

## Senate Standing Committee on Economics

### INQUIRY INTO NATIONAL CONSUMER CREDIT PROTECTION AMENDMENT (SMALL AMOUNT CREDIT CONTRACT AND CONSUMER LEASE REFORMS) BILL 2019 (NO. 2)

#### ANSWER TO QUESTION ON NOTICE

##### Services Australia

**Topic:** Thorn Complaint

**Question reference number:** IQ20-000008

**Member:** Jenny McAllister

**Type of question:** Written

**Date set by the committee for the return of answer:** 6 May 2020

**Number of pages:** 42

**Question:**

In 2019, a complaint was lodged with Services Australia about the goods and services offered by Thorn. Please table any documentation, including emails, briefs, correspondence associated with that complaint

If there is more than one complaint, could Services Australia please provide any documentation associated with all complaints made in 2019 in relation to the misuse of Centrepay by Thorn?

**Answer:**

We have identified four complaints are relevant to your question.

All four complaints were received from third party organisations acting as the advocate of the customer.

In response to these complaints the agency:

- examined the complaint
- examined the impacted customer and business records
- ensured the customer deductions had ceased, and
- referred the complaints to ASIC under our information sharing agreement.

Additionally, as Thorn was required to make changes in response to the ASIC 2018 enforceable undertaking (EU), at the time of receipt of the complaints, Services Australia (the Agency) had already imposed additional conditions on the business's use of Centrepay,

These included:

- cancellation of Centrepay deductions within three business days when a consumer lease ends. If that deduction covers multiple leases, Thorn must receive renewed consent from the customer to a smaller deduction.
- any contract with Thorn using Centrepay must specify the fortnightly payment, and
- monthly statements must be provided to customers using Centrepay to pay leases.

List of Attachments:

- Attachment A – complaint from Consumer Action Law Centre (CALC) to Services Australia dated 11 January 2019
- Attachment B – complaint letters from Upper Murray Family Care (UMFC) to Thorn and Services Australia dated 29 January to 14 March 2019
- Attachment C – email response from Services Australia to UMFC dated 12 April 2019
- Attachment D – letter from UMFC to Thorn dated 15 March 2019
- Attachment E – complaint from UMFC to Services Australia dated 23 April 2019
- Attachment F – email response from Services Australia to UMFC dated 28 May 2019
- Attachment G - complaint from CALC to Services Australia dated 23 September 2019
- Attachment H – Referral from Services Australia to ASIC dated 11 October 2019
- Attachment I – Referral from Services Australia to ASIC dated 14 October 2019
- Attachment J – email response from Services Australia to CALC dated 27 September to 13 December 2019

Note: we have redacted individual names and other personal information from the Attachments associated with this response due to the privacy of these individuals.

We have identified some internal Agency emails that appear to be relevant to your question but contain legal advice. We have not provided copies of this legal advice as making the advice publically available would be inconsistent with the Commonwealth maintaining a claim of legal professional privilege over the advice.

Our ref: 243806

Contact: [REDACTED]

11 January 2019

Centrepay Programme Operations team  
Department of Human Services

By email: [REDACTED]

Dear Sir or Madam,

### **Complaint about misuse of Centrepay by Thorn Australia/Radio Rentals**

1. We make this complaint about **Thorn Australia/Radio Rentals [ACN: 008 454 439/ABN: 63 008 454 439]** (hereafter '**Radio Rentals**') use of Centrepay when providing consumer leases.
2. We hold serious concerns that allowing **Radio Rentals** access to Centrepay is causing vulnerable and low income Australian's financial harm, and is not within the objectives of Centrepay, to reduce financial risk to welfare recipients in accordance with clause 2 of the Centrepay Policy and Terms.

### **[REDACTED] case**

3. Our client is a single parent of two children, and relies on Centrelink payments (youth allowance, and then Parenting Payments and Family Tax Benefits) as her sole source of income. [REDACTED]
4. Between March 2015 and October 2017 our client entered four consumer leases with Radio Rentals for the following items:
  - a. Stradbroke Lounge, \$37.48/fortnight for 48 months
  - b. Dryer, \$15.58/fortnight for 48 months
  - c. 50inch TV, \$29.98/fortnight for 48 months
  - d. Norfolk Lounge, \$57.98/fortnight for 36 months



5. We assessed that all these leases were unaffordable to her, due to her limited income and other expenses, including being solely responsible for tenancy rental payments of \$200 per week.
6. When she came to our service in around May 2018, our client instructed us she had recently entered a payday loan to buy groceries for herself and her children. Our client was unable to afford groceries in part because \$141.02 was deducted from her Centrepay each fortnight to service her Radio Rental leases.

### **Breaches of Law**

7. In our view, Radio Rentals have acted unlawfully and failed to comply with various provisions of the National Consumer Credit Protection Act 2009 (Cth). In particular, we allege that Radio Rentals did not lend responsibly to our client. The legal obligation to lend responsibly, in short, requires Radio Rental to assess the affordability and purpose of obtaining credit (suitability) and if a contract is unsuitable, it is prohibited from lending to a consumer. On our assessment, the consumer leases were plainly unaffordable.
8. Radio Rentals also acknowledged their irresponsible lending and unlawful conduct in an enforceable undertaking with ASIC (details **enclosed**). We note that you may consider information provided by the Business, Regulatory bodies including the Australian Securities and Investments Commission (clause 6.3 b Centrepay Policy and Terms) in considering any application for use of Centrepay. We strongly suggest you consider this EU as evidence of systemic unlawful conduct by Radio Rentals.
9. Further, in the Terms and Conditions of the lease contracts, the Early Termination Fee operates to penalise our client if she were to terminate the contract before the end date. This is because it requires her to return the rented goods and pay the least of 95% of the outstanding balance or 12 months rental. This despite Radio Rentals being in a position to either sell or re-let the rented goods. We consider this condition onerous and unfavourable within the meaning of clause 4.2 Centrepay Policy and Terms.
10. Further, the cost of the goods under the leases was excessive. Our client obtained goods with a combined recommended retail price of \$7869. The total amount of the leases was \$13158.60, over \$5000 in excess of the retail value of the goods. One of the lease contracts, for a lounge suite, carried an estimated annual interest rate in excess of 27% per annum. We consider these amounts paid under the lease contracts to be excessive in light of the market rate for similar goods, particularly where the consumer is a welfare recipient and low income person.

### **Breaches of the Centrepay Policy and Terms**

11. In light of the above, we consider that **Radio Rentals:**






- a. are providing goods that are not allowable under the Centrepay Policy and Terms because the goods are high-cost but low value goods and they expose customers, including [REDACTED] to an unacceptable risk of financial stress or exploitation (clause 4, Centrepay Policy and Terms);
- b. Did not, and does not, operate in a lawful manner as outline above (clause 6.2 Centrepay Policy and Terms);
- c. are not conducting their activities in a way that is lawful, beneficial to Customers and not complying with Centrepay Policy (clause 7.1, 7.2 and 7.3(b) Centrepay Policy and Terms); and
- d. are not acting ethically, lawfully and fairly in its dealings with customers (clause 7.3h Centrepay Policy and Terms).

