



MEDIA RELEASE

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CONSUMER ACTION WELCOMES PRIVACY REPORT'S FAIR AND SENSIBLE APPROACH TO CREDIT REPORTING AND PRIVACY REFORM

Consumer Action Law Centre today welcomed the recommendations of the Australian Law Reform Commission's (ALRC) report into Australia's privacy laws and practice.

But it warned the Australian Government to remain on guard, because lenders and credit reporting agencies were unlikely to abandon their push to reduce privacy protections for individuals in order to increase their profits.

Ms Nicole Rich, Director – Policy & Campaigns, said the ALRC's credit reporting recommendations represented a fair, sensible and principled stance in the face of a massive and concerted campaign by the credit industry to expand the information held in individuals' credit reports, to enable lenders to market and lend more credit to consumers.

"Lenders and credit reporting agencies argue that allowing more information to be kept on credit reports would allow them to lend more responsibly, but this does not mean they would do so in practice," Ms Rich said.

"Lenders also agree that more information would enable them to lend more to more people – increasing Australians' overall debt. Given current reckless marketing and lending practices in Australia, it seems clear that much of this increase would involve reckless marketing of credit traps, just as happened in the United States.

"The ALRC has taken a wise approach by recommending that responsible lending obligations must be implemented in Commonwealth, state and territory laws before we can think about allowing credit reports to include individuals' repayment histories."

Consumer Action also supports other recommendations, including that credit reporting agencies should not be allowed to collect information about minors (under 18 years old) and that there should be a minimum amount below which a debt cannot be listed on a credit report, given it has been shown that small debts are often inaccurate and the listing of small debts is an unfair and disproportionate punishment.

"We have been concerned for a while that lenders were using people's credit reports not only to assess them for a loan, but also to pre-screen them for marketing offers. This is an inappropriate use of private personal information and we support the recommendation that it be clearly prohibited," said Ms Rich.

"Until now it has also been very difficult for consumers to get a privacy complaint resolved by the Privacy Commissioner.

"The recommendations that credit providers accessing credit reports must join an industry ombudsman scheme, and that consumers should have the right to appeal a decision by the Privacy Commissioner, will make helpful changes to the current system."

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