



MEDIA RELEASE

Friday, 15 May 2009

DEBT COLLECTOR TO BANKRUPT CONSUMER OVER NAB CREDIT CARD DEBT

Consumer Action Law Centre is defending a client against an attempt to send her bankrupt over a small National Australia Bank (NAB) credit card debt which the NAB sold to a debt collector.

Nicole Rich, Director – Policy & Campaigns, said that it was shocking bankruptcy laws still allowed consumers to be made bankrupt over \$2,000 credit card debts, putting the family home at risk, especially when the Government knew about the problem and could easily act to fix it.

“Our client will potentially lose her home over what started out as a \$2,000 NAB credit card debt,” said Ms Rich.

“We allege that the debt collector in this case, Accounts Control Management Services (ACMS), has pushed ahead with bankruptcy action, which is out of all proportion to the amount of debt.”

“Our client fell into default on her credit card account after her marriage broke down and she had health problems. She had also moved interstate temporarily for work and was struggling to cope with emotional and financial pressures.”

“She knows she missed attempts to contact her but didn’t do so intentionally. She had also made a \$10,000 payment to the NAB in 2006 after accessing her superannuation due to hardship. It appears the NAB sold the remaining \$2,000 debt to ACMS despite our client having made efforts to repay.”

“Our client also tried to negotiate a payment plan once she found out that ACMS was seeking repayment of the outstanding debt.”

Ms Rich said that ACMS obtained judgment against the consumer for a debt amount of just over \$8,000 in early 2008, with ACMS appearing to be claiming that the credit card debt has grown in size after default.

“We are very concerned that a major financial institution like the NAB appears to have wiped its hands clean of its legal responsibilities to assist people in financial hardship in this case, by selling off its debt to a debt collector like ACMS which is prepared to use bankruptcy laws to recover the debt.”

“ACMS’s lawyers, MacPherson + Kelley Lawyers, sent our client a bankruptcy notice in early 2009. When she saw the bankruptcy notice, our client says she tried to negotiate with the lawyers, who simply referred her to ACMS. Our client instructs us that ACMS refused to negotiate with her.”

“Creditors are allowed to send a person bankrupt to recover any debt over \$2,000 and it is time the Federal Government acted to raise this threshold to the more sensible level of \$10,000.”

“However, reputable creditors and debt collectors should not be using bankruptcy to collect smaller debts. It is an intimidating tactic that leads to unnecessary additional bankruptcy trustee fees that strip even more equity out of people’s homes.”

Media Contact: Nicole Rich, Director–Policy & Campaigns 03 9670 5088 or 0417 348 571

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