Save Safe Lending

The Views of Financial Counsellors about Proposals to Wind Back Responsible Lending Laws

JANUARY 2021

STOP THE
DEBTDISASTER

Contents

Introduction

About Financial Counselling Australia

Financial Counselling Australia (FCA) is the national voice for the financial counselling profession in Australia. FCA's member groups are the state and territory financial counselling associations. It is a not-for-profit organisation that:

- Provides resources and support for financial counsellors
- Advocates for a fairer marketplace
- Works to raise the profile of financial counsellors
- Advocates to increase access to financial counselling
- Works to improve hardship processes for people in financial difficulty

About financial counselling

Financial counsellors provide free, independent and non-judgemental support and advice to people who are struggling with their finances and debt. They are based in not-for-profit community organisations, including charities, universities and neighbourhood centres.

Financial counsellors help people to:

- Understand which debts are priorities
- Develop budgets and money plans
- Understand the pros and cons of different options to manage financial issues
- Access grants or concessions
- Negotiate with creditors
- Access dispute resolution services
- Understand their rights and access legal help

Financial counsellors have specific knowledge about the credit, bankruptcy and debt collection laws, concession frameworks and industry hardship practices. They're trained in negotiation and counselling, and offer emotional support and a listening ear when people really need it.

They are not financial advisors or planners. They do not earn commissions or provide investment advice.

Executive Summary

What did we do?

FCA surveyed financial counsellors across Australia to gauge their reactions to the proposed scrapping of responsible lending laws. The survey provides important insights into why financial counsellors think the laws are important, how many use the laws to help clients and what they predict will happen if the laws are removed.

The findings from the survey will be used by FCA to inform the community, politicians and the media about why these laws should remain and what may happen if the Federal Government's planned changes go ahead.

What did we find?

Finding 1: Financial counsellors think that responsible lending laws should stay.

Almost all of the financial counsellors surveyed (97%) think that responsible lending laws should remain.

Finding 2: Financial counsellors believe the laws protect consumers.

Almost all of the financial counsellors surveyed (94%) either strongly agreed (87%) or agreed (7%) that the responsible lending laws are an important consumer protection.

Finding 3: Financial counsellors use the laws to help their clients.

Almost all of the financial counsellors surveyed (93%) use the responsible lending laws in advocating for clients (78% strongly agreed and 15% agreed).

Finding 4: Financial counsellors predict they will see more clients with unaffordable debt if the laws are scrapped.

Almost all financial counsellors agreed (92%) that if the laws are repealed, financial counsellors can expect to see many more clients with unaffordable debt (82% strongly agreed and 10% agreed).

Finding 5: Financial counsellors believe scrapping the laws will hinder the economic recovery from COVID-19.

The majority of financial counsellors (71%) agreed that if the laws are repealed, this will hinder the economic recovery from the pandemic (52% strongly agreed and 19% agreed).

Finding 6: Financial counsellors are very concerned about the impact of repealing the responsible lending laws on their clients and the community. They believe such a move will be harmful to individuals, families and the public (see Appendix A for complete list).

Qualitative comments from financial counsellors reflect expectations of the following themes if responsible lending laws are repealed:

- Unaffordable and increasing debt
- More bankruptcies
- More people forced into homelessness and poverty
- More mental health issues and suicides
- Adverse impacts on vulnerable people
- Reduced protection from predatory lending
- Increased workload on financial counsellors

Finding 7: Even with the laws, financial counsellors are helping clients with some very concerning cases of irresponsible lending.

More than three quarters of financial counsellors provided examples recounting some of the worst cases they have come across (see Appendix B for compete list).

Conclusions

The results show an overwhelming majority of the financial counsellors surveyed think that responsible lending laws should remain in place. The laws, set out in the *National Consumer Credit Protection Act 2009*, are seen as a vital protection for clients and an invaluable tool for financial counsellors.

A key underlying theme in the qualitative remarks left by financial counsellors was the devastating impact on people who are victims of irresponsible lending. Unaffordable debt is overwhelming and affects the mental and physical health of those involved. A number of financial counsellors said suicide was a real risk for people affected. Relationship and family break ups are also a key concern. Increased bankruptcies, loss of housing, poverty and a higher demand for emergency relief were all listed as likely impacts.

