The National Pawnbrokers Association



"Using a pawnbroker … just another way of borrowing money"

Apr 2025 onwards

Welcome to Pawnbroking…

Profile of the NPA

CONSTITUTION

The NPA formed in 1892 and was incorporated in 1931 as a company limited by guarantee. In June 1989, with the benefit of almost a century of experience, it reviewed and re-wrote its original constitution. The review had several purposes, but was undertaken in particular:

- to take account of the recent expansion of the pawnbroking industry
- to ensure that its affairs and those of its members were more efficiently regulated
- to protect the public interest, especially given the general environment of self-regulation in the financial services sector.

ORGANISATION

The Association is managed by its democratically elected Council and employs a Chief Executive and Secretariat staff.

THE COUNCIL

This consists of 3 Officers of the Association (the President, Vice-President, and Treasurer). In total there are 16 Council members (6 of which are permanent Corporate seats for those members who pay the largest subscriptions), all of whom are active pawnbrokers. The rest are elected.

The Council meets at least 3 times per year to oversee the affairs of the Association, as part of which it considers any problems which may have arisen, takes all necessary action to maintain the high standards expected from members, and reviews recent changes in the law.

THE CHIEF EXECUTIVE

The Chief Executive of the NPA, oversees the Association's communication between its Council and Members and manages the day to day running of the Association.

Did you know?

- ✓ The NPA is the trade organisation for Britain's pawnbroking industry and has a growing membership now in excess of around 800 outlets.
- ✓ The NPA has been in existence for nearly 125 years
- ✓ The NPA exists to safeguard the interests of pawnbrokers and customers alike, producing an operations manual and lays down a code of conduct for members.
- ✓ Pawnbroking today is has a modern bright image and is part of the credit industry regulated by the FCA alongside other lenders complying with the Consumer Credit Act 1974.
- ✓ The comparatively recent upsurge in the industry came during the 1980's credit boom and has continued to today with customers now preferring the speed and convenience of pawnbroking for small cash sums over other High Street lenders.
- ✓ The NPA provides members with general advice, from legal to marketing to security to insurance and deals with thousands of different membership queries each year.
- ✓ The NPA has close links with the regulators- the Financial Conduct Authority and is seen by them as the Association representing the industry, along with other bodies such as the Financial Ombudsman,Trading Standards Departments and Police regions throughout the country.
- ✓ The NPA deals with many media enquiries each year from national and local radio, newspapers and television, gaining considerable free and high profile advertising for the industry and its members. We have helped set up many TV shows.
- ✓ The NPA produces a magazine, *The Pawnbroker*, to keep its members in touch with what is happening in the pawnbroking market.

Just another way of borrowing money

Pawnbroking today is a well regulated industry, using professional systems and placing great emphasis on offering high quality customer service. The NPA and its members are moving the industry forwards for the better, on a daily basis.

Today's pawnbroking customers range widely. Certainly they are ordinary people, like you and me, who may wish to borrow a small sum of money for a short period of time. Very much like an overdraft is used the service is a real 'tide me over' until payday situation. With more and more people paid monthly the pressure on managing short-term cashflow became more difficult than when weekly brown paper wage packets were the norm. Pawnbroking customers pledge property that they own and consider the loan simply turning their goods temporarily back into cash as it once was. In other words customers feel they are simply in effect borrowing from themselves. No fuss, no favours, no extending or creating unsecured credit with the threat of negative credit ratings or 'blacklisting' as it is known if the loan is not repaid. Fully secured, straightforward and transparent credit in minutes – and from themselves. No wonder so many customers and regulatory bodies see pawnbroking as just another way of borrowing money.

"Using a pawnbroker … just another way of borrowing money"

However, it is not only the simplest form of credit transaction - it is also strictly regulated, just like any other from of credit. The Financial Conduct Authority (FCA) are the regime responsible for Consumer Credit licenses. Pawnbrokers require a license and must abide by the FCA rules and the Consumer Credit Act 1974 and subsequent updates.

In Britain in the latter stages of the nineteenth century and early twentieth century there were nearly as many pawnbrokers as public houses, lending money on anything from bed linen, cutlery to the most famous of all father's 'Sunday best' suit. If pawnbroking had earned itself an unfair reputation in the past, there is no doubt that its image has changed enormously over the past twenty years or so. The recent upsurge in the industry's fortunes came during the 1980's credit boom and has continued through to today with customers now preferring this convenient form of High Street borrowing – customers that many banks turned their backs on during the hardships brought on by recession.

