



Monday, 16 November 2020

Repeal of lending protections will hurt women facing domestic violence

Consumer groups, financial counsellors and domestic violence advocates have slammed the Australian Government's plans to remove critical protections for women experiencing economic abuse.

Chief Executive Officer of the Financial Rights Legal Centre Karen Cox said our current lending obligations prescribe important steps which often identify red flags in domestic and family abuse.

"These critical protections serve a vital purpose, requiring the lender to make inquiries as to the loan's purpose, suitability and affordability," Ms Cox said.

"Australia's lending laws require lenders to undertake an assessment process that will often put them on notice when loans should not be approved.

"This is an important role in identifying and preventing the financial abuse of vulnerable women."

Tania Farha, Chief Executive Officer of Domestic Violence Victoria said the lending laws we have in place provide a remedy for women when lenders do not undertake the required steps or ignore the red flags of economic abuse.

Carmel Franklin, Chief Executive Officer of Care Financial Counselling said removing these laws will reduce the ability of advocates like financial counsellors and community lawyers to assist survivors with debts that they accrued during abusive relationships.

Laura Bianchi, Team Leader of Redfern Legal Centre's Financial Abuse Service NSW and coordinator of the Economic Abuse Reference Group NSW, said its members have grave concerns about the impact of removing lending protections on people experiencing domestic and family violence.

“The wind back of responsible lending obligations will have dire consequences for people experiencing financial abuse. Coerced debt is a common factor preventing victim survivors from leaving a violent relationship and re-establish their lives,” Ms Bianchi said.

“It has been well documented that rates of family violence and economic abuse have risen sharply during the COVID-19 pandemic.

“Removing these critical protections at a time when so many women are more vulnerable than ever to economic abuse could have devastating results.”

Background

- On the 25 September 2020, the Government announced a suite of changes to Australia’s consumer credit framework contained in the *National Consumer Credit Protection Act 2009* aimed at reducing red tape for lenders as part of the Government’s economic recovery plans;
- Consumer groups and financial counsellors immediately voiced their concerns about removing these critical protections for consumers;¹
- Exposure Draft Legislation was released for public consultation on 4 November: *National Consumer Credit Protection Amendment (Supporting Economic Recovery) Bill 2020*.²

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¹ MEDIA RELEASE: <https://financialrights.org.au/media-release-consumer-groups-slam-move-to-remove-responsible-lending-laws/>

² <https://treasury.gov.au/consultation/c2020-124502>