### **Systemic issues**

12. We consider the above issues with Radio Rentals to be a consistent issue (clause 20.4 Centrepay Terms and Policy) that is unlawful and causing significant consumer detriment. We request that you investigate Radio Rentals under clause 15.1c and 15.1e Centrepay Policy and Terms and consider withdrawing its approval to continue to use Centrepay.
13. We have other relevant documents including contracts and unsuitability assessments in our possession. We will provide them upon request and subject to our client's instructions.
14. If you require any further information, please direct any queries to [REDACTED] of our office on [REDACTED]

Yours faithfully  
**CONSUMER ACTION LAW CENTRE**



[REDACTED]  
**Managing Lawyer**



[REDACTED]  
**Solicitor**

**Encl.**  
Enforceable Undertaking



Our ref: \_\_\_\_\_  
Your ref: \_\_\_\_\_

29 January 2019

Thorn Australia Pty Ltd  
PO Box 6244  
SILVERWATER  
NSW 1811

Attn: \_\_\_\_\_

By email: [disputeresolution@thorn.com.au](mailto:disputeresolution@thorn.com.au)

*Without prejudice*

Dear \_\_\_\_\_

RE: \_\_\_\_\_ - RADIO RENTALS ACCOUNT  
\_\_\_\_\_

Thank you for your letter and documents regarding the above matter. We are instructed to make a complaint that the contracts our client has entered into with Radio Rentals are, amongst other things, unjust, unsuitable and unconscionable.

We note that at least one of the contracts falls within the parameters of the enforceable undertaking to ASIC made earlier this year.

#### Details of complaint

We submit that:

1. at all material times our client was in receipt of Centrelink benefits (namely, a Disability Support Pension). She is a single mum of three children, with a significant physical disability (including limited mobility, shaking and poor/minimal vision) who left a family violence situation in 2014, just prior to entering into the first contract. She was in a vulnerable, desperate situation and did not know that there were other options available to her (such as the NILS scheme) to enable her to purchase items she needed.
2. each contract was unsuitable for our client because:

 1800 918 377 or  
(02) 6055 8090

 [cls@umfc.com.au](mailto:cls@umfc.com.au)

 27-29 Stanley Street, Wodonga 3690

 (02) 6055 8079

 [www.hrcls.org.au](http://www.hrcls.org.au)

 PO Box 31, Wodonga VIC 3689

  
Upper Murray Family Care

This service is auspiced by UMFC and funded by the Commonwealth Attorney-General's Department, Victoria Legal Aid and Legal Aid NSW.  
ABN 99 081 624 768 Reg No: A5357 ARBN 081 624 768

- a. at the time of entering into each contract, our client was unable to afford to repay each contract without substantial hardship. The supporting documentation provided shows that:
  - i. In 2014 no supporting documentation was obtained:
    - 1. It is noted that [REDACTED] was on Newstart (which was \$250.50 per week at the time), when she instructs that she was in fact on the Disability Support Pension.
    - 2. \$10 is listed as her weekly expenses, with no apparent query as to how that could possibly be the case. This does not meet the statutory test.
    - 3. The Henderson Poverty Index was used as a benchmark, despite Thorn acknowledging that this isn't an adequate method to determine someone's expenses and that reliance on benchmarking doesn't meet the standard of the law. In any event, the HPI figures used (\$540.56) were the wrong ones for that quarter (\$616.92).
  - ii. In 2016 the Consumer Application seems to have been copied from 2014:
    - 1. It still has [REDACTED] on Newstart for 2 years, and her having lived at her current address for 4 months, when the attached Centrelink Income Statement shows her being on the Disability Support Pension, and she had been in the same property since [REDACTED].
    - 2. The only other supporting documentation obtained was a rates notice which showed [REDACTED] was in arrears.
- b. Centrepay was set up so that [REDACTED] had no choice but to prioritize these repayments, even when she was struggling to make ends meet and even when she was unable to meet her mortgage repayments or pay other bills, like her rates.
- c. detailed evidence regarding our client's weekly expenditure was not obtained, she was simply asked to provide her Centrelink income statement (though no record of the 2014 request or documentation has been provided) [REDACTED] instructs that her only source of income was her Disability Support Pension and

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Family Tax Benefit. In 2014 she was not even receiving child support, as she had just separated. [REDACTED] also instructs that she was left with significant debt after her relationship breakdown, including a personal loan and credit card (on top of her mortgage and other living expenses)

- d. each contract did not meet our client's requirements or objectives — to own the goods.
  - e. DLR was added to the contracts without questions being asked as to whether [REDACTED] had contents insurance (which she did). [REDACTED] instructs that she was never asked to provide copies of her insurance policies; she did not know what the DLR fee was and it was never explained to her. The DLR box is left blank on the 2016 contract, although it is added in to the final price.
3. accordingly, Radio Rentals have contravened the responsible lending provisions in Chapter 3 of the *National Consumer Credit Protection Act 2009*;
  4. Radio Rentals have engaged in misleading or deceptive conduct, including:
    - a. adding an (unnecessary) DLR fee to the contract without our client's knowledge or consent;
    - b. representing that our client could purchase the goods for \$1 at the end of the lease term;
    - c. representing that the contracts were consumer leases, where in substance, they amount to the sale of goods by instalments within the meaning of section 9 of the *National Credit Code*.
  5. in all of the circumstances, each of the contracts were unjust (section 76 *National Credit Code*) and unconscionable (section 12CB *Australian Securities and Investments Commission Act 2001*). In particular:
    - a. our client has paid more than the contracted amount under the contracts;
    - b. each contract was marketed to our client as a 'rent try buy' arrangement. However, according to the Terms and Conditions, the contracts purport to be consumer leases within the meaning of the *National Credit Code*, providing our client with no right to ownership.

- c. the respective amounts charged under the contracts was excessive in light of the cost the goods could be acquired elsewhere and under any credit contract regulated by the *National Credit Code*.
  - d. requiring payments to be secured by Centrepay had the effect of prioritizing the Radio Rentals payments ahead of essential household expenses such as groceries or housing payments.
6. the contracts contain unfair contract terms, including but not limited to, the Early Termination Fee which has the effect of penalising our client for termination of the contract (section 12BF of the *Australian Securities and Investments Commission Act 2001*).

**Offer of settlement in relation to [REDACTED] and [REDACTED]**

1. A waiver of any and all liability in relation to both contracts
2. A refund of all money paid above the retail or cash price on all contracts
3. A refund of the DLR fees charged
4. Ownership of the goods immediately vest in [REDACTED]

In relation to point 2 & 3 above, we propose as follows:

[REDACTED] (TV): 26/8/14 – 22/09/18 = \$5,044.32 paid (including DLR of \$540.29)

Given that a similar LG TV could have been purchased for \$2,449, it would appear that [REDACTED] has paid significantly more (\$2,595.32) for this item than she would have been able to purchase it elsewhere for.

We would settle for a refund of \$2,000.

[REDACTED] (Dyson): 3/6/16 – 25/01/19 = 967 days = \$1241.90 paid under the contract, plus DLR of \$245.89 = \$1,487.79

This exact item can be purchased for \$599. It would seem that [REDACTED] has been overcharged \$888.79. We would settle for a refund of \$700.

In settlement of our complaint in relation to these two contracts we propose a refund to [REDACTED] of \$2,700.00.

Please let us have your response to this within the next fourteen (14) days. If we do not hear from you within that time we are instructed to lodge this complaint with AFCA.

Yours faithfully,

[Redacted signature block]



Our ref: [REDACTED]

14 March 2019

Centrepay Programme Operations team  
Department of Human Services

By email: [REDACTED]

Dear Sir or Madam,

**Complaint about misuse of Centrepay by Radio Rentals/Thorn**

1. We make this complaint about Radio Rentals/Thorn ABN 63 008 545 439 use of Centrepay when providing consumer leases.
2. We hold serious concerns that allowing Radio Rentals/Thorn access to Centrepay is causing financial harm to vulnerable and low income Australians, and is not within the objectives of Centrepay, to reduce financial risk to welfare recipients in accordance with clause 2 of the Centrepay Policy and Terms.