The origins of pawnbroking can be traced back over 3,000 years to the Chinese and it is pawnbroking we have to thank for the discovery of the Americas - Christopher Columbus' voyage was funded largely by the proceeds from pawning Queen Isabella of Spain's jewels! The industry as we know it today, however, can be traced back to fifteenth century Italy when the noble Medici family was a dominant financial power. When the family was split in two, one half of the family became bankers and the other, pawnbrokers. The pawnbroking side of the family took with them half of the family crest, which incorporated the now instantly recognisable sign of the pawnbroker, the famous three gold balls. It should come as no surprise that the origins of banking and pawnbroking are so closely entwined – pawnbroking is, after all another form of banking.

> ***"Pawnbroking is driven by the need for instant cash, with outlets operating as 'little banks' providing a service ethic comparable with their High Street competition"***
>
> **Retail Jeweller**

Like a bank a pawnbroker earns income on the interest that is charged on the loan of a pledged item. In order to accept goods into pawn a pawnbroker makes an on-the-spot valuation of the goods. The customer and the pawnbroker will agree the sum to be advanced and the pawnbroker presents the customer with a completed document (which is basically a version of the original agreement) called 'Pre Contract Information'. The customer having decided to go ahead with the transaction then signs the actual agreement which is an A4 document with details of their rights and protection under the Consumer Credit Act 1974 and the terms and conditions of the loan. The customer also receives as part of the document itself a pawn-receipt for presentation when redeeming the goods.

The agreement is usually (and as a minimum always) for a period of six months and the customer is entitled to redeem property by payment of the original loan plus the monthly amount due at any time during the contract period. When the loan and the interest are paid, the goods are returned to the customer. If the customer has not repaid the loan during this time and the loan was over £75 they will receive notice that the property is due to be sold giving them a further statutory period of 14 days in which to redeem (the customer will normally however have the option at the end of the contract to renew the loan by the payment of interest only and the rewriting of a fresh agreement).

If the customer does not renew or respond to the notice served the pawnbroker may take steps to dispose of the goods. Having served the notice of his intention to sell the goods the pawnbroker must obtain the true market value for the customer when he sells the property which ensures a fair price is obtained at all times for the customer. Where the proceeds of sale are greater than the amount the pawnbroker is due, the balance is due back to the customer. Contrary to popular myth, only where the loan was for less than £75 (and contract period six months) does the pawnbroker gain title to the goods where the customer has not repaid the loan. Again, contrary to what people may believe, the pawnbroker does not wish to gain title to property as he is in the business of lending money and he wishes far more to see the loan repaid without needing to resort to the sale of property. This way not only is the debt cleared in full but the customer is happy at the return of their goods and they have possession of them to return again at some stage in the future. This is proved by the very high volume of trade that is repeat transactions – nearly always with the same security and very often several times in a few months.

> ***"Around 88% of goods are redeemed – it is not in the pawnbroker's interest for goods not to be redeemed"***
>
> **Daily Express**

If you were to walk into a pawnbroker's shop today you could be forgiven for thinking that you had just walked into your local bank or building society. Pawnbroking is now a serious alternative to using the services provided by the High Street bank (if one can be found). Customers realise that borrowing money against goods they already own is an affordable alternative to a bank overdraft or other type of loan.

Pawnbroking businesses are on the High Street and are very often jewellery retailers giving them a perfect shop set-up for lending and for keeping goods safely in storage. Consequently, the security that the vast majority of pawnbrokers give loans against is gold, jewellery and watches. This is because they are:

- ✓ easy to value
- ✓ easy to store
- ✓ are a luxury 'can do without' item
- ✓ do not perish
- ✓ do not generally depreciate
- ✓ have an established second-hand market

A pawnbroker will usually loan as little as £5 or many thousands of pounds in one easy, quick transaction that requires no credit checks or lengthy meetings or form filling. Short-term cashflow is the reason most people use a pawnbroker, where convenience and speed of service is quite unrivalled. A loan will just as often be obtained for some extra spending money as it will be to clear an outstanding telephone bill. It is flexible, transparent, competitively priced and immediate and it is these factors and its payment terms, which are without early redemption penalties, (unusual amongst other credit), that customers prefer.

