



[By email: economics.sen@aph.gov.au]

Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Committee Members,

Consumer protection in the banking, insurance and financial sector

We refer to our opening statement to the Inquiry on 26 April 2017.

In our opening statement, we recounted the story of Harry (name changed), who had contacted the National Debt Helpline.

On 9 June 2017, ANZ wrote to the Committee to provide additional information about its response to Harry's case. It is very welcome that ANZ has resolved this matter with Harry and his wife. However, there are some additional matters we would like to raise in relation to ANZ's response.

In ANZ's letter to the Committee it states that *'Harry's wife did not declare on her loan application her debts with other financial providers. If she had done so, ANZ would not have approved her personal loan application'*.

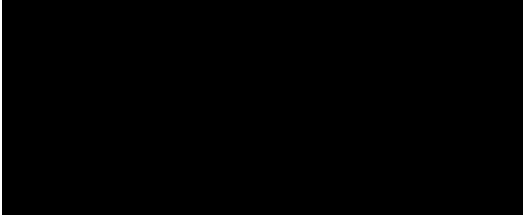
Under the *National Consumer Credit Protection Act 2009* (Cth), credit providers are required to make reasonable inquiries about a consumer's financial situation, and their requirements and objectives, before offering them credit. In addition, credit providers are also required to take reasonable steps to verify the consumer's financial situation.ⁱ While ANZ may have taken steps to verify Harry and his wife's financial situation, it is not clear from ANZ's response what steps were taken. For example, did ANZ review recent bank statements, or credit reports, that might have indicated other financial commitments?

We note that banks have the ability to share 'consumer credit liability information' on credit reports.ⁱⁱ This is information about the consumer credit accounts a person currently has or may have had in the past. It includes the type of account, the open and/or close date as well as the credit limit. However, most banks currently choose not to report this information. If banks reported this information, ANZ would have been aware of the other debts owed by Harry's wife.

We suggest that Australia's banks still have work to do when it comes to properly verifying the financial circumstances of their customers before offering credit.

If you have any queries in relation to this letter, please contact Katherine Temple, Senior Policy Officer on [REDACTED]

Regards



Gerard Brody
Chief Executive Officer

ⁱ Section 130, *National Consumer Credit Protection Act 2009* (Cth)

ⁱⁱ Section 6(1), *Privacy Act 1988* (Cth); clause 6, Privacy Credit Reporting Code of Conduct.