[REDACTED] case

3. Client circumstances:
  - a. [REDACTED]
  - b. [REDACTED] has two consumer leases currently on foot for a TV and for a Dyson portable heater/cooler. [REDACTED] has completed a consumer lease for a laptop.
  - c. [REDACTED] has a significant physical disability. [REDACTED] is a single mother of three children. [REDACTED] has to support herself and her children and leased the goods from Radio Rentals/Thorn as she could not afford to buy them outright.
4. In our view, Radio Rentals/Thorn have acted unlawfully and failed to comply with various provisions of the National Consumer Credit Protection Act 2009 (Cth). For the sake of brevity, we enclose a letter which sets out the alleged breaches of the law. In particular, we allege that Radio Rentals/Thorn did not lend responsibly to our client. The legal obligation to lend responsibly, in short, requires Radio Rentals/Thorn to assess the affordability and purpose of obtaining credit (suitability) and if a contract is unsuitable, it is prohibited from



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(02) 6055 8090



cls@umfc.com.au



27-29 Stanley Street, Wodonga 3690



(02) 6055 8079



www.hrcls.org.au



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umfc  
Upper Murray Family Care

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ABN 99 081 624 768 Reg No: A5357 ARBN 081 624 768



lending to a consumer. On our assessment, the consumer leases were plainly unaffordable.

Radio Rentals/Thorn have also acknowledged their irresponsible lending and unlawful conduct in an enforceable undertaking with ASIC. We note that you may consider information provided by the Business, Regulatory bodies including the Australian Securities and Investments Commission (clause 6.3 b Centrepay Policy and Terms) in considering any application for use of Centrepay. We strongly suggest you consider this EU as evidence of systemic unlawful conduct by Radio Rentals/Thorn.

Further, in the Terms and Conditions of the lease contracts, the Early Termination Fee operates to penalise our client if she were to terminate the contract before the end date. This is because it requires her to return the rented goods and pay the lesser of 95% of the outstanding balance or 12 months rental, as well as reasonable expenses in recovering the goods. This despite Radio Rentals/Thorn being in a position to either sell or re-let the rented goods. We consider this condition onerous and unfavourable within the meaning of clause 4.2 Centrepay Policy and Terms.

Further, the cost of the goods under the leases was excessive. Our client obtained goods with a recommended retail price of \$3,048. The total amount of the leases was \$6,294, over \$3,246 in excess of the retail value of the goods. We consider these amounts paid under the lease contracts to be excessive in light of the market rate for similar goods, particularly where the consumer is a welfare recipient and low income person.

#### **Breaches of the Centrepay Policy and Terms**

5. In light of the above, we consider that Radio Rentals/Thorn:
- a. are providing goods that are not allowable under the Centrepay Policy and Terms because the goods are high-cost but low value goods and they expose customers, including [REDACTED], to an unacceptable risk of financial stress or exploitation (clause 4, Centrepay Policy and Terms);
  - b. did not, and does not, operate in a lawful manner as outline above (clause 6.2 Centrepay Policy and Terms);
  - c. are not conducting their activities in a way that is lawful, beneficial to Customers and not complying with Centrepay Policy (clause 7.1, 7.2 and 7.3(b) Centrepay Policy and Terms); and
  - d. are not acting ethically, lawfully and fairly in its dealings with customers (clause 7.3h Centrepay Policy and Terms).

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**Systemic issues**

6. We consider the above issues with Radio Rentals/Thorn to be a consistent issue (clause 20.4 Centrepay Terms and Policy) that is unlawful and causing significant consumer detriment. We request that you investigate Radio Rentals/Thorn under clause 15.1c and 15.1e Centrepay Policy and Terms and consider withdrawing its approval to continue to use Centrepay.
7. We have other relevant documents including contracts in our possession. We will provide them upon request and subject to our client's instructions.

If you require any further information, please contact me at

[REDACTED]

Yours faithfully

[REDACTED]

Encl



[REDACTED]

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**From:** [REDACTED]  
**Sent:** Friday, 12 April 2019 4:16 PM  
**To:** [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** Complaint about the misuse of Centrepay by Radio Rentals/Thorn  
[DLM=Sensitive:Personal]  
**Attachments:** [REDACTED]

Hi [REDACTED]

Thank you for raising your concerns about Radio Rentals' compliance with the Centrepay Policy and Terms.

The *National Consumer Credit Protection Act 2009* (Cth) ('NCCP Act') is administered by the Australian Securities and Investments Commission ('ASIC'). Radio Rentals is responsible for its compliance with the provisions of the NCCP Act and ASIC is responsible for monitoring and enforcing that compliance. The department is not aware of any action taken by ASIC in relation to compliance by Radio Rentals with the provisions of the NCCP Act.

Following receipt of your letter, the department has investigated the complaint raised by your client. The complaint refers to regulatory matters that the department has no visibility of or jurisdiction over and as such, advise that the complaint should be referred to ASIC for investigation. The department therefore maintains that Radio Rentals continues to be suitable to be approved as a Centrepay Business; and note that the department has recently updated the Centrepay Policy and Terms and will continue to monitor compliance by all approved businesses with the provisions of the updated Centrepay Framework documents.

Regards

[REDACTED]  
Centrepay Programme Operations  
Deduction and Confirmation Programmes Branch  
Older Australians Division  
Department of Human Services - Centrelink  
[REDACTED]  
[REDACTED]

**From:** [REDACTED]  
**Sent:** Thursday, 21 March 2019 4:20 PM  
**To:** [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** Complaint about the misuse of Centrepay by Radio Rentals/Thorn

Dear Sir/Madam,

Please find attached a letter of complaint regarding the misuse of Centrepay by Radio Rentals/Thorn from Senior Lawyer [REDACTED]

Thank you.

Kind Regards

[Redacted signature block]



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*We acknowledge the Traditional Owners of the land on which we work and pay our respects to their elders past and present.*

[REDACTED]

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**From:** [REDACTED]  
**Sent:** Friday, 12 April 2019 4:16 PM  
**To:** [REDACTED]  
**Cc:** [REDACTED]; [REDACTED]  
**Subject:** Complaint about the misuse of Centrepay by Radio Rentals/Thorn [DLM=Sensitive:Personal]  
**Attachments:** [REDACTED] 20190321 - Letter to DHS.pdf; [REDACTED] 20190321 - Letter to Thorn Australia.pdf

Hi [REDACTED]

Thank you for raising your concerns about Radio Rentals' compliance with the Centrepay Policy and Terms.

The *National Consumer Credit Protection Act 2009* (Cth) ('NCCP Act') is administered by the Australian Securities and Investments Commission ('ASIC'). Radio Rentals is responsible for its compliance with the provisions of the NCCP Act and ASIC is responsible for monitoring and enforcing that compliance. The department is not aware of any action taken by ASIC in relation to compliance by Radio Rentals with the provisions of the NCCP Act.

Following receipt of your letter, the department has investigated the complaint raised by your client. The complaint refers to regulatory matters that the department has no visibility of or jurisdiction over and as such, advise that the complaint should be referred to ASIC for investigation. The department therefore maintains that Radio Rentals continues to be suitable to be approved as a Centrepay Business; and note that the department has recently updated the Centrepay Policy and Terms and will continue to monitor compliance by all approved businesses with the provisions of the updated Centrepay Framework documents.

