



MEDIA RELEASE

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VCAT cases will put Victoria's new debt collection laws to the test

In what are believed to be two of the first cases to test Victoria's new 'prohibited debt collection practices', the Consumer Action Law Centre is helping two clients pursue legal cases against debt collection agencies in the Victorian Civil and Administrative Tribunal (VCAT). Both the cases, being brought against Australian Receivables Limited (ARL) and Baycorp Collections PDL (Australia) Pty Ltd (Baycorp Collections), allege that the agencies engaged in improper debt collecting conduct causing the claimants distress and humiliation.

Both cases will test the law which commenced at the start of 2011 which requires debt collectors to stop contacting a debtor once the debtor has requested in writing that it do so, unless the contact is by way of legal action or a genuine threat of legal action. Co-CEO of Consumer Action, Carolyn Bond, said Consumer Action had received an alarming number of complaints from consumers and financial counsellors alleging that debt collectors are ignoring requests to cease contact.

'We find that consumers are generally really good at paying their debts. However, some consumers find that they've got so few assets and so little income that they just can't pay and in such cases a Court won't make them pay. Others are attempting to make payments, and others honestly contest the debt and believe that they are not lawfully obliged to pay.

'The law allows consumers to say, "don't contact me anymore - either sue me or leave me alone". We don't want people being hounded forever, for debts that a debt collector is never going to sue on. We certainly don't want the most disadvantaged in our community to be taking food off the table so they can pay debt collectors who are hassling them when a Court wouldn't enforce payment.

Ms Bond said it was inappropriate if calls are made by a debt collector after a consumer requests no further contact, and persistent calls could easily be seen as harassment.

'Debt collectors have misled and put undue pressure on Victorians in the past in an attempt to pressure them into paying – we were hopeful that the new laws would make it clear that such behaviour is unacceptable' said Ms Bond.

In the case being brought against ARL, Consumer Action's client alleges she was contacted on at least nine occasions after she made a written request for ARL to stop.

The case against Baycorp Collections alleges 'undue harassment' from at least ten calls being made after the request to stop contact had been made. It's also alleged that Baycorp continued to call the claimant even after it had verbally acknowledged her request for them to stop.

'These two cases should act as a warning to the entire industry – consumers won't be shy about using the laws to help enforce their rights and put an end to unwanted and persistent phone calls from debt collectors.'

The new laws provide that debt collectors can be ordered by VCAT to pay up to \$10,000 to consumers who experience humiliation or distress as a result of a course of conduct which breaches the debt collection laws, in addition to any other remedy available.

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