



MEDIA RELEASE

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CONSUMER WIN WITH UNFAIR DEBIT SUCCESS CONTRACT

Consumer Action Law Centre (**Consumer Action**) has obtained a favourable outcome for its client, a mother of two young children, who purchased self defence classes for her children from Albion Self Defence Academy using a DebitSuccess direct debit contract. The consumer was being pursued by DebitSuccess for a debt of almost \$1,500 for classes that were not provided.

Debit Success is a company that manages direct debits between consumers and service providers, including gyms and training companies. When a consumer signs up through DebitSuccess, they in fact sign two contracts – one with the service provider and one with DebitSuccess.

“Our client believed she was signing a direct debit request with the company running the self-defence classes – direct debit requests are merely an instruction to your financial institution to make payment to a service provider” said Consumer Action lawyer Lauren Walker. “In fact, our client actually signed a direct debit contract, which required her to make monthly payments to DebitSuccess for one year, even if services weren’t provided.”

“Consumers are commonly misled by service providers in this way. They are told that they are making payment by direct debit when they are actually entering into a separate contract and paying a third party – DebitSuccess,” said Ms Walker.

The DebitSuccess contract also contained clauses which provided that:

- She could not terminate the contract before the expiry of the contract; and
- She was bound to continue making monthly payments after the expiration of the contract, unless she gave 30 days notice.

Consumer Action alleged that these clauses were unfair contract terms in contravention of the *Fair Trading Act 1999* (Vic) at a hearing of the Victorian Civil and Administrative Tribunal.

The matter was settled after the Tribunal hearing with Consumer Action’s client being released from all liability under the DebitSuccess contract. This saved the consumer almost \$1,500.

Consumer Action has raised the issue of unfair direct debit contracts with consumer regulators and calls on them to ensure termination clauses in such contracts are fair.

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