Regards

[REDACTED]  
[REDACTED]  
Deduction and Confirmation Programmes Branch  
Older Australians Division  
Department of Human Services - Centrelink

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**From:** [REDACTED]  
**Sent:** Thursday, 21 March 2019 4:20 PM  
**To:** [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** Complaint about the misuse of Centrepay by Radio Rentals/Thorn

Dear Sir/Madam,

Please find attached a letter of complaint regarding the misuse of Centrepay by Radio Rentals/Thorn from Senior Lawyer [REDACTED]  
[REDACTED]

Thank you.

Kind Regards

[Redacted Name]

Volunteer Lawyer

27-29 Stanley Street, WODONGA VIC 3690

PO Box 31, WODONGA VIC 3689

P: 1800 918 377 or [Redacted Phone]

[Redacted Email]

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*We acknowledge the Traditional Owners of the land on which we work and pay our respects to their elders past and present.*

Our ref: C17923  
Your ref: 09327109

15 March 2019

Thorn Australia Pty Ltd  
PO Box 6244  
SILVERWATER  
NSW 1811

Attn: [REDACTED]

By email: [dispute.resolution@thorn.com.au](mailto:dispute.resolution@thorn.com.au)

*Without prejudice*

Dear Sir/Madam,

**RE: [REDACTED] – RADIO RENTALS ACCOUNT [REDACTED]**

Thank you for your letter dated 1<sup>st</sup> February regarding the above matter. I note your offer to resolve this matter by ending the contract that is currently on foot and transferring ownership of the goods to [REDACTED].


While we appreciate the “good will offer” we believe that it does not go far enough and we are instructed to lodge a formal complaint that each of the contracts our client has entered into with Radio Rentals are, amongst other things, unjust, unsuitable and unconscionable. Given the earlier contract/s have been finished for over two years, we focus our complaint of Contracts [REDACTED].

We note that at least one of the contracts falls within the parameters of Thorn's enforceable undertaking to ASIC.

### Details of complaint

We submit that:

1. at all material times our client was in receipt of Centrelink payments, namely a single parent pension and then Newstart allowance, with a very small amount of casual income (\$672 YTD by the end of August 2015). She is a single mum who fled a family violence situation in 2011 and who suffers from anxiety and depression. She was in a vulnerable,

 1800 918 377 or  
(02) 6055 8090

 [cls@umfc.com.au](mailto:cls@umfc.com.au)

 27-29 Stanley Street, Wodonga 3690

 (02) 6055 8079

 [www.hrcls.org.au](http://www.hrcls.org.au)

 PO Box 31, Wodonga VIC 3689

  
Upper Murray Family Care



desperate situation and did not know that there were other options available to her (such as the NILS scheme), nor was she aware that she was paying significantly more for these goods than they were worth.

2. each contract was **unsuitable** for our client because:
  - a. at the time of entering into each contract, our client was unable to afford to repay each contract without substantial hardship. The supporting documentation provided shows that:
    - i. On contract [REDACTED] for the LED/LCD TV you made the following assessment:

Income	Expenses	HPI	Weekly limit	Less pending	Current limit	Enquiry total
\$600	\$10	\$434.39	\$34.78	\$14.49	\$20.29	\$17.80

Clearly the expenses of \$10 was incorrect so the HPI figure of \$434.39 was used to assess the affordability. However, for this period the HPI figure was actually **\$687.44 per week, not \$434.39**. So even if benchmarking figures were to be used (which has been shown to be inappropriate), this contract was **unaffordable**.

Even using the figures above, you assessed a weekly limit of \$34.78 less a "pending" amount of \$14.49, leaving a limit (for the TV) of **\$20.29**. And yet, the final contract was for \$77.14 per fortnight or **\$38.57 per week**, exceeding your own limits.

- ii. On contract [REDACTED] for the dishwasher you made the following assessment:

Income	Expenses	HPI	Weekly limit	Less existing	Current limit	Enquiry total
\$700	\$490	\$496.36	\$42.76	\$17.80	\$24.96	\$15.31

While it appears that some effort was made to consider [REDACTED] actual expenditure on this occasion, there is no supporting documentation, apart from a Centrelink statement which shows she was paying off fines, and a Centrelink debt, as well as making payments towards her energy and water bills and towards an existing Radio Rentals contract. Once again the HPI figures were used to calculate affordability and once again the figures used were incorrect. The correct HPI for this period is **\$712.70**.

However, even using the figures above, you assessed a weekly limit of \$42.76. Contract [REDACTED] above was still on foot at \$38.57 per week. An additional

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\$15.31 takes the total to **\$53.88 per week**, exceeding your own limits. Clearly this contract was also **unaffordable**.

The practical reality is that [REDACTED] has been suffering financial hardship for some time, struggling to make ends meet and having to resort to emergency food relief. Radio Rentals' conduct has only added to this burden.

- b. detailed evidence regarding our client's weekly expenditure was not obtained (as noted above). One the last occasion she was simply asked to provide her Centrepay deductions, which do not give the full picture. On the earlier occasions it is unclear what steps, if any, were taken to verify her expenses.
    - c. each contract did not meet our client's requirements or objectives — to own the goods. [REDACTED] believed that at the end of the contract she would own the goods; that the contract was in effect a payment of the purchase price of the goods made by installments.
3. accordingly, Radio Rentals have contravened the **responsible lending provisions** in Chapter 3 of the National Consumer Credit Protection Act 2009;
4. Radio Rentals have engaged in **misleading or deceptive conduct**, including:
  - a. adding a DLR fee to the contract without our client's knowledge or consent;
  - b. representing that our client could purchase the goods for \$1 at the end of the lease term;
  - c. representing that the contracts were consumer leases, where in substance, they amount to the **sale of goods by instalments** within the meaning of section 9 of the National Credit Code.
5. in all of the circumstances, each of the contracts were **unjust** (section 76 National Credit Code) and unconscionable (section 12CB Australian Securities and Investments Commission Act 2001). In particular:
  - a. each contract was marketed to our client as a 'rent try buy' arrangement. However, according to the Terms and Conditions, the contracts purport to be consumer leases within the meaning

of the National Credit Code, providing our client with no right to ownership.

- b. the respective amounts charged under the contracts was excessive in light of the cost the goods (between **250 – 300+%** more) could be acquired elsewhere and under any credit contract regulated by the National Credit Code.
  - c. requiring payments to be secured by Centrepay had the effect of prioritizing the Radio Rentals payments ahead of essential household expenses such as groceries.
6. the contracts contain unfair contract terms, including but not limited to, the Early Termination Fee which has the effect of penalising our client for termination of the contract (section 12BF of the Australian Securities and Investments Commission Act 2001).

**Offer of settlement in relation to [REDACTED]**

Based on the above, we believe that [REDACTED] is entitled to:

1. A waiver of any and all liability in relation to the remaining contract
2. Ownership of the goods immediately vesting in [REDACTED]
3. A refund of all money paid above the retail or cash price on all contracts
4. A refund of the DLR fees charged

In order to settle this without lodging a complaint with AFCA or filing proceedings in the Federal Circuit Court of Australia, we propose that points 1-2 be agreed on and that in relation to points 3-4 the following be considered:

[REDACTED] 3D SMART LED/LCD TV (Thorn brand).