182 of the respondents provided current and recent examples of irresponsible lending. Many of these examples involve people in vulnerable circumstances. People with disabilities, the elderly, immigrants, Indigenous Australians, people with addictions, people who speak little or no English, single parents, Centrelink recipients and survivors of family violence and financial abuse are already exposed to unsafe lending practices.

Under current laws, financial counsellors are able to seek redress and help for their clients who experience irresponsible lending. If the laws are axed, financial counsellors will find it much harder to assist, leaving some of the most vulnerable members of society with debts they will struggle to repay.

1. Background

1.1 About this survey

Financial Counselling Australia is part of a coalition of other organisations, including CHOICE, Consumer Action Law Centre and the Financial Rights Legal Centre to 'Save Safe Lending.' For more information on the campaign, visit debtdisaster.com.au.

The campaign was initiated in response to the Federal Government's announcement in September 2020 that it would introduce a bill to remove responsible lending obligations from the *National Consumer Credit Protection Act 2009*, with the exception of loans under $2,000 and consumer leases.

Financial counsellors are at the front line, helping victims of irresponsible lending. As the peak body for the sector, Financial Counselling Australia undertook this survey to gauge the direct views of practising financial counsellors.

1.2 Methodology

The survey was conducted through Survey Monkey. Financial counsellors were asked to participate through a Facebook group for accredited financial counsellors, a weekly digest sent by email to all accredited financial counsellors and an email sent from the Executive Officers of the state and territory financial counselling bodies.

The participation rate was excellent, with almost a quarter of all accredited financial counsellors in Australia taking part. Of the approximately 950 accredited counsellors, 235 from all state and territories engaged with the survey.[1] This is a response rate of 25%.

The survey was conducted from the 6th November to the 19th November 2020.