Getting started!

PROFESSIONAL REQUIREMENTS

Anyone thinking of establishing a pawnbroking business will need to satisfy a number of criteria in addition to possessing the fundamental ability to run a new business. The essentials, each of which will be addressed in turn below are:

- Obtain full permission to trade in pawnbroking from the Financial Conduct Authority (FCA)
- Buy Pawnbroking software
- Have premises
- Adequate funding
- Skill at valuing goods (NPA runs training courses)
- Procedural knowledge
- Security cameras and safe.
- Then apply to join NPA

CONSUMER CREDIT LICENCE

Pawnbrokers must have been accepted by the FCA for full permission to trade. Applications should be made to:

Financial Conduct Authority
12 Endeavour Square
London
E20 1JN

Tel: +44 (0)300 500 0597

You can apply on their website. It is important to advise them that you are intending to join NPA.
A sample Full Application form can be seen at;
Apply to become a consumer credit lender or hirer | FCA

PAWNBROKING SOFTWARE

It is a strict requirement of NPA membership that all new applicants need to demonstrate that they have requisite pawnbroking software installed. The European Consumer Credit Directive 2010 means that paper-based systems will no longer be adequate to successfully run a pawnbroking business. A list of suppliers can be found at
The National Pawnbrokers Association - Essential Suppliers, Pawnbroker Suppliers & Resources | The NPA

TRADE PREMISES

To operate pawnbroking using a standard pawnbroking agreement a pawnbroker must conduct business from licensed trade premises and the trading name must agree with that name under which they are licensed to trade. If not an internet only business then in general terms this will mean a high street type premises, although subject to appropriate licensing and retail use this may sometimes be say, a first floor office. The license use normally required would be either A1 general retail or A2 professional and Financial. If you are uncertain as to use you should check this with the planning department of the local Council in the area that your premises are situated.

ADEQUATE FUNDS

It is not possible to specify the amount of money that will be needed for making initial loans. However, experience shows that between £50,000 and £100,000 of start-up capital to be available to lend to customers is usually needed in the first year of a new pawnbroking business. If you do not already have premises suitably able to operate a pawnbroker's business from (giving considerable attention to security) then you will find that shop fitting may cost up to £75,000 and if you intend to retail jewellery items too then you will need to spend on stock for the window. Jewellers' premises are ideal for pawnbroking and the businesses complement each other perfectly as the security is in place and most pawnbrokers find, for reasons previously stated, lending against gold, jewellery and watches works best.

Since the exact amount of capital needed in each case depends on many factors, you will almost certainly need to give considerable thought to preparing a detailed cash flow forecast with the help of your accountant and bank manager.

SKILL AT VALUING GOODS

A high degree of skill at valuation is needed to make a sound commercial decision concerning the amount of money to lend each customer. The pawnbroker who does not have that skill can easily make costly mistakes. If you do not already have the necessary skills these can be learned by enrolling on our pawnbroking course see www.thenpa.com or call us on 07735 886930.

PROCEDURAL KNOWLEDGE

The Consumer Credit Act 1974 governs all forms of consumer lending which includes pawnbroking. The FCA have created a sourcebook based on Act and with which all pawnbrokers must comply. The book contains the rules for pawnbroking. This can be viewed at http://www.fca.org.uk/news/ps14-3-final-rules-for-consumer-credit-firms

The role of the NPA

Now that you are aware of the key requirements, it is time to consider what benefits there are to joining the NPA.

Membership of the National Pawnbrokers Association, the official body of the trade recognised by Financial Conduct Authority, and which represents the interests of the pawnbroking industry throughout the UK, lends reassurance to Government bodies that the pawnbroker member is conducting business within the law and is conducting industry best practice. Our detailed familiarity with all aspects of pawnbroking procedure and knowledge and years of experience in advising members how to remain compliant in an ever complex world of consumer credit laws, whilst trading freely, is an example of the way in which the NPA is able to assist new and existing businesses.

THE MEMBERS INTRANET

The NPA have created a vast members' web area with forms templates, information from regulators, pawnbroking law and process documents, and best practice guidance that members can use as a starting point for necessary documentation and information to help them brush up on any new or recent requirements or changes for example. This represents very comprehensive guidance and is only available to members and Associates.