A LG similar TV has a RRP of \$1,049. It is unclear how much [REDACTED] paid in total under this contract but it was at least \$3,702.72, some **\$2,653.72** in excess of the value of the goods. **We would be prepared to settle for \$1,800.**

[REDACTED] Dishlex Dishwasher

This has a RRP of \$839. [REDACTED] has paid \$2,755.80 (\$30.62 x 90 fortnights) including the DLR fee. She has therefore paid **\$1,916.80** in excess of the value of the goods. **We offer to settle this for a refund to [REDACTED] of \$1000.**

**In full and final settlement of our complaint in relation to these two contracts we propose a refund to [REDACTED] of \$2,800.**

Please let us have your response to this within the next fourteen (14) days to avoid escalating this matter to AFCA or the FCC.

Yours faithfully,

A handwritten signature in black ink, appearing to be "M. S.", written in a cursive style.

  
Senior Lawyer

Our ref: C17923

23 April 2019

[REDACTED]  
Department of Human Services

By email: [REDACTED]

Dear Sir or Madam,

**Complaint about misuse of Centrepay by Radio Rentals/Thorn**

1. We make this complaint about Radio Rentals/Thorn ABN 63 008 545 439 use of Centrepay when providing consumer leases.
2. We hold serious concerns that allowing Radio Rentals/Thorn access to Centrepay is causing financial harm to vulnerable and low income Australians, and is not within the objectives of Centrepay, to reduce financial risk to welfare recipients in accordance with clause 2 of the Centrepay Policy and Terms.

[REDACTED] case

3. Client circumstances:
  - a. [REDACTED]
  - b. [REDACTED] is leasing a dishwasher, [REDACTED]. She has also completed leases for a television [REDACTED] and a washing machine.
  - c. [REDACTED] has been the victim of family violence and had to flee her former home. [REDACTED] was a single mother of two children. [REDACTED] had to support herself and leased the goods from Radio Rentals/Thorn as she could not afford to buy them outright.
4. In our view, Radio Rentals/Thorn have acted unlawfully and failed to comply with various provisions of the National Consumer Credit Protection Act 2009 (Cth). For the sake of brevity, we enclose a letter which sets out the alleged breaches of the law. In particular, we allege that Radio Rentals/Thorn did not lend responsibly to our client. The legal obligation to lend responsibly, in short, requires Radio Rentals/Thorn to assess the affordability and purpose of

1800 918 377 or  
(02) 6055 8090

cls@umfc.com.au

27-29 Stanley Street, Wodonga 3690

(02) 6055 8079

www.hrcls.org.au

PO Box 31, Wodonga VIC 3689

umfc  
Upper Murray Family Care

obtaining credit (suitability) and if a contract is unsuitable, it is prohibited from lending to a consumer. On our assessment, the consumer leases were plainly unaffordable.

Radio Rentals/Thorn have also acknowledged their irresponsible lending and unlawful conduct in an enforceable undertaking with ASIC. We note that you may consider information provided by the Business, Regulatory bodies including the Australian Securities and Investments Commission (clause 6.3 b Centrepay Policy and Terms) in considering any application for use of Centrepay. We strongly suggest you consider this EU as evidence of systemic unlawful conduct by Radio Rentals/Thorn.

Further, in the Terms and Conditions of the lease contracts, the Early Termination Fee operates to penalise our client if she were to terminate the contract before the end date. This is because it requires her to return the rented goods and pay the least of 95% of the outstanding balance or 12 months rental. This despite Radio Rentals/Thorn being in a position to either sell or re-let the rented goods. We consider this condition onerous and unfavourable within the meaning of clause 4.2 Centrepay Policy and Terms.

Further, the cost of the goods under the leases was excessive. Our client obtained goods with a recommended retail price of \$1,888.00. The total amount of the leases was \$6,458.52, over \$4,570.52 in excess of the retail value of the goods. One of the lease contracts, for the dishwasher, [REDACTED] paid \$1,916.80 in excess of the value of the goods. The value of the dishwasher was \$839.00 and [REDACTED] paid \$2755.80. For the TV, [REDACTED] paid \$2,635.72 in excess of the value of the goods, which was valued at \$1,049.00. The total amount [REDACTED] paid for the TV was \$3,702.72. We consider these amounts paid under the lease contracts to be excessive in light of the market rate for similar goods, particularly where the consumer is a welfare recipient and low income person.

### **Breaches of the Centrepay Policy and Terms**

5. In light of the above, we consider that Radio Rentals/Thorn:
  - a. are providing goods that are not allowable under the Centrepay Policy and Terms because the goods are high-cost but low value goods and they expose customers, including [REDACTED] to an unacceptable risk of financial stress or exploitation (clause 4, Centrepay Policy and Terms);
  - b. did not, and does not, operate in a lawful manner as outline above (clause 6.2 Centrepay Policy and Terms);

- c. are not conducting their activities in a way that is lawful, beneficial to Customers and not complying with Centrepay Policy (clause 7.1, 7.2 and 7.3(b) Centrepay Policy and Terms); and
- d. are not acting ethically, lawfully and fairly in its dealings with customers (clause 7.3h Centrepay Policy and Terms).

**Systemic issues**

- 6. We consider the above issues with Radio Rentals/Thorn to be a consistent issue (clause 20.4 Centrepay Terms and Policy) that is unlawful and causing significant consumer detriment. We request that you investigate Radio Rentals/Thorn under clause 15.1c and 15.1e Centrepay Policy and Terms and consider withdrawing its approval to continue to use Centrepay.
- 7. We have other relevant documents including contracts and unsuitability assessments in our possession. We will provide them upon request and subject to our client's instructions.

If you require any further information, please email me at [REDACTED]

Yours faithfully,



[REDACTED]  
Senior Lawyer

Encl.



[REDACTED]

---

**OldPM:** FW: Complaint about the misuse of Centrepay by Radio Rentals/Thorn  
[SEC=OFFICIAL:Sensitive]

**From:** [REDACTED]  
**Sent:** Tuesday, 28 May 2019 11:41 AM  
**To:** [REDACTED]  
**Subject:** FW: Complaint about the misuse of Centrepay by Radio Rentals/Thorn [SEC=OFFICIAL:Sensitive]

Hi [REDACTED]

Thank you for your referral and sorry for the delay in responding. The regulatory concerns you have raised about Thorn (Radio Rentals) relate to the National Consumer Credit Protection Act 2009 (Cth) ('NCCP Act') which the Australian Securities and Investments Commission (ASIC) are responsible for monitoring and enforcing.

Unfortunately the department has no visibility of or jurisdiction over these regulatory matters and would recommend the complaint should be referred to ASIC for investigation.

The department is not aware of any action taken by ASIC in relation to the compliance by Thorn (Radio Rentals) with the provisions of the NCCP Act and therefore maintains that Thorn (Radio Rentals) continues to be suitable to be approved as a Centrepay Business.

Thank you  
[REDACTED]  
[REDACTED]  
Deduction and Confirmation Programmes Branch  
Older Australians Division  
Department of Human Services - Centrelink  
[REDACTED]  
[REDACTED]

---

**From:** [REDACTED]  
**Sent:** Wednesday, 24 April 2019 4:59 PM  
**To:** [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** Complaint about the misuse of Centrepay by Radio Rentals/Thorn

Dear Sir/Madam,

Please find attached a letter of complaint regarding the misuse of Centrepay by Radio Rentals/Thorn from Senior Lawyer [REDACTED]  
[REDACTED]

Thank you.  
  
Kind Regards

[REDACTED]  
Paralegal  
27-29 Stanley Street, WODONGA VIC 3690





PO Box 31, WODONGA VIC 3689

P: 1800 918 377 or [REDACTED]

[REDACTED]  
[www.hrcls.org.au](http://www.hrcls.org.au)

This email contains confidential information intended only for the person named above and may be subject to legal privilege. If you are not the intended recipient, any disclosure, copying or use of this information is prohibited.