1 Raw numbers: ACT (4), Tasmania (13), NT (9), WA (27), Queensland (21), SA (45), NSW (54) and Vic (62).

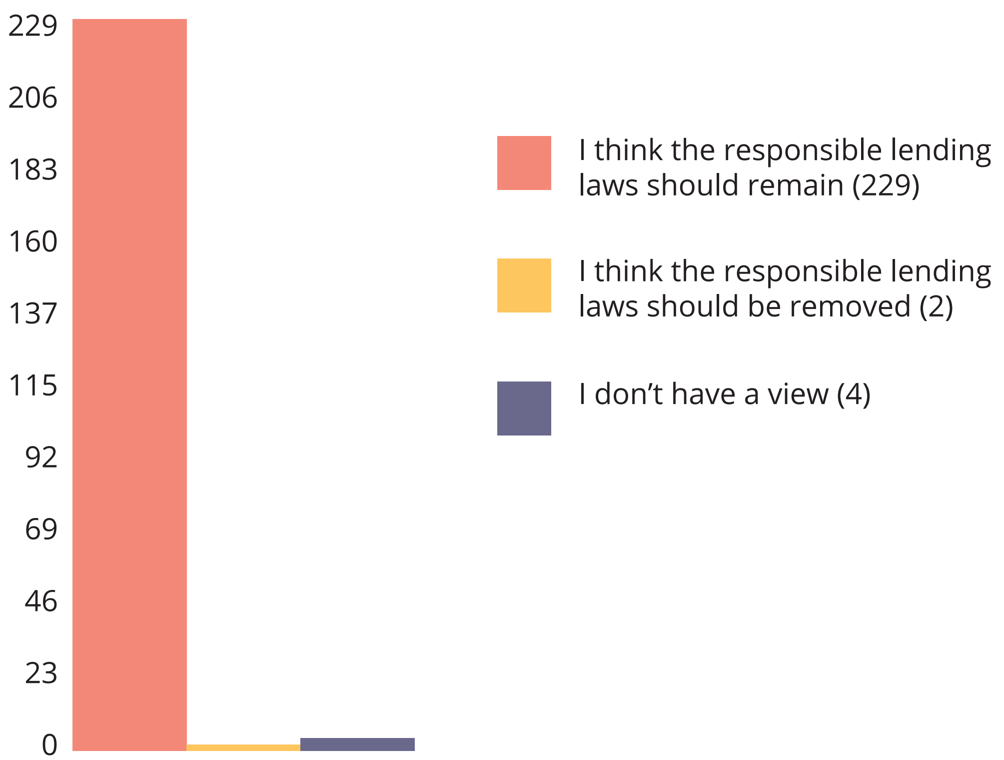
2. Results

2.1 Level of support for keeping or removing the laws

The survey asked financial counsellors "Do you think the responsible lending laws should remain or be removed?". The results are shown in Figure 1 below.

The majority of financial counsellors want the laws to remain. 97% supported this option, less than 1% said they should be removed while 2% did not have a view.

Figure 1. **Do you think the responsible lending laws should remain or be removed?**



2.2 Role of the current laws

The majority of financial counsellors agreed that the responsible lending laws are an important consumer protection, with 87% strongly agreeing and 7% agreeing.

Table 1. **Number and proportion of financial counsellors who agreed/disagreed with the statement "the responsible lending laws are an important consumer protection."**

Strongly disagree	Disagree	Neither agree or disagree	Agree	Strongly agree	n/a	Total
5.34%	0.00%	0.00%	7.28%	87.38%	0.00%	206
11	0	0	15	180	0	

2.3 Use of current laws

Nearly 93% of financial counsellors stated they use the responsible lending laws to advocate for their clients.

Table 2. Number and proportion of financial counsellors who agreed/disagreed with the statement "I use the existence of responsible lending laws in advocating for clients."

Strongly disagree	Disagree	Neither agree or disagree	Agree	Strongly agree	n/a	Total
4.85%	0.49%	0.97%	14.56%	78.16%	0.97%	206
10	1	2	30	161	2	

2.4 Impact if the laws are removed

The majority of financial counsellors expect they will see many more clients with unaffordable debt if the laws are removed. A total of 92% are expecting an increase.

Table 3. Number and proportion of financial counsellors who agreed/disagreed with the statement "If the responsible lending laws are repealed, financial counsellors can expect to see many more clients with unaffordable debt."

Strongly disagree	Disagree	Neither agree or disagree	Agree	Strongly agree	n/a	Total
4.37%	0.00%	3.40%	10.19%	82.04%	0.00%	206
9	0	7	21	169	0	

Many of the respondents also believe that removing the laws will have a negative impact on the economic recovery, with 71% stating it would hinder the recovery from the pandemic.

Table 4. Number and proportion of financial counsellors who agreed/disagreed with the statement "If the responsible lending laws are repealed, this will hinder the economic recovery from the pandemic."

Strongly disagree	Disagree	Neither agree or disagree	Agree	Strongly agree	n/a	Total
5.34%	6.31%	15.53%	19.42%	51.94%	1.46%	206
11	13	32	40	107	3	

2.5 Qualitative comments on the impact

Financial counsellors were also asked to respond to the question, "If the responsible lending laws were repealed, please tell us what impact this would have on your clients and/or the community as a whole?"

There were 196 responses, many of which included extremely concerning predictions for clients and the community.

Table 5 shows the common themes and highlights some quotes. Appendix A includes all of the responses.

Table 5. Qualitative comments on impact - themes and illustrative quotes

Theme	Quotes
Overall impact ▪ Catastrophic and devastating impact ▪ Long-term impact on the community, individuals and families	*"Catastrophic impact."* *"Devastating."* *"Devastating impact on families struggling with unaffordable credit."* *"I believe this would have a longer-term impact on the community: Clients will struggle to repay the debt and interest, having to make sacrifices to cut back on other spending to service the debt which is likely to cause a lot of stress and impact mental health. I am particularly concerned about predatory lending practices that may arise, targeting vulnerable and less educated clients."* *"If the laws are repealed, it means that the vulnerable and marginalised members of the community will be exploited even more. It will destroy families and our economy."*
Increased debt burden ▪ Unaffordable debt ▪ Accessing large volumes of debt that clients will be unable to pay back ▪ Spiralling out of control ▪ More bankruptcy ▪ Falling into debt traps ▪ Stuck with unmanageable debt	*"Clients will be overcommitted."* *"Potential of creating overwhelming debt issues in the future, especially alongside all the buy now pay later services."* *"If this law is repealed, our clients, for which we advocate, will have no option but to go bankrupt."* *"Expect to see a cohort of young adults over committed to unserviceable home loans."*

