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Mr Phil Khoury
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Dear Sir,

The Central Queensland Financial Counselling Service has been established for in excess of 20 years delivering high quality free financial counselling services to the communities of Rockhampton and the Fitzroy region. The service has been continuously funded by the Federal Government to deliver these services and has been recognised by the funding body as having the skills and capability to deliver pilot programs such as the Place Based Income Management Program and the Financial Counselling, Capability and Resilience (Hub Plus) Trial and also to deliver targeted programs to discreet consumer groups including under the Sugar Industry Reform Program and the Great Barrier Reef Restructure Program.

Financial Counselling is available to all members of the community struggling with credit and debt matters. It is provided free of charge and offers clients a suite of options that may assist them to improve their circumstances. Financial Counsellors are trained professionals and do not offer financial advice or planning services and are expressly exempt from licencing under the Credit Act and under ASIC relief from holding an Australian Financial Services Licence.

We make this submission based on practice wisdom acquired through our interaction with consumers, financial services providers, debt purchasing organisations and the various EDR's.

It is our contention that a Code of Practice should embrace more than an intent to meet the needs of consumers, whether as individuals or small businesses, however they are variously defined, but to deliver consistent services to customers and to enable customers to know their rights when dealing with their FSP.

Our experience has shown that customers are frequently unaware that a Code of Practice exists as there are rarely copies of the Code readily available in branches, if a branch actually exists in their area.

At 3.1 (b) *promote better informed decisions...* the onus lies with the customer to request explanation of written information about banking services. Surely the onus sits with the FSP to ensure that when information is given to customer that staff make an even cursory assessment as to whether the customer has the capacity to understand that information. We have dealt with numerous clients who have obtained a variety of credit facilities from mainstream lenders, whose first language is other than English and whose understanding of written or spoken English is negligible to say the least.

Of concern also is the lack of appropriate training for front line staff when dealing with distressed consumers or those with limited understanding and knowledge of the complex mix of products being offered including 'add on' products such as a range of insurance products, loyalty schemes etc.

Staff appear to be under pressure to facilitate customer engagement at every encounter to upsell to customers when in attendance either at a branch or on the phone. We know that many customers with limited language skills or education have taken up what were unsuitable products as they felt that it was a courtesy to the staff member to comply or they genuinely believed that their best interests were being served. This is not a reflection on the staff but on the lack of comprehensive training that is required such that staff can identify whether the customer actually understands, to a reasonable level, the nature of the product they are contracting to enter into.

A further concern is lending to joint borrowers/guarantors where due diligence is not undertaken to ascertain whether both borrowers/guarantors will derive benefit from the loan and/or have the capacity to meet the payments should the relationship break down. It has been our observation that parties are signed to loans where their sole income source is derived from Centrelink or they have minimal working hours that are not guaranteed. This is of increasing concern where there are issues of financial abuse and exploitation via domestic and family violence or in the case of elder abuse. We further note that those with assets are frequently called upon to act as guarantors despite the fact that they do not have the means without sale of the asset to meet the debt should the borrower default. The requirement that independent legal advice be sought in such cases assumes that the guarantor has the means to access such advice as this is not a service offered in the Community Legal Centre space.

An area of great concern to consumers is that of their ability to deal with Direct Debits from credit cards where that direct debit has been established by the merchant. The code at 21.2 Direct Debits clearly states: *We will not direct or suggest that you should first raise any such request or complaint directly with the debit user (but we may suggest that you also contact the debit user).* Our experience tells us that this is generally not the case and given that many providers who use direct debits from credit cards in particular engage third parties for payment services and thereby avoid the difficult conversation with the client and also are not necessarily aware of how to locate or contact the actual debit user. This is an area of great contention and concern for consumers where their indebtedness increases and their FSP refuses to cease those transactions on the account.

Frontline staff require more comprehensive training in the provisions of the Code and the rights of customers to have control over all of their accounts and understanding of their obligations under any agreements made with lenders. Adequately training staff is insufficient to meet the needs of customers who are engaging with Banks around what for many are complex and potentially life altering matters impacting on, not only their financial well -being, but their psychological well- being. Staff should have comprehensive and ongoing training to ensure that the Code is complied with but that the intent is transformed into practice ie *to continuously work towards improving the standards of practice and service in the banking industry.*

We also endorse the submission from Legal Aid Queensland on expressly acknowledging the distinct barriers faced by people who are imprisoned and amend Clause 28 to reflect that consideration will be given to this group.

Yours Faithfully,

Margaret Clements
Senior Financial Counsellor