*We acknowledge the Traditional Owners of the land on which we work and pay our respects to their elders past and present.*

Our Ref: 449600  
[REDACTED]

Monday, 23 September 2019

[REDACTED]  
Department of Human Services

By email: [REDACTED]

Dear Sir / Madam

### Complaint about misuse of Centrepay by Thorn Australia/Radio Rentals

1. We make this complaint about **Thorn Australia/Radio Rentals'** [ACN: 008 454 439/ABN: 63 008 454 439] (hereafter '**Radio Rentals**') use of Centrepay when entering into consumer lease contracts with our client, [REDACTED]
2. We hold serious concerns that allowing **Radio Rentals** access to Centrepay is causing vulnerable and low-income Australians such as [REDACTED] financial harm, and is not within the objectives of Centrepay, to reduce financial risk to welfare recipients in accordance with clause 2 of the Centrepay Policy and Terms.

#### [REDACTED] case

3. Our client is a single mother to a primary school-aged child. At all material times, our client has been reliant on Centrelink payments as her sole source of income.
4. In August and September 2015, Radio Rentals entered into three consumer lease contracts with our client. At the time, our client was living in South Australia. The leases were for the following items:
  - a. Stradbroke Lounge, 48 months from 27 August 2015, Contract [REDACTED]
  - b. 55" Smart Television, 48 months from 22 September 2015, Contract [REDACTED]
  - c. X-Box gaming console, 24 months from 22 September 2015, Contract [REDACTED]

("the South Australian leases").

5. Our client made payments under the South Australian leases through a combination of the Centrepay and direct debit facilities.
6. The South Australian leases came to an end in August 2016 when our client relocated from South Australia to Victoria. Upon her arrival in Victoria, Radio Rentals entered into three new consumer lease contracts with our client for the following similar items:
  - a. Balmain Lounge, \$22.94 per fortnight, 48 months from 29 August 2016, Contract [REDACTED]
  - b. 55" Smart Television, \$51.06 per fortnight, 36 months from 25 August 2016, Contract [REDACTED]
  - c. Sony Playstation PS4, \$24.44 per fortnight, 24 months from 25 August 2016, Contract [REDACTED]("the Victorian leases").
7. From August 2016 until January 2017, our client made payments to Radio Rentals of \$130 per fortnight through the Centrepay facility. As this is higher than the total fortnightly amount payable under the Victorian leases (\$98.44), it is our guess that our client may have also been paying off arrears relating to the South Australian leases.
8. In January 2017, our client cancelled the Radio Rentals Centrepay payment arrangement of \$130 per fortnight as she was finding it difficult to pay for her family's basic daily living expenses.

#### **Unlawful and unethical conduct of Radio Rentals**

9. In our view, Radio Rentals has acted unlawfully and failed to comply with various provisions of *the National Consumer Credit Protection Act 2009* (Cth) ("**NCCPA**"), the *National Credit Code* ("**NCC**") and the *Australian Consumer Law* ("**ACL**"). In particular, we allege that Radio Rentals did not lend responsibly to our client. The legal obligation to lend responsibly, in short, requires Radio Rental to assess the affordability and purpose of obtaining credit (suitability) and if a contract is unsuitable, it is prohibited from lending to a consumer. On our assessment, the Victorian leases were plainly unsuitable. While we have not received documents from Radio Rentals relating to the South Australian leases (despite having requested these documents, itself a breach of the law), in our view it is likely that those leases were also unsuitable. Our client's statement of account shows that the only period of time when she has not regularly incurred late payment fees was when she was paying \$130 per fortnight through Centrepay. In other words, the only way that our client has ever been able to comply with her financial obligations under the leases has been by having Centrepay preference the payments to Radio Rentals over her family's basic daily living expenses such as food and transport.
10. Radio Rentals has previously acknowledged its irresponsible lending and unlawful conduct in an enforceable undertaking with ASIC (details **enclosed**). We note that you may consider information provided by the Business and Regulatory bodies including the Australian Securities and Investments Commission (clause 5.3 b Centrepay Policy and Terms) in considering any application for use of Centrepay. We strongly suggest you consider this EU as evidence of systemic unlawful conduct by Radio Rentals.
11. Further, in the Terms and Conditions of the Victorian lease contracts, the Early Termination Fee operates to penalise our client if she were to terminate the contract before the end date. This is because it requires her to return the rented goods and pay the least of 95% of the outstanding balance or 12 months rental. This



despite Radio Rentals being in a position to either sell or re-let the rented goods. We note that our client was not made to pay the Early Termination Fee when the South Australian leases were terminated in August 2016, as Radio Rentals was aware of our client's intention to continue leasing similar goods in Victoria. Nevertheless, we consider this condition onerous and unfavourable within the meaning of clause 4, Table 2, Category "Other" of the Centrepay Policy and Terms, in that the contract contains an unfair contract term under s 23 of the ACL and exposes our client to unacceptable risk of financial stress.

12. Further still, the cost of the goods was excessive. We note the following points:

- a. We calculate that the approximate retail value of the goods leased under the Victorian leases was, in total, \$2,293. By contrast, the total rental amount payable under the Victorian leases was \$7,639.32, i.e. \$5,346.32 above the approximate retail value of the goods.
- b. The total weekly payments due under the Victorian leases (\$98.44 per fortnight) was approximately 8% of our client's income at the time. The amount in fact paid from August 2016 until January 2017 (\$130 per fortnight) was approximately 11% of our client's income at the time. This represented a significant portion of our client's already low income and, as detailed above, caused her to experience financial hardship.
- c. Taking into account the amounts originally paid under the South Australian leases, we calculate that our client has now paid almost \$9,000 for the use of a lounge, television and gaming console for just over four years.

13. We consider the amount charged to be excessive in light of the market rate for similar goods, particularly where the consumer is a welfare recipient and low-income person. We consider this condition onerous and unfavourable within the meaning of clause 4, Table 2, Category "Other" of the Centrepay Policy and Terms, in that the contract is for low value goods at a high cost and exposes our client to unacceptable risk of financial stress.

### **Breaches of the Centrepay Policy and Terms**

14. In light of the above, we consider that Radio Rentals:

- a. is providing goods that are not allowable under the Centrepay Policy and Terms because the goods are high-cost but low value goods and they expose customers, such as our client, to an unacceptable risk of financial stress or exploitation (clause 4, Table 2, Category "Other" of the Centrepay Policy and Terms);
- b. is not operating in a lawful manner as outlined above under the NCCPA and the ACL (clause 5.2(a) Centrepay Policy and Terms);
- c. is not conducting its activities in a way that is lawful, beneficial to Customers and in compliance with the Centrepay Framework (clauses 5.1 and 5.2(a) and (b) of the Centrepay Policy and Terms); and
- d. is not acting ethically, lawfully and fairly in its dealings with customers (clauses 5.1 and 5.2(a) and (b) of the Centrepay Policy and Terms).



**Systemic issues**

15. Based on our work with vulnerable and disadvantaged Victorian consumers, and our numerous similar complaints to your office, we consider the above issues with Radio Rentals to be a recurrent issue under clause 22.3 of the Centrepay Policy and Terms that is unlawful and causing significant consumer detriment. Accordingly, we request that your office:

- a. investigate Radio Rentals under clauses 20.2 and 22 of the Centrepay Policy and Terms as a matter of priority;
- b. consider withdrawing Radio Rentals' approval to continue to access Centrepay;
- c. provide our office with a substantive response to this complaint within 14 days; and
- d. consider making a payment under the CDDA Scheme to our client given that the Department's failure to apply the Centrepay Policy and Terms has facilitated the financial exploitation of and caused detriment to our client as outlined above.