Theme	Quotes
Increased financial hardship, stress and mental health issues ▪ Additional harassment about debt ▪ Increased suicide due to stress ▪ Mental health issues ▪ Stressed relationships ▪ Increased drug and alcohol use	*"The repeal of the responsible lending laws would have a severe negative impact on our community. Client presentations of financial hardship due to unaffordable and unsustainable debt will rise. The impact of financial hardship is an immense burden, which has such a negative ripple effect on a client's mental health, physical health and relationships with family and friends, as well as their greater community."* *"People are in stress and need money desperately. They will not look at the consequences that may impact them in the future."* *"Many of the clients that I have seen over the years struggling with unaffordable debt have expressed despair and had identified with suicide ideation."*
Physical health issues ▪ Physical health issues due to costs of maintaining health care	*"The burden of debt impacts health and wellbeing. It adds to the community and social cost of maintaining healthcare."*
More family break-up, family violence and other forms of abuse ▪ More family break up ▪ More elder abuse ▪ More financial abuse ▪ More family violence	*"Increased family violence and financial abuse, increased debt related mental health distress, increased homelessness and bankruptcies."* *"Giving a personal loan to my client while she sat there with her partner. She had two black eyes from her partner and she never said a word through the interview. The partner spoke for her and told her to sign. It was all in her name."* *"Marriage and relationships will deteriorate as financial stress increases."* *"This will leave many in the older and younger age groups at risk of homelessness and financial abuse, as there is no accountability to the lenders. I have three on my current case load that are in this category. Now with COVID-19, it will get worse as we are seeing higher borrowing on credit cards and buy now pay later schemes."* *"Domestic violence will escalate even more than it already has with the COVID-19 pandemic, as well as family breakdowns and an increase in gambling."*

Theme	Quotes
Child poverty ▪ Children not attending school due to no food ▪ More children in poverty	*"Children not attending school due to not having food."*
Limited financial literacy ▪ Widespread lack of financial literacy ▪ Poor money management ▪ Clients not understanding the implications of debt ▪ People borrowing money to get out of financial situations (vicious cycle)	*"Vulnerable and uninformed people will not understand the financial system. They will often get credit just because it's available to them, not because they can afford it."*
Rent issues and homelessness ▪ Issues affording rent ▪ Increased loss of housing ▪ Increased need for emergency relief assistance	*"Many clients would enter into unaffordable contracts. This could result in them being at risk of losing their accommodation or utilities when payments can no longer be made due to debt repayments."* *"The financial and mental stress of having a home repossessed impacts on whole families. I expect that service demand would increase across not only the financial counselling sector, but the whole community services sector."*
Reduced protection from predatory lending ▪ Reduced protection from predatory lenders and banks ▪ Reduced hardship provisions and assistance ▪ Increase in predatory lending	*"In years to come, we will be dealing with a plethora of clients with what would otherwise be loans that were irresponsibly lent. The sad part is that there will be no responsible lending laws to argue there has been a breach. It is likely that more people will choose bankruptcy to deal with such debts."* *"The cases where there has been irresponsible lending will be difficult to resolve. This will leave my clients stuck in the awful stress of loans they cannot afford to pay and never could afford to pay."* *"Clients would have no protection from the predatory behaviour of some lenders. The flow on effect may be significant, as there will be more people in financial hardship, which can lead to adverse outcomes for mental health and families in general."*