ADVICE SERVICE

Here are just a few samples from hundreds of cases handled by the advisory service each year:

- A boyfriend and girlfriend pawn goods together, but then split up and try to redeem separately.
- A Trading Standards Officer receives what you consider to be an unjustified complaint about your business.
- New regulation comes into force for consumer credit providers and you are not sure if or how this affects you?
- A loan is inadvertently made against goods that are subsequently claimed to be stolen.
- You want to try a new marketing strategy and are not sure if it has been tried before and will be successful?

In such circumstances as the above the Association's advice and professional expertise is invaluable. The service is available free to all NPA members and can help avoid the potential cost in terms of time, money and adverse publicity for your business of an ill-informed decision.

The NPA also represents the voice of individual pawnbrokers by ensuring that the Consumer Credit Act, is applied and interpreted to the benefit of your business and your customers. Active discussions take place on a regular basis with the FCA and Financial Ombudsman. We also have Primary Authority relationship with Trading Standards. We ensure our members views are represented at the highest levels.

SECURITY

Pawnbrokers have a duty to take reasonable care of the property that they take into pawn. They must take all reasonable measures to ensure that pledges are not lost, damaged or stolen and it follows that their premises need a high standard of security for both customers' goods and highly importantly your members of staff. Effective security arrangements for pawnbroking premises have become crucial in an environment of rising crime. The NPA is always available to advise and give guidance in this most important area.

NPA MAGAZINE AND NPA WEBSITE

Any profession needs a forum in which businesses can learn the views of fellow colleagues, share problems and communicate ideas and opinions.

The Pawnbroker magazine was first published in the autumn of 2005 in succession to the *NPA Times* first published in 1992. Prior to that there was the *Pawnbrokers Gazette and Trade Circular*, whose origins lie in the early part of the nineteenth century. It is a lively and informative quarterly publication sent free to all members with articles and news items designed to keep them up to date.

The NPA Website www.thenpa.com also provides a very useful platform for communicating to members. along with our regular newsletters and direct e mails which keep the trade up to date on significant issues.

TRAINING AND EDUCATION

With a focus on online training courses, learning materials and qualifications you can make sure you and your staff are up to date with latest legal requirements, the pawnbroking process, and for example jewellery and gold testing and requirement for money service businesses, such as Anti Money Laundering training. Our certifications, training and the prestigious Certificate in Pawnbroking Excellence are recognised as best practice. It is a criteria of your FCA permission to keep your staff trained and up to date and this is proof of training. All this for a modest fee towards NPA's costs for members only. We also offer face-to-face training with our experts.

THE ANNUAL CONFERENCE AND AWARDS DINNER

The Annual Conference, in addition to transacting the formal business of the Association, holds seminars and debates on issues of relevance to pawnbroking. Recent Conferences have discussed topics such as the unsecured lending business, cheque cashing, insurance, security and crime prevention measures, with guest speakers from the accountancy and legal professions, Government bodies, senior members of the Police and other important and relevant trade associations.

As well as the Conference's educational aspects, an evening reception gives an opportunity for members and partners to meet socially. Pawnbrokers from around the UK and oversees attend the Conference and many friendships have been made and renewed over the years.

All new members are expected to attend the Conference in their first year and for this reason they are given a free ticket. This is to help ensure that they quickly attain the level of competence that the NPA expects of all its members. Feedback from delegates shows that the Conference is an important but enjoyable date in the year.

PRESTIGE AND IMAGE

All applicants are visited to ensure that they meet high standards of conduct and professional competence, since membership is viewed by many as a mark of prestige, fitness and high standards of professional conduct. NPA members are able to display the Association logo on their stationery and at their premises. Membership inspires customer confidence and gives pawnbroking credibility with bodies such local authority Trading Standards Departments and Police who use the Association as a reference point.

How do I join the NPA?

BEFORE YOU HAVE FCA APPROVAL

NPA recognises that firms applying for membership of NPA are often in the process of seeking FCA approval. Many of the templates, guidelines and support documents we provide are in the members only section of our website, and are definitely of benefit to non members apply with FCA. To help potential members we have therefore, created a non-member grade called 'Associate'.

As an Associate you can have access to all the documentation in our awarding winning members area of www.thenpa.com , you will also receive our newsletters and magazines and any important legal or regulatory updates. You are also eligible to attend our Annual Conference.

However as an Associate you will not be eligible to state that you are an NPA member, wont be able to use our logo, or other member rights.