16. We have other relevant documents including the contracts for the Victorian leases in our possession, which we can provide upon request and subject to our client's instructions.

17. If you require any further information, please direct any queries to [REDACTED] of our office on [REDACTED]

Yours faithfully,

**CONSUMER ACTION LAW CENTRE**

[REDACTED]

[REDACTED]

Solicitor

[REDACTED]

[REDACTED]

Managing Lawyer





11 October 2019

ASIC Contact Officer  
[REDACTED]

Our reference: Complaint referral

**Provision of information in accordance with the Agreement for the Exchange of Information about Entities and Issues of Mutual Interest between the Department of Human Services (Human Services) and the Australian Securities and Investments Commission (ASIC)**

Dear [REDACTED]

In my capacity as an authorised officer of the Department of Human Services (Human Services), I provide the following information, which may assist ASIC with its application of relevant consumer protection laws or to exercise any of its functions or powers.

I impose the following conditions in relation to the information set out in Item A of the Schedule to this letter.

Conditions

1. The information may only be used for the authorised purpose set out in Item B of the Schedule.
2. Only ASIC staff with a need to know the information for the authorised purpose are to have access to the information.
3. The information may not (without the prior written consent of Human Services) be disclosed to any person who is not referred to in the previous paragraph.
4. If ASIC is required to disclose the information by subpoena, discovery order or other legal requirement, please notify me without delay and prior to the information being disclosed. There could be further action Human Services may need to take to protect the confidentiality of the information.

Should you have any queries about the matters set out in this letter please contact me on [REDACTED].

Yours sincerely

[REDACTED]  
Director  
Centrepay Policy and Stakeholder Management  
Department of Human Services

## Schedule

### Item A

#### Customer details

[REDACTED]

#### Business details

Thorn Australia Pty Ltd t/a Radio Rentals

ABN: 63 008 454 439 ACN: 008 454 439

#### Complaint received

The Department has received a complaint [REDACTED] from the Consumer Action Law Centre (CALC). It relates to failing to comply with the Credit Act and responsible lending obligations.

#### Overview of complaint

As detailed in Attachment A CALC consider that Radio Rentals are:

- providing goods that are excluded under the Centrepay Policy and Terms because the goods are high cost but low value goods and they expose Customers, including [REDACTED], to an unacceptable risk of financial stress or exploitation (clause 4, Centrepay Policy and Terms)
- not conducting their activities in a way that is lawful or beneficial to Customers and are not complying with the Centrepay Policy (clauses 6.1 and 6.2 Centrepay Policy and Terms)

Note: these clauses relate to v2.0 of the Centrepay Policy and Terms effective 1 July 2015.

In their letter, CALC also mentions the 2018 Enforceable Undertaking and consider the above issues with Radio Rentals to be a consistent issue (clause 20.2 and 22 Centrepay Policy and Terms) that is unlawful and causing significant consumer detriment.

#### Attachments

- Attachment A – Complaint letter [REDACTED]

### Item B

The Department is providing this information to assist ASIC with its application of relevant consumer protection laws or to exercise any of its functions or powers.

Additionally, the Department is providing this information as per the Centrepay policy, section 22.2 v3.0 effective 10 December 2018 which states:

*If a customer has a complaint about a Business (or its Business Representative) in relation to Centrepay, the Department will investigate. The Department may undertake a compliance check and/or refer the details to the relevant Regulatory Bodies and law enforcement agencies.*



14 October 2019

ASIC Contact Officer  
[REDACTED]

Our reference: Complaint referral

**Provision of information in accordance with the Agreement for the Exchange of Information about Entities and Issues of Mutual Interest between the Department of Human Services (Human Services) and the Australian Securities and Investments Commission (ASIC)**

Dear [REDACTED]

In my capacity as an authorised officer of the Department of Human Services (Human Services), I provide the following information, which may assist ASIC with its application of relevant consumer protection laws or to exercise any of its functions or powers.

I impose the following conditions in relation to the information set out in Item A of the Schedule to this letter.

Conditions

1. The information may only be used for the authorised purpose set out in Item B of the Schedule.
2. Only ASIC staff with a need to know the information for the authorised purpose are to have access to the information.
3. The information may not (without the prior written consent of Human Services) be disclosed to any person who is not referred to in the previous paragraph.
4. If ASIC is required to disclose the information by subpoena, discovery order or other legal requirement, please notify me without delay and prior to the information being disclosed. There could be further action Human Services may need to take to protect the confidentiality of the information.

Should you have any queries about the matters set out in this letter please contact me on [REDACTED].

Yours sincerely

[REDACTED]  
Director  
Centrepay Policy and Stakeholder Management  
Department of Human Services



## Schedule

### Item A

#### Customer details

[REDACTED]  
[REDACTED]  
[REDACTED]

#### Business details

Thorn Group t/a Radio Rentals

ABN: 63 008 454 439 ACN: 008 454 439

#### Complaint received

The Department has received a complaint about Radio Rentals from the Hume Riverina Community Legal Service and Consumer Action Law Centre (CALC). It relates to failing to comply with the Credit Act and responsible lending obligations.

#### Overview of complaint

As detailed in Attachment A, B and C Hume Riverina Community Legal Service and CALC consider that Radio Rentals:

- are providing goods that are not allowable under the Centrepay Policy and Terms because the goods are high cost but low value goods and they expose Customers, including [REDACTED] to unacceptable risk of financial stress or exploitation (clause 4, Centrepay Policy and Terms)
- did not, and does not, operate in a lawful manner as outlined above (clause 6.2 Centrepay Policy and Terms)
- are not conducting their activities in a way that is lawful, beneficial to Customers and not complying with the Centrepay Policy (clauses 7.1 and 7.2 and 7.3b Centrepay Policy and Terms)
- are not acting ethically, lawfully and fairly in its dealings with Customers (clause 7.3h Centrepay Policy and Terms).

Note: these clauses above relate to v2.0 of the Centrepay Policy and Terms effective 1 July 2015.

Hume Riverina Community Legal Service and CALC also consider the above issues with Radio Rentals to be systemic due to the Enforceable Undertaking.

#### Attachments

- Attachment A – Complaint letter [REDACTED]
- Attachment B – Complaint letter [REDACTED]
- Attachment C – Complaint letter [REDACTED]

### Item B

The Department is providing this information to assist ASIC with its application of relevant consumer protection laws or to exercise any of its functions or powers.

Additionally, the Department is providing this information as per the Centrepay policy, section 22.2 v3.0 effective 10 December 2018 which states:

*If a customer has a complaint about a Business (or its Business Representative) in relation to Centrepay, the Department will investigate. The Department may undertake a compliance check and/or refer the details to the relevant Regulatory Bodies and law enforcement agencies.*

[REDACTED]

---

**OldPM:** FW: Complaint about misuse of Centrepay by Thorn Australia/Radio Rentals [SEC=OFFICIAL]

**From:** [REDACTED]

**Sent:** Friday, 13 December 2019 2:36 PM

**To:** [REDACTED]

**Subject:** Complaint about misuse of Centrepay by Thorn Australia/Radio Rentals [SEC=UNOFFICIAL]

Dear [REDACTED]

Thank you for your email.

As you would be aware, Centrepay is a free and voluntary service to pay bills and expenses as regular deductions from Centrelink payments, and that customers can withdraw their consent for a Centrepay Business deducting amounts from their Centrelink payments at any time.

