**Problems caused by Loans Apps**

Loans Applications have become the last resort of many people, especially in Nigeria due to the tough economic situation. Many people in dire need of money have resulted to taking loans from Loan Applications to save face. One can not rule out the help these loan applications must have offered but many problems and advantages have characterized their usage. There are many people that Loan applications have rescued in the face of having to pay their school fees, start a small-scale business, meeting up with urgent financial exigencies, education, medical emergencies, consolidate current loans., and many more.

Some of the problems caused by Loan apps include

* **Default in payment of Loans due to High-interest rates -** Many of these loan apps place very high and unrealistic interest rates on loans taken from them making many of their borrowers default in payment of these loans. Many will say that these borrowers saw these interest rates before venturing into taking these loans, Yes, I agree with you. Many took those loans in critical conditions when that seems to be the last resort for them and when only particular about meeting up with their urgent needs. In the process of repaying these loans, many will realize that these interest rates are just too ambiguous. Many will have to pay the interest before repaying the loans. Many of these loan applications are unsecured making their interest rates will be much higher than traditional bank loans.
* **Smaller maximum loan-** If you’re a first-time borrower, you may find that your maximum limit may not be enough to cover your expenses as the maximum amount you can loan is much smaller than what traditional bank loans provide making many results to looking into alternative means by using many other loans applications. These result in default in payment of the loans or even using another loan application to pay for loans from another loan application. This is funny, many end up defaulting some many loan applications. As the saying goes” Robbing Peter to pay Paul”. These are situations many Loan app users find themselves in.
* **Risk of hacking and scams-** Most of the data shared on online loan apps stand the risk of being hacked making many susceptible to scamming and hacking of their accounts. Most data shared online are prone to data hacking when the applications are not properly. That is more reason why cyber Security experts should be employed to curb cyber crimes and their excesses.
* **Harassment and Assault:** In many of these Loans applications defaulters are usually harassed with life-threatening messages. Some of the employees of these Loan apps go as far as sending threatening messages about the defaulters to their contacts because of the accessibility to their users’ contacts. There have been stories of some loan app users who did not default in paying back their loans but when assaulted by employees of these online loan apps, spread rumors about them to their friends and families on their contact lists.
* **Breach of Privacy:** Loan apps have misused their accessibility to their users’ contact lists by sending messages and making phone calls to them. Many Nigerians have been victims of this. Some will call the so-called defaulters and will end up finding out that the users never defaulted on the payment of their loans. One will begin to wonder why they had to contact their friends and family. Some of them will be threatening to share your BVN and personal details on social media. Most times, they carry out their threat by sharing horrible text messages or WhatsApp messages to all your phone contacts. One such message reads: “Beware of (names withheld) with phone no (080xxxxxxx). He is a chronic debtor on a run. He defaulted from a loan firm with a certain amount of money and he is acting fraudulent to pay his debt despite several calls and messages”. Another type of such message can be “He will be declared wanted if he did not pay his debts. If you know him and love him, tell him to pay the debt he owes the company, if not, his details will be published on all social media as a criminal. Thanks. Please call for more information (080XXXX).”

Another way these loan apps breach privacy is through make non-consented deductions from debtors’ bank accounts. This is made possible due to the access to the Bank Verification Number (BVN) of app users.

Some of these Loan apps’ official call contacts have been blacklisted on caller apps because of numerous reports made about their assault and harassment

* **Mental Stress and Psychological Meltdown**: Debtors of Loan apps complained about the exorbitant interest rates and their inability to make choices of the amount they can easily repay. Some users of the loan apps ended up with mental stress because of the excessive interest rates especially when they default on the expected day. Interest rate when one default is increased daily makes debtors go through several mental stress and psychological meltdown while trying to meet up with this demand. Some of them develop High blood pressure when they default because of the assault and harassment they will encounter from the staff of these loan apps. One can imagine getting life-threatening messages daily. Some of those messages are implicating which makes them more harassing.
* **Suicide and Death**. A debtor that has no one to turn to may end up committing suicide. When you are faced with private and public harassment, suicide can be the next action of a critical person. Some debtors of these loan apps are subjected to this. Many are tied down in sickness that results from high blood pressure such as stroke. The economic situation is already hard enough for the debtors that made them get loans from loan apps. Some would have turned to friends and family for help if they could help them but when such help was not forthcoming they resulted to taking loans from online loan apps. When loan apps send threatening messages to them and their phone contacts, they can develop some sicknesses that will result in their death.