Theme	Quotes
People experiencing vulnerability or disadvantage ▪ DSP (Disability Support Pension) recipients already with very high credit card limits ▪ People experiencing domestic and family violence ▪ Clients with complex cases ▪ Many have become financially vulnerable due to the pandemic ▪ Less protection for people with mental health issues, reduced checks and balances ▪ Bushfire affected populations	*"Increased family violence and financial abuse."* *"Increased domestic and family violence, increased drug and alcohol use."* *"Clients have multiple complex issues such as mental health, disability, low literacy and domestic violence. When these issues intersect with systemic exploitation, due to the culture of immoral sales practices, the imbalance of power is amplified."* *"The already disadvantaged become even more so."*
Impact on specific communities ▪ CALD (culturally and linguistically diverse) and disability clients may find themselves in arrangements they don't understand ▪ Indigenous people will be disadvantaged	*"Laws provide a safety net and ensure that large corporations act in an ethical and fair manner."* *"Our clients are remote Indigenous clients. They are very vulnerable to SACCs (small amount credit contracts and consumer leases) already, which almost inevitably cause them financial hardship. Repeal of these laws would make the situation worse and give predatory lenders a green light to target this group, which they already do."*
Macroeconomic issues ▪ Glut of houses due to foreclosures, house price crash – mirroring Global Financial Crisis ▪ Changes are detrimental for the economy – more household debt means less consumer spending ▪ Exacerbating the divide between rich and poor; the disadvantaged becoming even more so ▪ Australia has a high level of personal debt already – risky for people to acquire more debt ▪ Less cashflow within the economy	*"It is important we consider the huge negative impact this will have on our society; we all live here. If disparity becomes too great, then we could see social upheaval."* *"Significant issues with unaffordable debt affecting many more people. This will flow to creditors themselves, affecting the economy more widely."* *"More people with more unaffordable debt will lead to community breakdown, not economic growth."*

Theme	Quotes
Workload of financial counsellors	
▪ More clients requiring assistance	*"[We will] see a massive increase of clients."*
▪ Increased workload for financial counsellors	*"[This] will impact on wait times to help clients overall."*
Reduced strength of financial counsellor advocacy ▪ Financial counsellors will have less ability to advocate for clients, due to less regulations	*"These laws are the cornerstone of my work as a financial counsellor."*
Reduced creditor responsibility ▪ Lenders would have less responsibility to check the capacity of customers to pay	*"[We] will go back to the previous landscape of people being offered unsuitable credit, then having no protection within legislation to obtain hardship."* *"70% of my clients are in financial hardship due to unconscionable lending practices."* *"I am particularly concerned about predatory lending practices... targeting vulnerable and less educated clients."*

2.6 Examples of irresponsible lending

In the final question of the survey, financial counsellors were asked, "What is the worst example of irresponsible lending that you have seen?".

Appendix B shows case after case of irresponsible lending, many of which involve vulnerable people.

For example:

"I assisted an elderly couple who received the Age Pension, who had credit card debt of around $150,000. This was all waived under responsible lending laws. The couple were suicidal when I first met them, but with our assistance and responsible lending laws, we were able to negotiate waivers that left our clients in a better financial situation."

"An Aboriginal male aged 56 with mental health issues who received DSP (Disability Support Pension). [He was] given three loans with a provider within a very short time, because he had always been a good client. [He was] in severe financial distress over a long period of time and was too embarrassed to see anyone, as he felt ashamed. He said he walked past the front door about six times before he could even come in."

"A young Aboriginal woman in a violent relationship was pressured by her abusive partner into obtaining a credit card, to pay off his telco debts. The bank then pressured the young woman into a much higher credit limit than she wanted. They also pressured her into paying for junk insurance on the credit card. There was no assessment of suitability for the credit card."

"Not the worst example, but recently I had a client on the Age Pension who was provided with an extension of her home loan by $200K, two years before retirement. Without

responsible lending laws and AFCA, we would NOT have achieved a good outcome for the client... [We were able to secure] a reduction of her debt by approximately $65k. Without responsible lending laws, it is possible that the client would have sold her home and become another recipient of rent assistance. Certainly, her spending power in retirement would be greatly constrained, as she would have been paying more for housing."

