop all payday lenders' withdrawals upon your request. You may also wish to close your account, to ensure that payday lenders cannot continue to access it, and open a new account at another bank or credit union.

What can I do if I receive an illegal payday loan, or am being pursued by debt collectors on an illegal payday loan?

- File a complaint with city, state and federal regulators, including:
 - [NYC Department of Consumer Affairs](#)—Call 311.
 - [NYS Department of Financial Services](#)
 - [NYS Attorney General's Office](#)
 - [Consumer Financial Protection Bureau](#)
- For low-income NYC residents: call New Economy Project's free Financial Justice Hotline at 212-925-4929.

