

# Consumer *InterAction*

ISSUE 4 OF 2012

To subscribe or unsubscribe, please email us at [info@consumeraction.org.au](mailto:info@consumeraction.org.au) with 'consumer interaction' in the subject line.

The *Consumer Credit Legislation Amendment (Enhancements) Act 2012*, which includes new regulations for the payday lending industry, was recently passed by the Federal Parliament. While the bill contained a number of welcome reforms, it failed to implement what we considered to be necessary consumer protections for the payday lending industry. Our campaign now moves to a new stage of monitoring the new laws, ensuring industry compliance and, of course, helping those Victorians who will continue to be trapped into high cost, short-term loans — but at this significant moment in our campaign we'd like to thank all the individuals and community organisations who've helped us take the fight to the well resourced payday lenders. The support we received—including from the 50 organisations that endorsed the *End the Debt Trap campaign*—ensured that the issue was able to be publicly debated on the national stage.

Our Do Not Knock campaign has also moved to a new phase thanks to a South Australian MP, Steve Georganas, who has introduced a private member's bill calling for the creation of a 'do not knock register.' We're pleased to see door-to-door sales being discussed at a national level and are supportive of any measure that would give consumers a simple way of opting out of this type of sales. In the meantime, we'll continue to distribute 'do not knock' stickers through [www.donotknock.org.au](http://www.donotknock.org.au) which has now had over 28,000 unique hits and features 86 partner organisations.

## IN THIS EDITION...

1. [HOT TOPICS](#)
2. [LEGAL PRACTICE NEWS](#)
3. [POLICY AND CAMPAIGNS](#)
4. [STANDARDS](#)
5. [MONEY HELP](#)

6. [BULLSEYE](#)
7. [CONSUMER ACTION IN THE MEDIA](#)

## 1. HOT TOPICS

### **Parliamentary inquiry told door-to-door sales cause consumer detriment and hinder competition**

Consumer Action, which invented the Do Not Knock sticker and is behind the national Do Not Knock campaign has made a submission to a Federal Parliamentary inquiry into the Do Not Knock Register Bill 2012. The Centre's submission argues that door-to-door sales continue to cause widespread consumer detriment, hinder market competition, and that greater consumer protections are desperately needed.

Gerard Brody, Director of Policy and Campaigns at Consumer Action, said the Centre welcomes the House of Representatives' Social Policy and Legal Affairs committee inquiry into a bill to establish a do not knock register which would run along the same lines as the Do Not Call Register, and was looking forward to having door-to-door selling discussed at a national level. Read our full media release [here](#).

### **Consumer Credit Legislation Amendment Bill offers mixed bag for consumers**

Consumer advocates have acknowledged the passing of the *Consumer Credit Legislation Amendment (Enhancements) Bill 2012* (the Enhancements Bill) by the Australian Parliament, but were disappointed at the lost opportunity to better regulate payday lending.

'This bill does include a number of consumer credit protections that will offer invaluable assistance for consumers,' said Ms Lowe, Co-CEO of Consumer Action.

The reforms welcomed by consumer advocates included:

- amendments to make it easier for consumers to make hardship applications when they cannot meet the repayments under a credit contract;
- significantly improved protections for consumers of reverse mortgages, particularly the statutory no negative equity guarantee;
- improved regulation relating to consumer leases, including provisions requiring statements of account; and
- the legislative protection for the term 'financial counsellor'.

But consumer advocates were disappointed the bill did not offer better protection for

vulnerable borrowers of payday loans.

Read our full media release [here](#).

## 2. Legal Practice News

### **‘Bulk complaint’ made against Motor Finance Wizard to the Credit Ombudsman Service**

Consumer Action has assisted consumers to lodge a bulk complaint against DTGV1 Pty Ltd (which trades as Motor Finance Wizard in Victoria).

Gerard Brody, Director of Policy and Campaigns, said his organisation has written to the Credit Ombudsman on behalf of ten clients who are in dispute with Motor Finance Wizard regarding transactions that took place between February 2009 and December 2011. Consumer Action is asking the Ombudsman to deal with the complaints in a way which takes into account similarities between the cases.

Read our full media release [here](#).

