

Controversy over Newcastle's deal with Wonga

English Premier League side Newcastle United on Tuesday unveiled a sponsorship deal with loans company wonga.com, sparking criticism and concern because of the firm's reputation for charging sky-high interest rates.

Wonga will sponsor the club's shirts from the start of next season and will also invest £1.5m in the club's academy and a social scheme helping to equip local youngsters with workplace skills.

Newcastle managing director Derek Llambias said in a statement: "We are building a club that can regularly compete for top honours at the highest level.

"Throughout our discussions Wonga's desire to help us invest in our young playing talent, the local community and new fan initiatives really impressed us and stood them apart from other candidates."

But local politicians and R3, a trade body for insolvency professionals, questioned the appropriateness of the choice as the north-east of England, of which Newcastle is the main city, has the highest rate of insolvency in Britain.

Wonga offers short-term business loans for an annual percentage rate of up to 360% while its "representative" annual rate for payday loans for struggling households is more than 4,000%.

Those rates have seen the opposition Labour Party speak out against the deal.

Local Labour lawmaker Ian Lavery told The Times that "if Wonga get this sponsorship I will not set foot in St James' Park (which club owner Mike Ashley has rebranded the Sports Direct arena) until it is off the shirts."

He dubbed the deal "an outrage."

R3's chairman Lee Manning noted that "Wonga has chosen to target a region that has comparatively high numbers of people experiencing financial difficulty. Our experience tells us that many of those seeking high-cost credit need professional advice for their financial problems, rather than accruing further debt."

There was no immediate response from Wonga when contacted by AFP.

Source: *AFP* via I-Net Bridge