

**Senate Economics Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Additional Estimates

2016 - 2017

**Division/Agency:** Australian Competition and Consumer Commission

**Question No:** 122

**Topic:** Debt Vultures

**Reference:** Written

**Senator:** Ketter, Chris

**Question:**

1. What work is the ACCC doing in relation to so-called 'debt vultures' – that is, firms whose business models rest on furnishing consumers with unhelpful debt products. Examples of these firms can include:
  - a. 'Credit washing' companies;
  - b. Debt consolidation firms that cold-contact debtors based on court default documents; often this is to offer to negotiate with a mortgagee on the debtor's behalf – for a considerable fee;
  - c. Debt collection or consolidation firms that encourage debtors to apply for early release of superannuation where this is not in the best interests of the debtor.
2. What communication has the ACCC had with ASIC in relation to this issue?

**Answer:**

1. There are a number of consumer issues raised publicly in relation to debt collection and debt management services. ACL regulators continue to work together to consider issues arising in relation to these debt services.

The ACCC is part of a multi-agency Policy and Research Advisory Committee (PRAC) Working Group which is looking into issues in the debt management sector.

While ACL regulators continue to work together to consider issues arising in relation to these debt services, consumer protection in relation to financial services is the responsibility of ASIC. While some debt management services may fall outside the definition of financial services or involve some ambiguity in relation to the definition, standing delegations between the ACCC and ASIC provide capacity for ASIC to lead work in this area with support from the ACCC as required.
2. The ACCC and ASIC have regular liaison meetings to discuss overlapping matters or issues of joint interest. Issues concerning debt management services are regularly discussed at these meetings. They have also been subject of specific meetings and discussions including in the context of establishment and use of delegations and in the context of the PRAC working group identified above.