



Credit protection bill to help stop the cycle of debt

The House Economics Committee has tabled a report supporting the *National Consumer Credit Protection Amendment (Home Loans and Credit Cards) Bill 2011*, saying the legislation will help prevent consumers from getting onto unsustainable debt.

Chair of the House Economics Committee Craig Thomson said the bill is an essential step in assisting consumers get off the 'debt treadmill' by introducing major changes to how credit providers treat consumers in relation to credit cards and home loans.

"These reforms will put a stop to the aggressive marketing of banks to increase consumer credit card limits, which puts consumers at the limit of their credit capacity," Mr Thomson said.

"It will also assist consumers make more informed choices about which home loan or credit card is right for them.

"The bill will increase competition in the market and ultimately make consumers better off."

The bill seeks to protect consumers by helping them select loans or use credit cards in a way that reduces their fees and interest. Measures in the bill include:

- prohibiting lenders sending unsolicited invitations to borrowers to increase their credit limit, unless the consumer chooses to receive them
- prohibiting lenders charging fees to customers who go over their credit limit, unless they have expressly asked for this service
- introducing a standardised, one-page fact sheet for consumers to compare credit cards and home loans.

The report also recommends the commencement date for home loan fact sheets be set back from 1 September 2011 to 1 January 2012. This is to give industry more time to prepare their systems for these reforms.

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