

# Consumer *InterAction*

ISSUE 3 OF 2012

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The last two months have seen Consumer Action and MoneyHelp engaged in a wide variety of activities including community outreach events, industry forums and, of course, payday lending lobbying.

Consumer Action's lawyers attended a 'bring your bank statement' day, organised by the Footscray Community Legal Centre, where residents could bring their statements and have a lawyer look over it to ensure there were no abnormalities or unwarranted charges. While MoneyHelp's financial counsellors visited Altona to assist some of the 350 retrenched Toyota workers.

The Centre also received funding to undertake new projects. One will look at low-income debtors and their experience with default judgments, while the other is providing training for community legal centres about consumer law. Both projects will commence in what is shaping up to be a busy second half of the year.

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# 1. HOT TOPICS

## **Credit Enhancements Bill a 'win' for payday lenders**

Consumer advocates and financial counsellors have lamented the lost opportunity to effectively protect vulnerable Australians from exploitative payday and short term loans. While pleased that the Government's Credit Enhancements Bill, which passed through the House of Representatives today, has seen the dangers of small amount lending debated at a national level, consumer groups said the final bill had the lending industry's fingerprints all over it.

Catriona Lowe, Co-CEO of Consumer Action, said having the Government and other Members of Parliament acknowledge the dangers of short term lending and the devastating effect these loans can have on low income borrowers was a step in the right direction. However, the bill, as it stands, falls far short of effective protection. [Read more.](#)

## **Time for a lightbulb moment in door to door energy sales market**

Industry data suggests that the rise in door-to-door sales and its associated problems has coincided with energy retailers competing for business in Victoria, and it's certainly fair to say that the majority of door-to-door complaints received by Consumer Action's legal advice line and its website [www.donotknock.org.au](http://www.donotknock.org.au) relate to energy sales. That's why we're looking to the energy companies themselves to bring respite to Australian households by voluntarily ending door-to-door sales.

This idea isn't as far-fetched as it may seem—indeed, five of the United Kingdom's so-called "Big Six" energy retailers have agreed to a moratorium on door-to-door selling following calls from a consumer campaign.

We raised the idea of voluntarily ending door-to-door sales with energy retailers months ago but to date not one has come on-board with the proposal—so it's time to show the retailers that the community shares our concerns about their marketing practices.

Consumer Action is encouraging Australians to visit <http://www.change.org/donotknock> and support its call for energy providers to stop their door knocking. We're fed up and it's time to let them know.

## **ATM Taskforce delivers for remote communities**

The Federal Government's ATM Taskforce has delivered a mixed bag for consumers in its reports on transparency and competition. Consumer Action welcomes moves to abolish ATM fees in remote communities and an apparent move towards upfront cost disclosure.

Consumer Action has heard stories of people in remote Aboriginal and Torres Strait Islander communities spending 20 per cent of their income on ATM fees, so the move to abolish these fees will offer genuine financial relief to communities. We're also pleased that the Government seems to be moving towards upfront disclosure of ATM fees – a move that will ensure greater cost transparency because ATM users know how much they'll be charged before they use the service.

We're disappointed however, that the report didn't advocate for ATM operators to provide free account balance checks on all machines. [Read more.](#)

## 2. Legal Practice News

### **Punk Jobs ordered to refund \$1150 to unhappy job seeker**

The Victorian Civil and Administrative Tribunal (VCAT) has ordered Punk Jobs to repay \$1150 to a dissatisfied customer who alleged he was misled and that Punk Jobs failed to deliver promised services. Mr Madhab Giri also argued that Punk Jobs acted unconscionably in its dealings with him in relation to obtaining him an unpaid job placement.

The case, in which Consumer Action assisted, alleged Punk Jobs engaged in misleading and deceptive behaviour by implying that Mr Giri would be given a paid job at the end of his job placement.

The complaint to VCAT also alleged that Punk Jobs acted unconscionably in getting someone from a non-English speaking culture and with limited experience of Australia's employment market to enter into a contract under which they are required to pay \$2000 for an unpaid work placement.

[Read more.](#)

### **‘Payment protection plan’ sold by The Cash Store offers borrower little protection**

Consumer Action Law Centre and the Consumer Credit Legal Centre NSW have questioned whether it was appropriate for payday loan broker The Cash Store to sell a ‘payment protection plan’—a loan insurance product—to an individual with a Centrelink income.

Consumer Action believes the experience of one of its clients suggests the insurance sold by The Cash Store is in the interests of the payday lender, not the borrower. Catriona Lowe, co-CEO of Consumer Action, said her organisation was assisting a client who was sold a payment protection plan by The Cash Store despite her only income being Centrelink payments.