We also note that the Centrepay Policy and Terms provide at clause 22.2, *'If a Customer has a complaint about a Business (or its Business Representative) in relation to Centrepay, the Department will investigate. The Department may undertake a compliance check and/or refer the details to relevant Regulatory Bodies and law enforcement agencies.'*

Given this, on receipt of your correspondence relating to [REDACTED] complaint 23 September 2019, the department commenced an investigation in to this matter. The department confirmed in our investigation that [REDACTED] had already taken the necessary action to cease the Centrepay deductions 18 January 2017. The department was also able to confirm that [REDACTED] was not a customer identified in the previous enforceable undertaking given by Thorne Australia Pty Ltd to the Australian Securities and Investments Commission (ASIC). Radio Rentals is responsible for its compliance with the provisions of the *National Consumer Protection Act 2009* and ASIC is responsible for monitoring and enforcing that compliance.

In relation to the department considering making a payment to your client under the CDDA Scheme, we refer you to the [Human Services website](#) under 'compensation' for further information and assistance about the process for making a compensation claim.

The department is unable to provide any further details to you about the process or outcome of this investigation. We assure you that the department investigates all referrals and takes all referrals seriously. If you are unhappy with the handling or outcome of your client's complaint, you can contact the Commonwealth Ombudsman.

[REDACTED]  
Assistant Director

[REDACTED]  
Deduction and Confirmation Programmes Branch  
Older Australians Division  
Department of Human Services | Caroline Chisholm Centre

**From:** [REDACTED]

**Sent:** Tuesday, 26 November 2019 11:14 AM

**To:** [REDACTED]

**Subject:** RE: Complaint about misuse of Centrepay by Thorn Australia/Radio Rentals [SEC=OFFICIAL]

Dear [REDACTED]

We refer to your email below, setting out the department's response to our client's complaint dated 23 September 2019.

We note that the department's response does not contain any information about:

- the steps to be taken with and/or stages of the investigation,
- what further information might be needed to progress the investigation and substantiate this complaint,
- how the department will apply its Centrepay Policy to the (mis)conduct of the consumer lease provider set out in the complaint,
- what consequences the consumer lease provider may face as a result of this (and previous) complaint(s),
- what consequences the consumer lease provider will face if found to have breached the Centrepay Policy in this instance,
- how the department will address the harm caused to our client by the department's continued approval of the consumer lease provider's access to Centrepay while the consumer lease provider continued to engage in systemic misconduct as outlined in the complaint,
- what measures the department will take to protect vulnerable and disadvantaged consumers generally from the harm caused by the department's continued approval of consumer lease providers' access to Centrepay while consumer lease providers continue to engage in systemic misconduct as outlined in this and our several previous complaints,
- the anticipated timeframe for the investigation despite it being classified as "matter of priority", or
- whether the department will consider making a payment to our client under the CDDA Scheme given that the department's failure to apply the Centrepay Policy has facilitated the financial exploitation of and caused detriment to our client.

Could you please clarify:

- whether the department intends to provide a substantive response to our client's complaint; and
- whether the department will consider making a payment to our client under the CDDA Scheme?

Kind regards

[REDACTED] | Solicitor



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+61 3 9670 5088 (reception) | [REDACTED]

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From: [REDACTED]

Sent: Tuesday, 15 October, 2019 1:35 PM

To: [REDACTED]

[REDACTED]  
**Subject:** Complaint about misuse of Centrepay by Thorn Australia/Radio Rentals [SEC=OFFICIAL]

Hi [REDACTED]

Thank you for your email dated 4 October 2019. The department acknowledges receipt of your correspondence.

The department is unable to provide details of the outcome of the individual investigations, however you should be assured that the department will investigate all referrals and take appropriate action. The referrals you provide also help build a picture about a business's practises that can assist us with future actions.

[REDACTED]  
Assistant Director

[REDACTED]  
Deduction and Confirmation Programmes Branch  
Older Australians Division  
Department of Human Services | Caroline Chisholm Centre

[REDACTED]  
**Sent:** Friday, 4 October 2019 9:56 AM

**To:** [REDACTED]

[REDACTED]  
**Subject:** RE: Complaint about misuse of Centrepay by Thorn Australia/Radio Rentals [SEC=OFFICIAL]

Hi [REDACTED]

Thank you for your email.

Our client [REDACTED] CRN is [REDACTED]

In order to enable the Department to keep us apprised of the outcome of its investigation, I **attach** our client's signed authority.

Kind regards

[REDACTED] | Solicitor



Level 6, 179 Queen Street | Melbourne VIC 3000 | [www.consumeraction.org.au](http://www.consumeraction.org.au)  
+61 3 9670 5088 (reception) | [REDACTED]

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From: [REDACTED]

Sent: Friday, 27 September, 2019 3:07 PM

To: [REDACTED]

Subject: Complaint about misuse of Centrepay by Thorn Australia/Radio Rentals [SEC=OFFICIAL]

Hi [REDACTED]

Thank you for raising this complaint about Thorn Australia/Radio Rentals' compliance with the Centrepay Policy and Terms. Please refer to the attached document, the tailored Complaints process for Centrepay Stakeholders. The department requires your clients Customer Reference Number (CRN) to appropriately identify the customer. Once this information has been received, The department will investigate the complaint raised by your client as a matter of priority.

Please note: should you request any further response on behalf of your client, we will also require the signed authority.

Regards,

[REDACTED]  
Assistant Director

[REDACTED]  
Deduction and Confirmation Programmes Branch  
Older Australians Division  
Department of Human Services | Caroline Chisholm Centre

From: [REDACTED]

Sent: Monday, 23 September 2019 2:40 PM

To: [REDACTED]

Subject: Complaint about misuse of Centrepay by Thorn Australia/Radio Rentals

Dear Sir/Madam

Please see the **attached** letter of complaint.

Kind regards

[REDACTED] | Solicitor



Level 6, 179 Queen Street | Melbourne VIC 3000 | [www.consumeraction.org.au](http://www.consumeraction.org.au)  
+61 3 9670 5088 (reception) [REDACTED]

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## **Senate Standing Committee on Economics**

### **INQUIRY INTO NATIONAL CONSUMER CREDIT PROTECTION AMENDMENT (SMALL AMOUNT CREDIT CONTRACT AND CONSUMER LEASE REFORMS) BILL 2019 (NO. 2)**

**PUBLIC HEARING 13 March 2020**

**ANSWER TO QUESTION ON NOTICE**

**Services Australia**

**Topic:** Thorn Pty Ltd – Complaint

**Question reference number:** IQ20-000014

**Member:** Jenny McAllister

**Type of question:** Hansard page: 62

**Date set by the committee for the return of answer:** 6 May 2020

**Number of pages:** 1

**Question:**

ACTING CHAIR: Can I ask you to take this on notice. I understand that you have received a complaint about Thorne Pty Ltd. I think that's the formal company name. It's Thorne and they're associated with Radio Rentals. On notice, can you please provide any documentation associated with that complaint, including any internal file notes or emails and/or any description you may wish to provide to the committee of the steps you took to deal with the matters raised in that complaint?

Ms Faichney: I'm happy to take that on notice but I'm just confirming: there is no current complaint—

ACTING CHAIR: I'm talking about the process you went through when you did receive a complaint about Thorn. I'm aware that you've provided a response to the complainant. I'm interested to know what happened between the lodging of the complaint and your decision to provide the response to the complainant.

Ms Faichney: We'll take that on notice.

**Answer:**

Please refer to IQ20-000008.