

MEDIA RELEASE

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DEBT COLLECTOR COMPLAINTS TOO SMALL-FRY FOR CONSUMER WATCHDOG ASIC

Consumer Action Law Centre has issued proceedings in the Victorian Civil and Administrative Tribunal against both the debt collection company ACM and the National Australia Bank (NAB) on behalf of a client who says he was misled and intimidated by the collection company after the bank on-sold his debt.

Consumer Action's Co-CEO, Catriona Lowe, says that NAB's involvement in these proceedings should send a message to other lenders that they need to be judicious in selecting the debt collection companies they deal with.

"ACM has consistently been one of the most complained about debt collection companies by consumers who contact Consumer Action," Ms Lowe said. "We've lodged well in excess of 100 complaints with ASIC about this company's behaviour and we're very disappointed ASIC has failed to take any public action, despite having had more than a year to investigate the matter."

Ms Lowe said NAB provided the client with more than \$45,000 in unsecured debt by the time he was 21. He is now unemployed and relying on Centrelink benefits but, despite having no assets and being on a protected income, he alleges that ACM has continued to pursue him for payment.

"We are instructed that ACM has contacted our client, his father and his financial counsellor with threats to enter the family home and remove any goods for which our client's parents do not have receipts of ownership," Ms Lowe said. "This behaviour has created enormous distress and anxiety for our client and his family."

"ACM should be aware that in the absence of a court judgment a debt collector has no right to seize property from our client's residence. Even with a judgment, they have no right to seize household goods, or goods belonging to a person other than our client. Making such threats falls far outside regulatory guidance on debt collection and in our view is a breach of laws prohibiting debt collectors from misleading debtors about the consequences of not paying a debt."

"ACM should not be contacting our client to seek payment once it has established that he has no capacity to make payments. Instead, it has the option to issue proceedings to protect its interest against any of our client's future earnings," she said.

Ms Lowe said that NAB had done everything it could to rectify the situation since being alerted to ACM's behaviour in this case and had subsequently stopped selling debt to ACM. However, there is usually little that can be done once the debt has been sold and lenders have a responsibility to their customers, even when they aren't in a position to repay their debt.

"We believe that while companies can outsource the collection of debts, they cannot outsource responsibility for how it is done. NAB was joined in these proceedings because it knew, or should have known, that ACM had previously engaged in conduct similar to that alleged by our client, and was likely to do so again," Ms Lowe said

"We are concerned that the lack of public action by ASIC is sending the message that it is ok to engage in the sort of conduct alleged by our clients and that many more consumers will be exposed."

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