

CR Code Variation – Consumer Advocate Consultation 11 April 2018 – Outcomes

Attendees:

- Karen Cox, Financial Rights Legal Centre (FRLC)
- Julia Davis, FRLC

Apologies:

- CALC
- Legal Aid Queensland

Paragraph 1.2 – Month definition

- FRLC would oppose shifting a month to a ‘day prior’, and would support any shift being to a later day (i.e. if on month was scheduled to end on a Saturday, not enabling it to end on a Friday but instead enabling it to end on a Monday).

Paragraph 6.2(b) – ‘Maximum amount of credit available’

- FRLC are opposed to this being updated frequently. Query how this would apply to consumer leases, need to consider implications of that scenario. Otherwise, agree that the credit report should provide an accurate reflection of maximum amount of credit available.

Paragraph 6.2(c) – Day credit is terminated or otherwise ceases to be in force

- FRLC need to consider this further. Removing the provision entirely from the CR Code and referring back to the Act is a terrible practice, would prefer better clarity and transparency. Don’t support current drafting.
- FRLC also noted in some instances where an account is in collections, a customer may go back to minimum monthly payments. A CP will then re-assess after 6 months and give the card back.

Paragraph 8.2(c)(ii) – RHI disclosure

- FRLC noted the issue wasn’t canvassed in PWC consultation.
- FRLC consider the grace period ought to apply each time is overdue. Noted that 8.1 could be interpreted as each overdue payment having a grace period of 14 days. This would allow for a situation where a processing error occurs twice in a row.
- FRLC noted because RHI is not presently being disclosed, these cases haven’t been taken to FOS. However, once this information is available, FRLC will seek a view from FOS on operation of grace period and application for each month.
- FRLC request to send through relevant FOS determination, and case studies/scenarios illustrating operation of grace periods. For these case studies, where an individual is not making a catch up payment the RHI should continue to say ‘1’, rather than increasing arrears. Also useful for case studies to demonstrate application of reporting period – does the time of month reporting make a difference to the outcome?

Paragraph 9.3 (d) – Individual’s last known address for default notices

- FRLC note the clear intent is to permit but not prescribe. If email fails, the follow-up procedure is to provide appropriate notice.
- FRLC query what the difficulty is in sending notice by both post and email?

- FRLC would prefer if the CR Code were to include a statement of best practice – and a requirement for a CP to use the last known address to the best of its knowledge, and take further steps to verify.
- FRLC fundamentally disagree with the restricted operation of the CR Code – an industry code should have the spirit and intent of creating better clarity and transparency around industry practice.

Paragraph 9.3(f) – Timing for default notices

- FRLC noted the drafting is not plain English, although appreciate it clarifies for banks what they should be doing.
- FRLC otherwise have no issue.

Paragraph 18.1 – Scope of prohibition on direct marketing

- FRLC support this change.

Paragraph 20.9 – Corrections notifications

- FRLC concerned with variation only being made to 20.9 – PwC report referenced 5 possible changes to the Code and ARCA was only actioning one. The Consumer Advocate submission proposed many more changes to the Code than that. It was not clear why the OAIC had said in its notice that ARCA was being told to vary the Code in order to address “improving and clarifying mechanisms for correction of information (PwC Issue 18)” and then only addressed one of the issues PwC mentioned.
- FRLC noted primary issue is with CRBs’ management of corrections request – failure to process a correction where there is clear evidence of an error, particularly in the case of identification mix-ups. Should be clear who is liable to do what, and when – and the ability to reduce the 30 day timeframe where there is clear evidence of an error (particularly where a finance application will fall over as a result).