‘The insurance sold to our client included coverage for job loss, but our client wasn't employed. In fact, the only way our client could have claimed on this insurance was in the very unlikely event that she suffered dismemberment, cancer, a stroke, a heart attack, catastrophic illness or died during the period of the two week loan. Even then, the payout of a few hundred dollars would have been paid to the lender - not our client. [Read more.](#)

## 3. POLICY AND CAMPAIGNS

### **Profiling for profit: a report on target marketing and profiling practices in the credit industry**

The marketing of products and services to consumers who are likely to be interested in the offer, or to be profitable for the business, is not new. However, with the development of more sophisticated information technology, businesses are better able to access consumers’ personal information and

utilise complex systems to predict an individual's behaviour.

Consumer Action, in conjunction with Deakin University, recently published [Profiling for Profit: a report on target marketing and profiling practices in the credit industry](#). This report explains that many businesses make significant investments to purchase or develop customer relationship management systems. Given such investments, information about these systems is not widely available, but some publicly available information gives an indication of the extent, and purpose, of their use. Recognising that lenders use customer information, and highly sophisticated systems, to target their marketing strategies, is the first step towards ensuring that these practices are taken into account in the development of consumer policy and law reform.

## **New consumer guide released: common problems in private colleges and training institutions**

Common themes emerging in consumer complaints about some private colleges and training institutions has prompted the Consumer Action Law Centre to publish a guide about common problems, how to avoid them and where to get help if you have a complaint. [Private education and training: avoiding common problems](#) identifies some of the most complained about issues including poor standards of teaching and unfair contracts.

Many students don't know that they have consumer rights—sometimes it's because they're international students who are unfamiliar with Australia's consumer protections. Other times it's simply because people think that when they signed a contract, they've signed away their rights to complain.

The Centre hopes that, as well as providing practical advice to people experiencing problems, putting out this guide will give people looking to sign up for private colleges some food for thought.

## **4. STANDARDS**

### **Electronic Health Data**

Electronic health records are being used more and more. They involve the systematic electronic collection of health information previously held on paper about individual patients or populations, such as information about the physical or and mental health of an individual or provision of health services. In the future, as [Personally Controlled Electronic Health Records](#) (PCEHR) become more widely available, you will be able to access your own health information anytime you need it and from anywhere in Australia.

The Standards Australia Technical Committee [IT-014 Health Informatics](#) provides standards and associated documents on the appropriate and innovative application of concepts and technologies to improve healthcare and health. eHealth and in particular the national program for a PCEHR are key parts of the current work program. The committee is working with the [National E-Health Transition Authority](#) which has been established to accelerate the adoption of e-health by supporting the process of reform in the Australian health sector. IT-014 is currently chaired by CFA representative Heather Grain, who also serves as a leader in [International Standards Organisation](#) and [Health Level Seven International](#) communities.

For more information [about the Standards Project](#) or CFA's [Standards Representatives](#) (including

how to get involved) please contact the CFA's Standards Coordinator [standards@consumeraction.org.au](mailto:standards@consumeraction.org.au)

## 5. MONEYHELP

### Financial Counselling Australia annual conference

MoneyHelp's financial counsellors recently attended the Financial Counselling Australia Conference held at Albert Park. The conference, which brings together financial counsellors from metropolitan, regional, rural and outback Australia, provided a welcome opportunity to share knowledge and promote best practices within the industry.

The conference featured workshops and lectures on a range of issues including:

- The role of financial counsellors when dealing with debt collectors;
- Scams;
- Carbon pricing; and
- Income management.

The MoneyHelp team also attended training sessions for telephone financial counsellors. The training covered how to identify legal issues, voice control and building resilience.

Well done to our friends at Financial Counselling Australia for putting together such a successful event.

### Outreach program

As part of MoneyHelp's community outreach program a number of staff visited Toyota's Altona plant to offer assistance to the 350 employees that were made redundant in April. MoneyHelp promotional materials were distributed and our financial counsellors were able to offer face-to-face support to those who wanted it. The financial counsellors' attendance also helped reinforce that MoneyHelp was there to offer support at any stage and, consequently, our telephone service received a number of calls from former Toyota employees in the weeks after the outreach.

## 6. BULLSEYE ... WHAT'S IN OUR CROSSHAIRS

### Understanding the Experience of Default Judgment Debtors

A default judgment occurs when a demand for money is made through the court, and a consumer does not defend the matter, meaning a judgment is entered with little to no independent checking of the claim.

The impact of default judgments on financial wellbeing can be severe, with harsh debt collection commonly undertaken, and the potential for seizure of property or garnishing of wages, or bankruptcy or debt administration.