"A young woman in late-stage pregnancy with her second child, who had left a domestic and family violence relationship. She was declined a car loan with [redacted], because her casual wages were insufficient and her child support and Family Tax A and B could not be counted as income. The car salesperson connected the woman with a broker, who rushed a loan with [redacted]. (Eventually) the vehicle was voluntarily surrendered and the debt was sold to debt collector, who waived the debt for the borrower."

"A bank lending to a person receiving the Disability Pension. The client received two loans in six weeks. When looking at the bank statements, it was apparent that the client was a serious gambler."

"A solar panel contract for $19,000, where the client had no capacity to pay. The matter was resolved using responsible lending laws."

"My client lost everything, even her family. It was the worst case I have ever dealt with and [there is] no way of repairing such severe damage. Mentally, physically and emotionally."

"I remember a young man who had a family and started up a small business which was on the verge of collapse. He was able to obtain several credit cards and had a terribly devastating situation of a child dying. He had used all his savings and credit from different credit cards to pay each debt, which spiralled out of control. He became suicidal, lost the business and ended up homeless. It was devastating and he struggled with his mental health for a very long time due to the failure of his financial situation."

"Migrant clients in [their] early sixties. No super, working as fruit pickers, with a mortgage. They were given a second home loan and were in arrears of the loan within 12 months."

"An $18,000 car loan for an 18-year-old on Youth Allowance with no other income. His living expenses were greater than his income before the loan was granted."

"63-year-old male, with an income under $40,000 and a $16,000 credit card. According to the statements, the client would pay off the card in about 90 years if he paid the minimum amount."

"A client was coerced into taking out a car loan/lease agreement that required unsustainable payments. This put the client's housing in jeopardy, because the client was unable to meet mortgage payments as the car payments were prioritized by their abusive partner."

3. Conclusion

Financial counsellors are opposed to Federal Government plans to remove responsible lending obligations from the *National Consumer Credit Protection Act 2009.* They believe such a move will plunge many people into further debt and, ultimately, this will be bad for the community and the economy.

It will lead to more financial hardship, more financial stress, more mental health issues, more family violence, more financial abuse, more homelessness, more poverty and more predatory lending.

The survey shows the financial counselling sector is extremely concerned about what will happen to individuals, families, the community and economy.

According to one financial counsellor, removing the laws will have a *"catastrophic impact."* Another said it will have a *"devastating impact on families struggling with unaffordable credit."*

This quote summarises the sentiments portrayed by many of the respondents:

"If the laws are repealed, it means that the vulnerable and marginalised members of the community will be exploited even more. It will destroy families and our economy."

Appendix A - Impact of repealing the laws

ANSWERS TO QUESTION 4:

"If the responsible lending laws were repealed, please tell us what impact this would have on your clients and/or the community as a whole?"

NB. Some responses have been edited to amend spelling, grammar and punctuation errors.

	RESPONSES
1	Unaffordable debt, additional harassment and therefore stress. Increased suicide due to financial issues. Issues with payment on essential items such as rent. Possible increased homelessness. Children not attending school due to not having food and many more other issues that can be an extension of this.
2	Any repealing of laws in Australia sends a strong message to Australians that the law was not worth establishing in the first place. That message debases the principle of upholding fair and just practices.
3	Clients wouldn't have the same kind of protection from predatory lenders and even mainstream banks. Many of our clients are CALD [culturally and linguistically diverse] and/or have a disability, so they may enter into arrangements that they don't completely understand.
4	Many clients would enter into unaffordable contracts, which could result in them being at risk of losing their accommodation or utilities when payments can no longer be made due to debt repayments.
5	Financial exposure to unserviceable debt.
6	Individuals would be given unaffordable loans with detrimental consequences on their family and other relationships, mental health and, therefore, probably physical health. It would likely lead to more bankruptcies.
7	Many clients are not financially literate and over-estimate their capacity to repay debt, so repealing the laws would cause many Australians to fall into debt traps.
8	More clients with financial hardship.
9	The repeal of the responsible lending laws would have a severe negative impact on our community. Client presentations of financial hardship due to unaffordable and unsustainable debt will rise. The impact of financial hardship is an immense burden which has such a negative ripple effect on a client's mental health, physical health and relationships with family and friends as well as their greater community.

