

MEDIA RELEASE

Tuesday, 14 October 2008

Major bank outsources its responsibility for financial hardship to notorious debt collector

The National Australia Bank (NAB) has been selling off the credit card debt owed by customers, some in genuine financial difficulties, to a debt collector well-known to community workers and financial counsellors for its refusal to negotiate repayment plans and other unscrupulous tactics.

Gerard Brody, Deputy Director - Policy & Campaigns at Consumer Action, said Consumer Action's latest client, Mr Brian Knight of Wangaratta, Victoria, telephoned debt collector Accounts Control Management Services (ACMS) on several occasions to negotiate a repayment plan for his \$6,700 NAB credit card debt, but ACMS refused to negotiate and insisted it would only accept repayment of the full debt.

Mr Knight had experienced difficulties meeting his repayments after a drop in his income due to the loss of his previous job. He is now on NewStart allowance and in no position to pay a lump sum.

"Mr Knight did the right thing by trying to negotiate to repay the debt he owed in amounts he could afford," said Mr Brody.

"He even visited a financial counsellor who tried to negotiate on his behalf, but ACMS just ignored the financial counsellor's attempts to contact it and continued to press Mr Knight directly for full repayment of the debt, telephoning and writing to him over 20 times.

"ACMS now has the nerve to claim that Mr Knight has not responded to its letters of demand."

Mr Brody said Mr Knight had been forced to launch legal proceedings in the Victorian Civil and Administrative Tribunal (VCAT) for an order that ACMS accept a repayment arrangement on the grounds of Mr Knight's genuine financial hardship.

"It is particularly concerning that a major financial institution such as the NAB has sold off its consumer debt to ACMS when it knows how ACMS may treat its customers, especially customers genuinely trying to arrange a repayment plan they can afford," Mr Brody said.

"The bank has a legal obligation under the Code of Banking Practice to assist customers in financial difficulties. It should not be able to duck this obligation by selling off debt and failing to take responsibility for the conduct of the debt collector."

Consumer Action has made several complaints to the government regulators responsible for regulating debt collection conduct, the Australian Securities and Investments Commission and the Australian Competition and Consumer Commission, about ACMS's treatment of debtors.

On its website, ACMS states that it recognises that 'debtors may need to make payment arrangements to satisfy the outstanding debt' and that 'ACMS staff are trained to offer flexible solutions'.

Mr Brody said this was not the experience of Mr Knight, who has reported that he was threatened with forced bankruptcy and the sending in of the sheriff if he did not repay the full amount of the debt at once. Mr Brody said that other consumers had recounted similar statements being made to them.

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