The will receive you password on successful subscription payment and this will be valid for a maximum of one year by which time you would be expected to have achieved FCA approvals and to have applied for your full NPA membership including a visit from NPA staff.

Annual Subscription as Non Member Associate £565 (no VAT is charged)

The Association expires after one year or when full NPA membership is achieved.

BANKING

Some applicants have reported problems in finding a bank account. One of NPAs contacts is Zempler, this bank. For pawnbrokers not undertaking Money Service Business activity such as foreign exchange, cheque cashing, or money transfer as a principle, Cashplus is a potential option- go to Business Banking for Micro-Businesses | Zempler Bank You can set up an account and move funds online via your Zempler debit card and can deposit money through a Post Office. Zempler have direct access to clearing (Faster Payments, BACS,Swift, Chaps, SOs but no DD. This is potentially a good solution for pawnbrokers. Initially you cannot however deposit more than £15k cash per day through the Post Office, without further due diligence, but after the due diligence this barrier is removed. Larger post offices have much larger limits on cash amounts (eg £100k a day).
Zempler undertake independent AML Audits.

NPAs primary contact is Paul Schooley, MD paul.schooley@zemplerbank.com

SUBSCRIPTIONS

NPA subscription rates are competitive with other trade organisations and fees are paid annually. The subscription rate is reviewed by the Council from time to time and those companies with 20 branches are charged a reduced subscription and those with more than 20 a greater reduction still. The annual subscription fees are as follows:

One off application fee	£200
Head Office	£870
Up to 21 Branches	£233
Up to 150 Branches	£106
More than 150 Branches	£42

For online-only businesses fees are;
Less than £250,000 consumer credit turnover = £870
Between £250,000 and £500,000 consumer credit turnover = £1125
Between £500,000 and £750000 consumer credit turnover = £2715
Above £750,000 = £5365

APPLICATION PROCEDURE

The application form for membership is available below or can be downloaded from the Internet www.thenpa.com It should be completed and sent to:

Sonia Sahota
NPA
2 The Old Estate Yard High Street
East Hendred
Wantage
Oxfordshire
OX12 8JY
Sonia.sahota@thenpa.com

On receipt of the application form arrangements are made for either a member of the Secretariat or a member of the NPA Council to visit the pawnbroker's store to ensure both premises and procedures meet appropriate standards, and also to offer help and advice.

INFLUENCE

At local, national and international level the NPA speaks with a powerful voice for today's pawnbrokers – can you really afford not to belong?

Application form is on page below

The National Pawnbrokers Association

2 The Old Estate Yard High Street,
East Hendred, Wantage, Oxfordshire, OX12 8JY
Tel: 07735 886930
Email: sonia.sahota@thenpa.com
Web: www.thenpa.com

MEMBERSHIP APPLICATION FORM - PLEASE COMPLETE AND RETURN.

FULL NAME OF APPLICANT (The name of the partnership/company or if sole trader forename and surname)

NAME UNDER WHICH PAWNBROKING IS CONDUCTED (Trading name)

FULL ADDRESS AT WHICH PAWNBROKING IS OR WILL BE CONDUCTED
(If more than one address please attach a list)

Address Line 1:
Address Line 2:
Town: Postcode:
Office telephone: Mobile telephone:
E-mail contact: Website address:

NAME OF ALL DIRECTORS OR PARTNERS (If insufficient spaces please attach list)

Surname: Forename(s):
Surname: Forename(s):
Surname: Forename(s):
Surname: Forename(s):

PLEASE CONFIRM: DO YOU HAVE UP-TO-DATE PAWNBROKING SOFTWARE INSTALLED? ES NO

FCA FIRM REFERENCE NUMBER

Licence number: Issue date:

HOW LONG HAS PAWNBROKING BUSINESS BEEN ESTABLISHED?

WHAT OTHER TRADES DO YOU UNDERTAKE?

BANK REFERENCE: TRADE REFERENCE:

Bank name:
Contact:
Address:

Company name:
Contact:
Address:

OTHER TRADE ASSOCIATION MEMBERSHIPS:

DECLARATION

I/We agree if accepted into membership to abide by the Rules and Articles of Association of the National Pawnbrokers Association

Signed: Name (block capitals):
Date: Position or authority:

PLEASE ENCLOSE COPY OF YOUR FCA FULL PERMISSION WITH YOUR APPLICATION