

Mr John Telford

25 January 2021

Submission: National Consumer Credit Protection Amendment (Supporting Economic Recovery) Bill 2020

To Committee Secretariat,

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (FSRC), [December 2017 – February 2019], made several recommendations in regards to consumer lending including the recommendation of a compensation scheme of last resort (CSLR). But COVID-19 saw these recommendations shelved.

The Ramsay Review and The Australian Financial Complaints Authority (AFCA) support an EDR scheme. In 2020, AFCA's Chief Ombudsman and Chief Executive Officer David Locke said *"A compensation scheme of last resort is an important back-stop that ensures that people who have been the victims of misconduct and lost out through no fault of their own can be compensated when the financial firm is unable to pay."*

Therefore to shelve the EDR scheme and to shelve the recommendations concerning responsible lending laws is a ticket back to the Wild West, back to where certain shocking behaviour prompted the FSRC. The *National Consumer Credit Protection Amendment (Supporting Economic Recovery) Bill 2020*, doesn't appear to shift responsibilities from 'buyer beware' toward 'seller beware', something that Hayne had proposed. Also the Bill doesn't appear to be in the public's interest or in consumer's best interest.

To introduce an EDR scheme that has the ability to stand in the shoes of a consumer, would not only be supporting economic recovery but would also be adding trust and integrity back into a system where crime seems to be the order of the day. Risks associated with credit need to be made transparent, including informing consumers of their rights and types of remedies available. Consumers shouldn't be forgotten simply because Industry sees the "Supporting Economic Recovery" as good for business.

John Telford