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Eliminate unfair practices from credit industry

The Australian Securities and Investments Commission should be commended on trying to get the largest possible number of participants in the credit industry to identify themselves as prepared to comply with the new laws ("Loophole in new credit licensing system", June 29). But we would encourage the commission to take note of previous questionable conduct of credit providers when deciding who is granted licences and on what conditions.

Our clients remain vulnerable to unfair practices at the time of obtaining credit. They are often under pressure from a number of factors, not least high-pressure sales. Consumers face a considerable imbalance of information and power. They may focus on the amount they are borrowing, but the amount to be repaid is much higher and not as visible to them.

While a number of bad loans may be challenged under the new responsible lending provisions, there is still a cost to untangling them. In the meantime, many of the people involved in the provision of the credit have made money and moved on. The fall-out of loans gone wrong affects more than the individual borrower. Landlords, health services, utility service providers and the families of the debtor all experience expanding ripples of hardship and loss.

A well-regulated and conducted credit industry is essential unless the public wants to pay the cost of bad debts while those who take advantage of desperate borrowers make profits.

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