



MEDIA RELEASE

Monday, 10 August 2009

LANDMARK CASE: CONSUMER ACTION TO REPRESENT CONSUMER STUNG BY KLEENMAID COLLAPSE

Consumer Action Law Centre is representing a couple who lost over nine thousand dollars in the high profile collapse of Kleenmaid Pty Ltd earlier this year, against the loan company that financed their purchase. The matter will be heard today at the Victorian Civil and Administrative Tribunal.

Consumer Action's co-Director of Legal Practice, Paul Gillett, says that if successful the matter could create a significant legal precedent for many other consumers who paid for Kleenmaid goods through a linked credit contract. Linked credit contracts are subject to the *Consumer Credit Code*, and termination of a sale contract with a goods supplier may also give rise to the right to terminate a linked credit contract - a fact of which many consumers remain unaware.

"Despite the fact that the goods were never delivered, many consumers remain unfairly bound to tied finance contracts", said Mr Gillett.

The case sets out that Kerrie Edmonds and Nathan Evans signed a credit contract with Lombard Finance Pty Ltd (Lombard's), after Lombard's was recommended by Kleenmaid as a credit provider to help finance the purchase of Kleenmaid goods. On 14 June 2008 the couple signed with Lombard's for an amount of \$9,153. Following an initial interest free twelve month period, any remaining balance was to be charged at 23.9% per annum.

The legal action alleges that the following April, the couple received a notice from Deloitte to advise them that Kleenmaid had gone into administration. On contacting Lombard's, the couple were allegedly advised to continue paying the contract, as if they didn't they would risk getting a bad credit rating.

Following further inquiries, it became clear that they were not going to receive their goods.

On 21 April 2009 the couple wrote to Lombard's to terminate the credit contract, but Lombard's rejected the termination.

On 15 June 2009, the couple commenced proceedings against Lombard's.

Under the claim, the couple are seeking a declaration that their credit contract was lawfully terminated, and that they are entitled to a full refund of all money paid to Lombard's.

"This has the potential to be a very significant case," said Mr Gillett, "and if successful, it will create an important precedent for consumers in a similar position to recover money they have paid to a linked credit provider for undelivered Kleenmaid goods."

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