



financial
counsellors'
association of
queensland inc.

admin@fcaq.com.au
www.fcaq.com.au
PO Box 271 Fortitude Valley Q. 4006

6th May 2013

The Manager
Disclosure and International Unit
Retail Investor Division
The Treasury
Langton Crescent
PARKES ACT 2600
disclosurereforms@treasury.com.au

Dear Sir/Madam,

Re: Changes to Disclosure Requirements under the National Consumer Protection Act 2009

FCAQ is the peak body for the Financial Counselling sector in Queensland. The association has 79 members located from Cairns to the Gold Coast and west to Roma.

Our membership's client base (depending on funding agreements) ranges from wage/salary earners, gamblers, and Centrelink recipients; self-funded retirees, small business owners and primary producers. Financial Counsellors provide support to individuals or families experiencing financial difficulties. Support is tailored to each client and includes advocacy, budgeting, education, and empowerment. Referrals are made where necessary and appropriate to other services to further improve the situation of the client.

This submission is allowed to be placed in the public domain.

Our members see on a daily basis the effects of poor disclosure in the banking and credit provider industry. We welcome this opportunity to make comment on changes to Disclosure Requirements and note that many of our clients state that they would not have entered into a credit contract if they had had better disclosure of the cost of credit. Comments made are based on what Queensland financial counsellors see in their case work.

Our response will be based on the financial summary tables contained in Attachments A, B, C, D, E and F.

Attachment A- Home Loans

We accept Model A.1 based on the inclusion of the following:

- The Name of the Credit Facility
- The estimated cost of credit
- The estimated total amount to be paid back

- A personalised comparison rate
- The term of the loan
- The words fees and charges are used not just fees
- Late payment fees and early termination fees are included
- Commission to be paid and ongoing to be paid if loan prepared by a third party or is part of the credit providers remuneration to employee or agent

Attachment B - Lenders Mortgage Insurance (LMI)

The LMI premium should be clearly displayed on the statement of disclosure along with how it will be paid (from loan repayments or by borrower) and what commission (if any) is and will be paid to the credit provider.

Attachment C – Credit Cards and Store Cards

We accept Model C.3 and C.4 based on the inclusion of the following:

- Annual and monthly fees
- Common fees such as cash advance and foreign transaction fees
- Minimum repayment warning statement
- Name of the credit facility
- Term of loan
- Commission to be paid and ongoing to be paid if loan prepared by a third party or is part of the credit providers remuneration to employee or agent

Attachment D – Personal and Car Loans

We accept Model D.1 based on the inclusion of the following:

- Components of total cost of credit
- Breakdown of fees and charges and as a total
- Commission to be paid and ongoing if loan prepared by a third party or is part of the credit providers remuneration to employee or agent
- The words fees and charges are used not just fees
- Late payment fees and early termination fees are included
- The name of the credit facility
- Term of loan
- The words fees and charges are used not just fees
- Late payment fees and early termination fees are included

Attachment E – Reverse Mortgages

We accept Model E.1 based on the inclusion of the following:

- The estimated cost of credit
- The estimated total amount to be paid back

- A personalised comparison rate
- The name of the credit facility
- The term of the loan
- The words fees and charges are used not just fees
- Late payment fees and early termination fees are included
- Commission to be paid and ongoing if loan prepared by a third party or is part of the credit providers remuneration to employee or agent

Attachment F – Consumer Leases

We ask that Consumer Lease Financial Summary Tables include the following:

- Cash value of goods being purchased
- Total amount payable under contract
- Cost of lease expressed as a percentage figure
- Amount of payments
- Number of payments
- Late payment fees and early termination fees are included
- Commission to be paid and ongoing if loan prepared by a third party or is part of the credit providers remuneration to employee or agent

We also ask that a minimum size font and style of font be specified to ensure that the valuable information being provided to a consumer is not reduced or hidden by making it “fine print”.

Yours Sincerely,

David Lawson
On behalf of FCAQ Management Committee
0407 585 497