



# MEDIA RELEASE

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## COMBINED FINANCIAL PAIN - FINANCE BROKER STITCHES UP LOW-INCOME CLIENT

Consumer Action Law Centre has launched legal action against finance broking firm Combined Financial Services Australia Pty Ltd (**Combined Financial**) on behalf of a low income client alleging she was up-sold a loan that she could not afford and which led to the loss of her home.

Consumer Action Senior Policy Officer, Zac Gillam, said that the client and her husband had wanted to borrow a maximum of \$20,000 to carry out minor renovations to their home.

"We allege that a representative of Combined Financial visited our client's home, where they eventually procured a loan of \$143,000, which our client had little prospect of repaying," said Mr Gillam.

"Our client was working as a full-time carer for her terminally ill husband and they relied on a fixed Centrelink income. Our claim alleges that when the representative was advised that our client was on a carer's pension, and that her husband was on a disability benefit, the representative told our client that she could get a job once her husband recovered, in order to pay off the loan."

Mr Gillam said that less than three months after settling the loan, the client's husband passed away. Due to the subsequent loss of income the client fell into arrears and was forced to sell her home in order to discharge the debt.

"Before she took out this loan our client and her husband had only a small amount remaining on their mortgage (with a mainstream bank), which was affordable within their limited income. We allege that Combined Financial knew, or ought to have known, that the only way our client and her husband would be able to repay the new loan would be to sell their home."

"This sort of conduct by a broker shows precisely why we urgently need the new laws proposed by the Federal Government, requiring brokers to be licensed and to meet standards of responsible conduct."

The Government recently released draft new national consumer credit laws that, for the first time in Australia, will require brokers and lenders to meet appropriate standards through an obligation to obtain a license, including engaging in responsible lending and joining a low cost and accessible dispute resolution scheme.

"Our claim seeks a refund of the \$3,965 in brokerage fees paid to Combined Financial, in addition to general damages," said Mr Gillam.

"Our view is that Combined Financial is also liable for the losses incurred by our client and her deceased husband. Combined Financial appears to have engaged in unconscionable conduct for the sake of a four thousand dollar brokerage fee. Needless to say, the detrimental impact on our client has been significant."

Consumer Action has lodged the legal claim with the Victorian Civil and Administrative Tribunal. The claim alleges breaches of the requirements before a broker can demand fees under the *Consumer Credit (Victoria) Act 1995* and unconscionable conduct under the *Fair Trading Act 1999*.

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