

21st January 2019

Senate Economics Reference Committee
PO Box 6100
Parliament House
Canberra Act 2600



By email: economics.sen@aph.gov.au

Dear Committee Secretariat

Response to correspondence from Fox Symes to the Committee

Financial Counselling Australia (FCA) would like to respond to the allegations by Fox Symes in its response to case study 20 in our submission.

Before addressing the particular allegations, we reiterate that the main issue with this case is that the client had a significantly worse outcome by going to Fox Symes than if the client had been referred to a financial counsellor. The financial counsellor involved in this case negotiated a significant reduction of the main debt with the bank (\$23,000 reduced to \$5,000). In contrast, we are advised that the total amount to be repaid with Fox Symes was \$27,300, compared to a total original debt of \$29,914.

Responses to the allegations:

1. *There were multiple debts.* It is worth clarifying that all of the other debts were small pay day loans (short term) debts. Not only was there a strong possibility the debts would be reduced or not owed at all due to irresponsible lending, they were short term debts. The Debt Agreement was turning short term debt into long term debt. This is plainly detrimental to the client to repay short term debts (they may not owe at all) over a long term.
2. *Fox Symes is not a “debt negotiation company” and does not use a “broker”.* We reasonably believed based on the information we had that those statements were accurate. Fox Symes advertises on its website that it offers “debt solutions” including informal arrangements, debt consolidation, mortgage refinance and debt agreements. Any ordinary person would consider this debt negotiation. We were advised that Fox Symes uses two different companies to arrange the Debt Agreement: Fox Symes & Associates Pty Ltd (with Australian Credit Licence 393280) and the Debt Agreement is submitted by Fox Symes Debt Relief Services Pty Ltd. Fox Symes & Associates acts as a go-between/broker to Fox Symes Debt Relief Services.
3. *Disclosure of fees.* The client has repeatedly told the financial counsellor he did not understand the fees that were going to be charged. In fact, the financial counsellor spoke to him in early January and he again said he did not understand that the fees would be so high. The client remains certain he would not have proceeded with the Debt Agreement if he had known the fees were so high. It is disappointing that Fox Symes has not taken this feedback as reason to improve its disclosure practices and to adequately check that clients understand the fees.

4. *The actions of the financial counsellor.* The actions of the financial counsellor, Alan Gray, were in the best interests of his client and led to a far better outcome for the client. The “discounts” on the debts in the Debt Agreement were small compared to the discounts the financial counsellor negotiated. The Debt Agreement was unsuitable and the best outcome was for it to be cancelled.

In summary, it is disappointing that Fox Symes has made no move to take this case study as feedback about improving its practices. Instead it has attacked the financial counsellor who was acting in the best interests of his client to get him out of an unsuitable Debt Agreement and negotiate to significantly reduce his debt. We understand that the client is now managing the reduced debt.

Yours faithfully,

Fiona Guthrie AM
CEO