



MEDIA RELEASE

Monday, 17 September 2007

CONSUMER ACTION WELCOMES PARLIAMENTARY INVESTIGATION INTO MORTGAGE LENDING

Consumer Action Law Centre has strongly welcomed recommendations to reform credit regulation, released today by the House of Representatives Economic, Finance and Public Administration's Committee into Home Loan Lending.

"The Committee has recognised that there are many consumers who are experiencing financial difficulties and that consumer credit regulation needs to be strengthened" said Consumer Action's Policy and Campaigns Director Gerard Brody.

"This accords with our consumer casework experience – we are seeing an increasing number of cases where lenders and brokers are engaging in predatory behaviour, aimed at taking advantage of vulnerable consumers" said Mr Brody.

The parliamentary committee stated in its report that it was often individual crises, such as illness and unemployment, that resulted in households experiencing mortgage stress.

"However, the practices of lenders and brokers are making households increasingly vulnerable to such events," said Mr Brody.

The Committee's headline recommendation – that the Commonwealth Government take over regulation of credit products and advice from the States and Territories – was particularly welcomed.

If rules similar to those that apply to financial services were enacted, lenders would need to offer credit that suited the borrowers' circumstances, and all lenders and brokers would be members of external dispute resolution schemes, which offer free and accessible dispute resolution for consumers.

"We have long campaigned for regulation of the credit market to be harmonised with other financial products and services" said Mr Brody. "While we must retain some of the protections from State credit laws, these laws have become too easy for lenders to avoid – and it takes too long to close the loop-holes," said Mr Brody.

"Consumer Action will continue its campaign against reckless lending until the practice is stamped out," Mr Brody concluded.

Media Contact: Gerard Brody, Director – Policy & Campaigns 9670 5088 or 0415 223 211

Consumer Action Law Centre
Level 7, 459 Little Collins Street
Melbourne Victoria 3000

Telephone 03 9670 5088
Facsimile 03 9629 6898

info@consumeraction.org.au
www.consumeraction.org.au