

27 October 2011

Mr Tim Bryant
Secretary
Parliamentary Joint Committee on Corporations and Financial Services
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Mr Bryant

**Inquiry into the Consumer Credit and Corporations Legislation Amendment
(Enhancements) Bill 2011**

I was asked to provide the Committee with the following:

- an indication of the loan amounts involved in complaints we receive about small amount lenders;
- the distribution of such complaints between States and Territories; and
- the types of complaints we receive about small amount lenders.

1. Indicative loan amounts

The average loan amount is \$1,663.

2. Distribution of complaints between States and Territories

State	Number	%
NSW	38	33.3%
QLD	38	33.3%
VIC	24	21.1%
SA	6	5.3%
WA	3	2.6%
TAS	2	1.8%
ACT	1	0.9%
NT	1	0.9%
Unknown	1	0.9%

3. Types of complaints

Of the 114 complaints received, there were 130 issues raised. (Some complaints involve more than one issue.)

Issues	Number received	% of all issues
Conduct		
Application process		
Failure to advise of relevant product information	4	3.1%
Failure to follow instructions	1	0.8%
Inappropriate finance	2	1.5%
Responsible lending	3	2.3%
Collections activity		
Breach of privacy	2	1.5%
Disputed amount of debt	2	1.5%
Failure to notify of arrears	2	1.5%
Failure to provide notice of default	3	2.3%
Incorrect listing on credit report	13	10.0%
Undue harassment	2	1.5%
Discharge process		
Incorrect payout figure	2	1.5%
Enforcement action		
Breach of duty in exercising power of sale	1	0.8%
Incorrectly taking possession (no judgment obtained)	1	0.8%
Seeking time to sell	1	0.8%
Hardship		
Declined current request/application	14	10.8%
Declined request/application on previous occasions	1	0.8%
Failure to offer the option when borrower in hardship	2	1.5%
Failure to respond to request/application	1	0.8%
Offered inappropriate arrangement/variation	2	1.5%
Other failure to comply with NCC, industry code or COSL Rules/Guidelines	1	0.8%
Repayment/Redraw		
Failure to follow instructions	1	0.8%
Incorrect repayment amount	1	0.8%
Unauthorised transaction	1	0.8%
General		
Breach of privacy	1	0.8%
Failure to act with due skill, care and diligence	3	2.3%
Failure to follow instructions	5	3.8%
Misrepresentation/Misleading conduct	6	4.6%
Poor customer service	1	0.8%
Unconscionable conduct	2	1.5%

Contract Terms		
Broker Contract		
Unfair terms	1	0.8%
Loan Contract		
Incorrect terms	1	0.8%
Misrepresentation/Misleading conduct	1	0.8%
Unfair terms	1	0.8%
Unjustness - capacity to repay	11	8.5%
Unjustness - Other	10	7.7%
Other Contract		
Unfair terms	1	0.8%
Unjustness/Responsible lending	1	0.8%
Fees		
Application Fees		
Excessive	1	0.8%
Brokerage Fees		
Excessive	6	4.6%
Not disclosed	1	0.8%
Default fees		
Excessive	1	0.8%
Inappropriately Applied	2	1.5%
General Account Fees		
Inappropriately applied	2	1.5%
Other		
Incorrect amount	1	0.8%
Interest rates		
Fixed interest rates		
Too high	4	3.1%
Variable interest rates		
Too high	2	1.5%
Payment systems		
Direct Debits		
Incorrect date	1	0.8%
Other		
Default notice enquiry	1	0.8%

Please let me know if I can be of further assistance to the Committee.

Sincerely

Raj Venga
Chief Executive Officer and Ombudsman