

# Recommendations

## **Recommendation 1**

1.49 The committee recommends that the Government consider extending the commence date for Schedule 1 (enhancements) to 1 January 2013.

## **Recommendation 2**

2.51 The committee recommends that clause 72 be amended to require borrowers to provide reasonable information to assist credit providers to assess their application and to give credit providers reasonable opportunity to seek this information from the borrower where it is not initially provided.

## **Recommendation 3**

2.52 The committee recommends that 'orally' be removed from subclause 72(1), to require hardship applications to be made in writing.

## **Recommendation 4**

2.53 The committee recommends that Government work with industry stakeholders to develop a plain English, user-friendly information pack about borrowers' rights and obligations in relation to hardship variations. The Government and industry should consider including a link to the information on the MoneySmart website about financial counselling assistance. Industry should be required to provide a copy of this information pack on their websites and at customer service centres.

## **Recommendation 5**

3.37 The committee recommends that clause 133DB be amended to not prescribe the method by which a credit provider must provide projections to potential borrowers, but rather to require credit providers to ensure that a potential borrower receives and understands the projections before entering into the reverse mortgage contract.

## **Recommendation 6**

3.38 The committee recommends that the Government consider whether clause 133DB can be improved to provide further clarity as to the conduct required of credit providers, and to take into account time required by credit providers to ensure they will be in a position to comply with the procedural requirements.

## **Recommendation 7**

3.39 The committee recommends that the Government consult industry to ensure that clause 18A only excludes matters that are of a minor nature and that do not pose measurable risk to the credit provider's interests.

### **Recommendation 8**

3.40 The committee recommends that Subdivision B, Division 1, Schedule 2, be amended to ensure that sales, particularly between related parties, stand the market test of fair market value.

### **Recommendation 9**

3.41 The committee recommends that the definition of reverse mortgages at item 2 of Schedule 2 be amended to clearly exclude other forms of credit arrangements that provide the option of interest only repayments.

### **Recommendation 10**

4.24 The committee recommends that the regulations under clause 175D require the statement of account to contain a clear statement that the lessee will not own the good at the completion of the lease.

### **Recommendation 11**

4.25 That Schedule 5 be amended to restrict the liability of lessees under consumer leases for which the goods have been lost or stolen to the fair market value of the goods as at the time the goods were lost or stolen. This would not, however, apply in circumstances of fraud on the part of the lessee.

### **Recommendation 12**

5.243 The committee recommends that the Government revisit the measures proposed in Schedules 3 and 4 of the Enhancements Bill. Further consultation with stakeholders should be undertaken to address the concerns identified throughout the inquiry and to develop measures that will ensure cohesive and consistent national consumer credit legislation and an appropriate balance between consumer protection and industry viability.

### **Recommendation 13**

6.12 The committee recommends that Part 3, Schedule 1 be amended to confirm that ADIs may provide pre-approval for personal and business contracts.

### **Recommendation 14**

6.31 The committee recommends that the circumstances that may constitute unfair or dishonest conduct at paragraph 180A(3)(f)–(g) be amended to only apply where the credit provider is aware of the borrower's special disadvantage and seeks to exploit this.