



**Australian
Privacy
Foundation**



BY EMAIL : fpa.sen@aph.gov.au; senator.polley@aph.gov.au
CC: senator.kroger@aph.gov.au

22 August 2011

Senator Helen Polley
Chair
Senate Finance and Public Administration Committee
Canberra ACT 2600

Dear Senator Polley

We are writing to you about the ability of consumers to access a free copy of their credit reports.

Together our organisations – Australian Privacy Foundation, CARE Financial Counselling Service, Consumer Action Law Centre, Consumer Credit Legal Centre NSW, Financial Counselling Australia and Financial and Consumer Rights Council – have been closely involved in ongoing consultations regarding changes to the credit reporting regime.

The issue of access to credit reports was highlighted recently during a recent search of the Veda Advantage website.

The mandatory Credit Reporting Code of Conduct under the current legislation requires credit reporting agencies to provide consumers with access to a free copy of their credit report within 10 days. The Veda website (www.mycreditreport.com.au) prominently advertises a report service costing \$41.95 for a 24 hour turnaround. Information about the free report is in the fine print at the bottom of the web page. The information is also

difficult to understand. It is highly likely that the large majority of consumers would never even know that a free option existed.

This specific problem is relevant as it highlights the broader issue of consumer access to credit reports. This will be increasingly important when positive credit reporting is introduced. As more information will be collected about consumers, including repayment patterns, it is very likely that more people will request copies of their reports.

The starting point should be that consumers have the right to access one free copy of their credit report at least once a year, with a 24 hour turnaround or when involved in a dispute, . Consumers should be able to apply for such a report online, by mail or fax.

At the moment however, an individual's ability to access to their credit report is highly problematic. Individuals can obtain a copy of their credit report within 24 hours by paying a fee or alternatively, can obtain a free copy if they are prepared to wait for 10 days. However as described above, even the free option is not willingly promoted by industry.

The issues are these.

1. Fee for Service Reports

The fee charged by Veda Advantage for a "fast turnaround" copy of an individual's credit report is \$41.95. The fee charged by Dunn and Bradstreet is \$30.

These charges are excessive for what appears to be an electronic process.

While we currently have two – and are about to have three – national credit reporting agencies, competition is unlikely to keep down the cost of obtaining a report. Rather than choosing one agency, consumers will be aware that the information held may differ, so consumers who require a copy of their credit report urgently could find themselves paying a fee to all three.

2 . Free reports

Accessing a free report not only takes longer, but the process is more complicated.

In relation to Veda Advantage:

- As noted above, the Veda Advantage website does not give equal prominence to the free report option;
- The free option requires submission of the request by mail, whereas consumers who pay the fee can apply through the website;
- More identifying information is required if applying for the free copy – for example copies of two identifying documents and a signature (compared to a drivers licence number if paying the fee).

We understand that ensuring the consumer's privacy is a priority, and recognise that use of a credit card (for the fee option) may require some additional identification for the free

option. However, we believe that the requirements for obtaining a free copy are onerous compared to obtaining a copy for a fee.

Consumer advocates have raised these issues multiple times with Veda in the past. Veda's response each time has been to amend their website to make the free option more prominent, but then re-design their site shortly afterwards and obscure it again.

In relation to Dunn and Bradstreet, their current processes are more straightforward for consumers who want to get free access and they do give equal prominence to the free option as the paid option.

The Exposure Draft Bill provides for one free report per year, but leaves the response time (as now) to the proposed new Code of Practice..

In short neither, the current legislative framework or that proposed in the Exposure Draft Bill builds in any incentives for credit reporting agencies to reduce barriers to consumers accessing a free copy of their credit report. Instead there are incentives to make it both difficult to find out about the free credit report and then difficult to apply for it.

To summarise, in our view, access to a free credit report is fundamental for consumers and in these days of electronic records, a relatively easy thing for a credit reporting business to provide.

The legislation should be amended to entitle consumers to a free copy of their credit report, per year, available within 24 hours of request, or when involved in a dispute. A credit report should be available via an online application process as well as mail or fax. Consumers should also be entitled to further free reports as required when involved in a dispute. For additional requests within one year, credit agencies would be able to charge a reasonable fee.

The legislation should also clarify that credit reporting agencies have an obligation to promote the right of access to a free credit report (at least to the same level as any service incurring a fee) and impose an obligation to make the process as simple as possible for consumers.

A copy of this letter has been sent also to Senator Kroger .

Yours sincerely

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