	RESPONSES
10	Clients would be 'stuck' with unmanageable debts, with creditors doing little to assist [due to] no obligation to reverse decisions made (especially with the lack of credit checks and no need to ensure the line of credit is "not unsuitable"). It will affect the short and long-term futures, from young players to those unable to make financial decisions for themselves, with little redress from the creditors.
11	Vulnerable clients will have no more protections under the law. They will be an easy target and solely responsible for their actions.
12	More debt, more children living in poverty and more people experiencing mental health issues due to financial distress.
13	I fear things may spiral out of control.
14	Debt and financial problems are a major cause of personal anxiety and stress to relationships. The burden of debt impacts health and wellbeing and adds to the community and social cost of maintaining healthcare. In stressful situations, debt can sometimes be seen as an expedient solution to financial problems without proper consideration to how the debt will be repaid. If this results in an increase in problem debt and repayment delinquencies, it will also result in a poor business case for the lender.
15	Clients will be offered/given loans they cannot afford.
16	The most significant impact would be on the vulnerable clients in our community. This includes family violence victims, single mothers, those from CALD [culturally and linguistically diverse] communities and those with disabilities. It will contribute to the divide between rich and poor. The poor will become poorer, leaving them with little hope for a better life. It is important we consider the huge negative impact this will have on our society. We all live here. If disparity becomes too great, then we could see social upheaval. Consider if it was a family member or your child, sister, brother or parent who is impacted by these laws and what misery it will cause.
17	There would be very few protections in place for the borrower. Currently they put their trust in lenders, knowing loans won't be approved if they cannot afford them. Some people access credit in times of stress, due to relationship problems, mental health issues or a sudden change in circumstances, just to name a few. A repeal of the laws would see these people propel into further financial hardship if their applications are not properly assessed under the current responsible lending guidelines.
18	Responsible lending laws put the onus on lenders to check the suitability of individuals applying for credit (and the suitability of the credit they are applying for). The majority of our clients do not have a financial or banking background and directly benefit from those who do [have that background] assessing their applications in a fair and ethical way. It would be nearly impossible for an individual applying for credit to represent and verify their situation in a non-biased way which could (and would) result in more approvals for unsuitable credit.
19	Many of the clients that I have seen over the years struggling with unaffordable debt have expressed having despaired and have identified with suicide ideation. These laws allow us to protect clients from not seeing a way through unmanageable debt.

	RESPONSES
20	Vulnerable and desperate clients are at greater risk of entering into unfavourable and financially damaging loans.
21	A terrible impact. The Northern Territory already has a very large number of vulnerable people and this will make it so much worse.
22	Financial counsellors will see a higher amount of unsuitable loans given out, with little or no ability for banks to be held accountable. It will be the borrower's responsibility to ensure that they understand and can afford the loan. I hope this does not translate to all other services that are provided, for example, an electrical product with a fault.
23	In several years-time we will have significant issues with unaffordable debt affecting many more people which will flow to creditors themselves, affecting the economy more widely.
24	Vulnerable clients being more affected.
25	A large portion of our community do not have the capacity or knowledge to understand the implications of their lending and what is affordable for them. As a consequence, they borrow more than they can afford to and end up in debt cycles or have to choose between making debt repayments or pay for accommodation and/or other living costs, as their income doesn't allow for both. This impacts on their mental health, with depression and anxiety the common outcome.
26	Increased access to unaffordable loans leading to financial, emotional and relational stress. Reduction in capacity to negotiate affordable debt solutions. Shift in power relationships between lender and borrower. Less options for borrowers and potential for less accountability leading to unethical conduct from lenders.
27	Unscrupulous lenders/lending would be unchecked - leaving our clients with 'credit' that they cannot afford.
28	More individuals will end up with unmanageable debt, as credit providers will seize the opportunity to increase customer spending through larger, and not suitable, credit facilities.
29	People will be more likely to be able to access larger amounts of credit that will potentially take them a long time to pay back. Some people are more at risk of being short-sighted about their finances and don't always consider the long-term impact of getting into a large debt. Nor do they plan for if their circumstances were to change.
30	Increased number of debts undertaken by clients. Easier access to debts via various means to clients.
31	We will go back to the previous landscape of people being offered unsuitable credit then having no protection within legislation to obtain hardship provisions, or the lender putting unmanageable hardship provisions in place.
32	Significant increase in client numbers presenting for our service due to signing up for unaffordable debt.

