

MEDIA RELEASE

Friday, 22 July 2011

ASIC GRANTS LICENCE TO 'MISLEADING, DECEPTIVE AND UNCONSCIONABLE' TRADER

In a move that has disappointed the Consumer Action Law Centre, ASIC has granted a consumer credit licence to a company whose conduct has been found to be misleading, deceptive and unconscionable.

The decision to grant DGTV1 Pty Ltd (which trades as Motor Finance Wizard) a credit licence raises a number of questions about the licensing process, and raises the question „what does a lender have to do to be denied a licence?“

Consumer Action's co-CEO Carolyn Bond said the Australian Securities and Investments Commission was required to grant a licence to all lenders of consumer credit or providers of consumer leases unless they believe the lender was not 'fit and proper' or that it was likely to contravene the conduct obligations.'

'A key part of the conduct obligations requires a licence holder to act efficiently, honestly and fairly. While we were pleased when the new licensing system for businesses providing consumer credit and leases was introduced, it is disappointing that the law doesn't allow public hearings in relation to these matters.

'We believe that the process should be more transparent. For example, ASIC could first advertise for submissions from the public in relation to particular lenders and subsequently publish reasons for its decision to grant a licence and reasons for any conditions imposed. Consumers who have serious complaints about a business such as Motor Finance Wizard would expect an explanation from the regulator for what is a highly significant decision.

'This application provided ASIC with a chance to send a clear message that no-one wants unconscionable conduct in the credit industry. But sadly, it appears to us that they've let this opportunity go by,' said Ms Bond.

Consumer Action has had significant concerns about the conduct of Motor Finance Wizard since 2007, following a barrage of consumer complaints about its practices. These include sales targeting of low income and vulnerable consumers, high pressure sales techniques, imposing seriously inflated costs for low value vehicles, and poor quality of vehicles.

'Unfortunately, we continue to receive a lot of complaints about the unfair practices of Motor Finance Wizard,' said Ms Bond.

Consumer Action recently assisted an aggrieved customer to obtain a damning legal finding against Motor Finance Wizard. The judgment of the Victorian Civil and Administrative Tribunal (VCAT) was that Motor Finance Wizard's process 'was seriously flawed and needs urgent change.'

'We've provided ASIC with more than enough evidence to show that Motor Finance Wizard has repeatedly acted unfairly, a conclusion with which VCAT has agreed. In these circumstances it's vital that we, and consumers, are told the basis on which ASIC believes that Motor Finance Wizard's behaviour will change in the future.'

END

Media contact: Dan Simpson, 0413 299 567

Consumer Action Law Centre
Level 7, 459 Little Collins Street
Melbourne Victoria 3000

Telephone 03 9670 5088
Facsimile 03 9629 6898

info@consumeraction.org.au
www.consumeraction.org.au