

**Senate Economics Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Additional Estimates

2016 - 2017

**Division/Agency:** Australian Securities and Investment Commission

**Question No:** 167

**Topic:** Conditionally approved loans

**Reference:** Hansard page 17 (02 March 2017)

**Senator:** Whish-Wilson, Peter

**Question:**

Senator WHISH-WILSON: Let me finish, Chair; this is one last question. Perhaps you could take this on notice. Does ASIC have concerns about emails that are still going out on conditionally approved personal loans? I will send you a copy of—

Mr Kell: I think we would need to see the—

CHAIR: Thank you, Senator Whish-Wilson.

**Answer:**

ASIC has received reports about lenders sending their customers invitations to apply for conditionally approved loans from time to time. As with all matters, ASIC assesses these reports and considers taking further action taken based on a range of factors.

We generally consider two key issues, depending on the nature of the invitation.

1. Firstly, whether the promotion or advertisement is misleading or deceptive. In particular, whether the customer has actually been conditionally approved through some type of pre-assessment process and whether it is clear that further approval processes may need to be taken before the credit is approved. For example, an invitation that creates the impression that a customer need merely accept the invitation to be provided with a loan may be misleading where the customer is required to respond to inquiries and provider further information.
2. Secondly, whether the credit provider is complying with its responsible lending obligations. If a customer is able to be provided with a loan merely by accepting an invitation this would potentially raise concerns that the lender has made an 'unconditional representation' about the consumers eligibility to enter the loan without undertaking the required inquiries, verifications and assessment, or will be entering into the loan with the consumer without meeting those obligations.

As part of our work in this area we have reviewed lenders' responsible lending processes relating to invitations and offers and secured improvements to these arrangements in some circumstances.