



MEDIA RELEASE

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AMAZING LOANS NEVER CEASE TO AMAZE WITH POOR LENDING PRACTICES

Consumer Action Law Centre has once again initiated legal action against Amazing Loans on behalf of a client. The action alleges unconscionability in relation to the fees and interest charged.

Consumer Action policy officer, Sean Carroll said "the legal action alleges that our client, who relies on benefits from Centrelink but supplements her income with part time work, applied for a small loan of \$2,000 and was charged a 'Loan Advance and Administration' fee of over \$1,600. This was combined with an interest rate of 17.9% or an amount of \$804.02 in interest."

"That means the total amount payable was \$4,422.08 for a loan of only \$2,000.00," Mr Carroll said.

"This is not new. Amazing Loans has a history of charging massive fees for providing small loans, often to consumers who cannot access credit elsewhere. We understand that Amazing Loans has since claimed to have amended its lending guidelines, but this doesn't help our client or others like her."

"Our client was on Centrelink and earning a small income from part-time work when she applied for the loan and any credible assessment of her income would have highlighted that she would find it difficult to pay the loan without experiencing severe financial hardship."

"This task was of course even more difficult when you include the exorbitant fees."

"Given the current financial crisis, the Federal Government must act, through its proposed new consumer credit laws, to prohibit payday and other fringe lenders from taking advantage of people struggling with debt by charging exploitative fees for small loans."

"Such practices do not help consumers out of a tight squeeze, instead locking them into ongoing debt problems.

"They also help to divert Government funds being paid to help struggling families in the current economic conditions straight into the pockets of predatory lenders", said Mr Carroll.

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