### **Three Consumer Action solicitors nominated for LIV Awards**

Consumer Action is thrilled to have three of its team members shortlisted for the Law Institute of Victoria’s 2012 Legal Awards. The co-Directors of Legal Practice, Jill Williams and Tom Willcox, have been nominated for the Mentor of the Year Award, after receiving a joint nomination, and Celia Tikotin, former Director of Legal Practice, now in charge of special projects, has been nominated for the Access to Justice Award.

The nominations demonstrate the high regard in which their colleagues hold them, and their subsequent short listing is testament to the significant contribution they’ve made to the industry. Our congratulations and best wishes to Jill, Tom and Celia.

### **New project to offer support to community legal centres**

Civil law continues to be the greatest area of unmet legal need in Victoria. Our new project, being run by our former Director of Legal Practice, Celia Tikotin, is aimed at meeting the need for civil law support in community legal centres for debt matters. The idea is to use a model that concentrates on developing individual contacts and relationships with Community Legal Centre lawyers so that Celia will provide the training and initial legal advice while casework support will be referred to Consumer Action's Legal Practice. Celia will also provide an after hours number for night services to receive legal advice. The training will focus on practical strategies for low income, disadvantaged clients facing legal

action in relation to a debt. It will include training on protected income and goods, debt collection protections and some basic information about bankruptcy and EDR schemes.

Celia will produce training material and deliver it to approximately 37 community legal centres around the state.

## 3. POLICY AND CAMPAIGNS

### **New report offers a snapshot of debt collection practices in the Victorian energy sector**

A new report from Consumer Action gives an insight into the experiences of a number of Victorian energy consumers who had their energy debts passed onto external debt collectors. The report, which comes after a period of sustained electricity price increases and amid forecasts of further price rises, identifies the administration and promotion of retailers' hardship programs and retailers' propensity to outsource debt collection as areas of major concern.

'This report takes the real life experiences of Victorians and uses them to show why energy retailers are better off dealing with these customers through well administered hardship programs rather than by passing on debts to third parties,' said Gerard Brody, Director of Policy & Campaigns.

'Under the current system, vulnerable, low-income Victorians are at risk of disconnection, harassment and even court action simply because they're struggling to keep up with their household bills. Especially at this time of electricity price rises, we'd like to see retailers using payment plans to help these customers rather than passing on debts to external collectors.'

Read our full media release [here](#), or access the full report [here](#).

### **Time to build new consumer protections from the bottom up**

Consumer Action believes the consumer protection framework in the domestic building industry needs a complete overhaul. In its response to a Victorian Government consultation paper, Consumer Action urged the Government to take decisive action, arguing small reforms around the edges would do little to help consumers seeking redress for projects that have gone wrong.

Gerard Brody, Director of Policy, said consumers in the domestic building market are often making one of the biggest financial investments of their lives, lack the expert knowledge to

ensure the work is being carried out correctly, and don't fully understand the complex contracts they sign. 'Added to this, fixing a mistake once a house has been built isn't as simple as returning a product to a store, and current laws can make dealing with a building dispute a nightmare.'

Consumer Action's submission argues that the current system is not set up in a manner conducive to effective regulation or consumer protection. One issue of concern is a recent report by the Victorian Auditor General which cast considerable doubt on the effectiveness of regulatory bodies.

Read our full media release here, or our submission [here](#).

### **Key facts sheets for home building and home contents insurance policies**

Recently, Consumer Action took the opportunity to comment on the draft Key Facts Sheets for home building and home contents insurance policies.

Consumer Action continues to strongly support the introduction of key facts sheets (KFS) for consumer insurance contracts. As we have said in the past, we believe that KFSs are capable of:

- improving consumer understanding of what their insurance policy covers, recognising that very few people read and understand their PDS;
- allowing simpler comparison between competing insurance policies, increasing the likelihood that consumers will pick a policy that suits their needs and improving competition; and
- providing important information about under-insurance and how to avoid it—for example by choosing total replacement cover where it is affordable and available.

Read our full submission [here](#).

## **4. STANDARDS**

### **Bicycles - standards update**

One of the most important considerations in buying a kid's bike or deciding to ride yourself is safety. Several of the existing standards relating to bicycles are more than 10 years old. Standards Australia held a forum which discussed the future of bicycle and bicycle related standards; and a new bicycles technical committee was formed. CFA representative Rick Barry was appointed to technical committee CS-110 Bicycles which met recently and will commence reviewing the two mandatory standards on helmets and bicycles as well as non mandatory standards on attachments (e.g. child carrier seats); lighting equipment; parking

facilities and uniform traffic control devices. The committee will also be developing a new standard on electric bicycles.