With default judgments representing up to 98 per cent of civil complaints in the Magistrates' Court of Victoria, Consumer Action has identified a need for greater research into why so many consumers fail to lodge a defense and is pleased to have received a grant from the Victoria Law Foundation

which will allow us to research the issue.

This project will involve in-depth interviews with default judgment debtors from a variety of backgrounds which will enable discussion of debtors' experiences, the meaning they attach to those experiences, as well as the complex contexts which frame decision-making.

By providing insights into the experience of low-income debtors who have a default judgment, the research will seek to make recommendations to improve access to information, advice and support for low-income debtors. A final report will be released early in 2013. The research may also provide an evidence base from which to consider improvements to court processes so that claims are assessed fully, taking into consideration the lived experience and needs of debtors.

## 7. CONSUMER ACTION IN THE MEDIA

### [Thrifty moves for plastic users](#)

The Age, 27 June 2012, Clancy Yeates

### [Warning as banks try hard-sell approach to credit card customers](#)

Herald Sun, 19 June 2012, Karina Barrymore

### [Millions of Australians have less than four weeks' money to live on](#)

Herald Sun, 15 June 2012, Karina Barrymore

### [Melbourne Water's \\$306 million water bill is a hiccup, says Premier Ted Baillieu](#)

Herald Sun, 14 June 2012, Angus Thompson, Nathan Mawby, Grant McArthur

### [Water works in no hurry to fix its bill blunder](#)

Herald Sun, 14 June 2012, Angus Thompson and Nathan Mawby

### [Melbourne Water to take five years to repay overcharges](#)

3AW, 13 June 2012, Ellen Feely

### [Melbourne Water ordered to repay \\$300 million](#)

The World Today, 13 June 2012, Liz Hobday

### [Water bill bungle hits households](#)

The Age, 13 June 2012, Rachel Wells

### [Victorians overcharged \\$306 million due to Wonthaggi desalination plant delays](#)

Herald Sun, 13 June 2012, Nathan Mawby

### [Melbourne households wrongly charged for water](#)

ABC News online, 13 June 2012

### [Water users overcharged by \\$306m](#)

Mornings with Jon Faine, 13 June 2012, Jon Faine

[Credit card changes bring borrower warning](#)

7:30, 12 June 2012, Stephen Long

[VicRoads ordered to court in parking case](#)

ABC Online, 30 May 2012, Sarah Farnsworth

[Credit limit offers in the spotlight](#)

Briefed: The Law Blog, Herald Sun, 28 May 2012, Gerard Brody

[Short-changed by ATM review](#)

Herald Sun, 26 May 2012, Karina Barrymore

[Recruiter forced to pay punk'd jobseeker](#)

The Age, 23 May 2012, Chris Zappone

[Landmark court ruling could help thousands stung by parking 'fines'](#)

Briefed: The Law Blog, Herald Sun, 22 May 2012, Gerard Brody

[Many Aussies Struggle to Make Ends Meet](#)

International Business Times, 18 May 2012, Erik Pineda

[Many hanging by a thread over debts](#)

Herald Sun, 18 May 2012, Karina Barrymore

[CALC pursues NAB over student loan](#)

Banking Day, 16 May 2012

[Baillieu to cut housing funds](#)

The Age, 15 May 2012, Reid Sexton

[Debt collectors don't need licence to operate in Victoria](#)

Herald Sun, 14 May 2012, Keith Moor

[Warning on 'today only' college deals](#)

The Australian, 12 May 2012, John Ross

[Power prices out of whack as profits beat targets](#)

The Age, 10 May 2012, Brian Robins

[Providers tap into higher power profits](#)

Herald Sun, 10 May 2012, Karen Collier

[Cut price power deals](#)

Today Tonight, 8 May 2012, Jonathan Creek

[Jaded consumers turn to watchdog](#)

Monash Weekly, 7 May 2012, Daniel Tran

[Are banks encouraging you to get into debt?](#)

612 ABC Brisbane – Mornings with Steve Austin, 1 May 2012, Amanda Dell

[Banks target vulnerable customers](#)

The Sunday Age, 29 April 2012, Deborah Gough

[Anger over changes to payday loans](#)

Sydney Morning Herald, 25 April 2012, Ruth Williams

[Electricity consumers pay to be pestered through door-to-door sales](#)

The Sunday Mail, 15 April 2012, Daryl Passmore

[Payday lender's chief in spotlight](#)

Sydney Morning Herald, 13 April 2012, Ruth Williams, Ben Butler

[Do Not Knock sticker to stop door-to-door sellers under new laws](#)

The Sunday Mail, 8 April 2012, Daryl Passmore

[Door-knockers are Australia's most hated, study finds](#)

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