

## **CR Code Variation – Industry Association Consultation**

**4 December 2018, 9.30am to 10.30am**

### **Attendees:**

- Alan Harries, ACDBA
- Alex Thrift, AFIA
- Christiane Gillespie-Jones, Communications Alliance
- Nick Pilavidis, AICM
- Elsa Markula, ARCA

### **Feedback provided:**

#### **General:**

- AFIA – sought background as to what the driving force is for the change? Is it wise to proceed with variations now? Suggested it would be more effective to do this in 12 months – noting that once CCR becomes operational, it will be necessary to review CR Code anyway.
- ACDBA: note concern with Financial Rights Legal Centre raising issues with the outcomes of PWC review. Is it appropriate that we go behind PWC's recommendations.

#### **Paragraph 24.3 – Review of CR Code**

- AFIA: suggest review period be set to 'every 3 years', or possibly every 5 years
- ACDBA: 5 years would make more sense, cost wise
- Comms Alliance: not overly fussed, however would advise that a shorter review period may be wise – 5 years could be too long given the rate of change in the industry and in relation to consumer data. A shorter interval may be useful to be able to make necessary adjustments without needing to resort to 'ad-hoc' revisions.
- AFIA: could provision a 5 year period, "or as required".
- Comms Alliance: another options is an initial 3 year period, and every 5 years thereafter.
- AICM: 3 years for a review is about right.

#### **Paragraph 19 – Direct marketing**

- ACDBA: supportive of proposed variations. Any increase in information provided to consumers is a good thing.
- AFIA: Members are very happy to support the proposal to identify difference between free and paid credit reports. However, the removal of the pre-ticked marketing box is more challenging. Note that Open Banking reform has resulted in debate around direct marketing and consent. Need to be clear whether it is appropriate for the CR Code to include this provision, or if it is already covered in APP7. Is this evidence of a compliance issue, rather than problems with the CR Code? Need to confirm whether APP7 precludes the use of a pre-ticked marketing box and, if so, this may be better addressed through compliance with APP7.
- Comms Alliance: no feedback.

#### **Paragraph 11 – Inclusion of writ & summons information**

- AFIA: Members find this information useful, on the basis it is publicly available. If it was removed, this could also be difficult for CRBs – how do they remove it? Could be quite technical – would it be a correction? Any grandfathering?

- ACDBA: the intent of publicly available information is that it needs to relate to creditworthiness. This is not the case for writ and summons information. Compare credit judgements – these provide confirmation of a problem. Do acknowledge that CRBs may have difficulty cleaning out this information.
- AICM: definitely supportive of this information being included on reports – it provides a real indicator of behaviour and character. Do consider that it should be subject to retention periods. Goes to transparency and accuracy of credit.
- Comms Alliance: no comment.

#### **Paragraph 17 – protection for victims of fraud**

- AFIA: Members agree with ARCA's position [i.e. that there is a risk of unintended consequence]. Implementing fraud notification may be overreach, and unworkable.
- ACDBA: this is a case of having the cake and eating it too. Consumer advocates object to the hardship flag (for fear of possible misuse) but would encourage the use of fraud flag.
- AICM: this is a bit of a complicated area. CRBs should have some role to facilitate notifications.
- Comms Alliance: no Member feedback. Do wonder what happens where there is notification of fraud – how are telecoms providers supposed to use that information? For a communications service, it may be mean that a service is being deactivated, which may not be in the customer's interest depending on the type of fraud, and could lead to serious problems when customers want to stay connected.
- AFIA: agree with Comms Alliance comments. This proposal would need a lot more work.

#### **Paragraph 6.2(a) – account open date**

- No specific feedback provided

#### **Paragraph 8 – RHI assessment**

- AFIA: would it be more appropriate to address this issue through guidance? Concern if adopt 1 form of RHI assessment rather than another. CPs may need to change systems – this could impact internal processes, and impose cost on industry. Guidance would allow for appropriate transition, with least cost to industry.
- ACDB: Members can't access RHI, so no comment.

#### **Paragraph 20 & 21 – Corrections and complaints processes**

##### *Shortening 30 day correction period*

- AFIA: Share ARCA Member concerns with shortening 30 day time period. Query whether there is such a thing as a simple correction – simple might become complex.
- ACDBA: Agree with AFIA's comments, simple by whose definition? No support for shortening 30 days. Could make the requirement 'as soon as possible, but no later than 30 days'.

##### *CRB corrections*

- AFIA: seek more information from consumer advocates about what the specific issues are – and whether the problem is more a compliance issue.
- ACDBA & Comms Alliance: both have no feedback.
- AICM: clarifying the rules and making it more stringent has some merit.

##### *Debt buyer – corrections re original CP*

- ACDBA: some cases it won't be an issue, because there will be automatic buyback (for instance, the bank failing to advise someone is a bankrupt). However, if there is a problem on the file and an incorrect entry – the buyer will have to go back to the original CP to confirm the issue. It can take forever for the debt buyer to get a response. The consumer will go to EDR because of the delay. If you were able to cut out the debt buyer, and deal with the party responsible for the listing, it would be much more streamlined. Reduce cost and volume of disputes going to AFCA.
- AFIA: the problem is that most disputes have multiple dispute elements – may be difficult to split out issue just with original CP. There is also a data integrity issue – the assignee owns the account, and when the complaint is put back to the assignor they will just remove the listing, because it is easier to do this than address the issue as they don't have a relationship with the customer anymore.
- ACDBA: note there is also the issue of credit repair pressuring to remove information to avoid the cost of EDR. This undermines the full integrity of the credit reporting system.
- [Note ARCA to clarify whether AFCA have an approach to the role of debt buyers in these disputes, and to circulate the response]