If you are interested in finding out more about becoming a CFA Standards Representative please contact the Standards Coordinator [standards@consumeraction.org.au](mailto:standards@consumeraction.org.au)

## 5. MONEYHELP

Our MoneyHelp financial counselling team answered 2,581 telephone calls in the last quarter (1 June to 27 August), assisted 2270 Victorians and helped thousands more through MoneyHelp.org.au. Rent arrears, home loans and credit card debt continue to present as problems for people calling the team.

The team has also tried its hand in the media with radio appearances to promote financial counselling & financial counselling issues on Saturday Breakfast with Libbi Gorr and The Nightlife with Tony Delroy.

Our strong MoneyHelp team includes: Dianne Dejanovic, Heather Brown, Heather Keen, Anna Tiakanas, Brian Kerr, Vanessa Stanton, John Hartnett, Sarah Brown-Shaw, Colin Harte and Felicity Elkiana.

**Remember, if you have clients who fit our criteria,  
refer them to MoneyHelp for phone counselling and referral if needed.  
Contact MoneyHelp on 1800 149 689 or visit [www.moneyhelp.org.au](http://www.moneyhelp.org.au) for more information**

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

### **Consumer Action's Policy and Campaigns Plan 2012-13**

Consumer Action has recently completed its strategic planning for the coming year. The review assessed the effectiveness of recent campaigns, looked at the major issues facing Victorian consumers, and offered our solicitors and financial counsellors a say in what issues they believe the organisation should focus on.

The outcome of this process is Consumer Action's Policy and Campaigns Plan 2012-13. The Plan sets out our campaign and policy priorities for the coming year.

Over the next twelve months we're looking to build on a number of projects, including our Do Not Knock and Low Income Debtor Rights campaigns, as well as looking into a couple of

new areas such as consumer leases. The plan can be read [here](#).

## **Payday lenders**

That's right, we're not leaving this dance just yet!

We fear that, despite the Government's new regulations, vulnerable Australians will continue to be led into dangerous debt spirals by payday loans, and that borrowers will continue to be charged outrageous interest rates for short term loans and repayments will still leave them without enough money to live off.

Our financial counselling service and legal team will offer support to Victorians struggling to deal with their payday loans and we'll continue to hold lenders to account when regulations are breached. The payday lending industry has spoken of itself in very high regard over the last year, with talk of responsible lending and helping Australians with short term cash flow issues—well guys, we're going to make sure you live up to the standards you claim to hold.

## **7. CONSUMER ACTION IN THE MEDIA**

[Do Not Knock mastermind ups pressure on door-knockers](#)

Port Philip Review, 27 August 2012, Bridget Firzgerald

[Plan to keep doorknockers away could drive up bills, energy retailers say](#)

Herald Sun, 22 August 2012, Wes Hosking

[Push for bigger writing and standout colour of price tags as shoppers miss out on savings because they can't see deals](#)

Sunday Herald Sun, 19 August 2012, Karen Collier, Kelmeny Fraser

[Do not knock](#)

ABC TV News, 17 August 2012, Simon Palan

[Raiding the bank penalty money pot](#)

Sydney Morning Herald, 15 August 2012, Michael Pascoe

[Pay-day loans no solution for most, survey finds](#)

The Age, 13 August 2012, Vince Chadwick

[Myki flaw risks credit card security](#)

The Age, 8 August 2012, Adam Carey

[Charities fear fallout as winter bites](#)

Herald Sun, 8 August 2012, Karen Collier and Nathan Mawby

[Canberra is protecting loan sharks. Yes, you read right](#)

The Global Mail, 2 August 2012, Mike Seccombe

[Thousands of drivers fuming over unwarranted carpark fines](#)

The Daily Telegraph, 2 August 2012, Rosemarie Lentini

[Home help has strings attached](#)

The Age, 25 July 2012, John Kavanagh

[Extended warranty rorts](#)

Today Tonight, 19 July 2012, Jackie Quist

[Unpaid power bills going up](#)

The Age, 17 July 2012, Rachel Wells

[Legal eagles fly in to help firms in trouble](#)

Brimbank Weekly, 17 July 2012, Melissa Cunningham

[Avoid the stress zone on your home loan](#)

Sydney Morning Herald, 15 July 2012, Patrick Commins