	RESPONSES
33	The community should be encouraged/coached about healthy levels of debt (in some cases this could be zero). Relaxation of lending criteria is likely to plunge people into financial difficulty on account of accessing easy credit. This will show up in increased family violence, increased drug and alcohol use and even homelessness.
34	Clients, particularly vulnerable ones, will be at greater risk of debt they cannot afford. Many seek money in times of significant stress and do not fully understand the ongoing consequences. It can result in greater pressure on the ER (emergency relief) services
35	Increased client demand. Increased loss of housing due to mortgage default. Increased demand for Emergency Relief assistance.
36	More people are going to be approved for debt that they cannot afford. This leads to stress, anxiety, mental health issues and relationship breakdown, amongst other things. There will be limited avenues for redress where credit was approved that was unmanageable. More people with more unaffordable debt will lead to community breakdown, not economic growth. The responsible lending laws do not inhibit the provision of credit - they assist in ensuring that credit is only given where it will lead to growth, rather than financial hardship and distress.
37	Increased unsecured debt which cannot be repaid. More bankruptcy applications. More children will not be adequately cared for because parents will lack funds for necessities.
38	Increased demand and complexity of case work. New staff recruits do not [yet] have the skills and experience to work with these, hence more pressure on experienced workers and managers.
39	Some lenders would engage in more predatory lending behaviour and many more consumers would have more credit than they can reasonably afford. There would be more people in financial hardship.
40	There would eventually be severe financial hardship with no avenue to pursue for support. I envisage family break ups, increasing family separation, increased domestic and family violence, increased drug and alcohol use. Families and other community members not being able to pay for power, food, rent and mortgages. Financial abuse and elder abuse. I really feel it would destroy people's lives. There would be an increase in suicides due to the financial burdens on people, who still are of the opinion that if the bank gives them a loan, they (being the bank) knows it is able to be paid back. In my opinion, this would be opening a Pandora's Box with dire consequences. Lenders would be rubbing their hands, thinking of the loans they will be able to write without any obligation to "do the right thing".
41	Possible increase in financial hardship, stress, unmanageable debts and (ultimately) bankruptcy.

	RESPONSES
42	Predatory lending practices, profit before people and an increase of third and fourth tier lenders who prey on the disadvantaged. Pensioners skipping meals to pay loans, COVID unemployed resorting to payday lending to fill the gap (that will enviably collapse); over committed debtors at risk of suicide.
43	Vulnerable clients will be exposed to predatory lending even more so. Possible increase in bankruptcies. Possible increase in mental health issues. Possible increase in family disharmony. Possible increase in homelessness.
44	We will see an increase in unmanageable debt, increased deterioration in mental health and increased demand on community and mental health services.
45	Repealing responsible lending laws would open a huge gateway for creditors to exploit the most vulnerable people within our community with loans/debts they simply cannot afford. This could negatively impact mental health, induce social isolation, increase relationship & family breakdowns, including an increase of domestic violence and even suicide. These laws protect our community and especially the most vulnerable from overextending their budgets, which most likely ends up in more bankruptcies. So, a loss to our economy as well as the human cost.
46	Potentially more clients will borrow who previously would not have qualified. The thing that comes to mind is that when a client can't get it from a mainstream lender, they go to payday lenders and in real terms take out loans with extremely high interest rates. If responsible lending was wound back, then at least more clients would be dealing with a mainstream lender, who would have strong credit policies, and potentially the client would have a better priced product with reasonable terms.
47	Repealing these laws is inherently dangerous. They were introduced for valid reasons which have not changed.
48	Clients will be able to access dodgy money lenders without the protections. It will make negotiating with creditors less likely to get great outcomes for clients.
49	Potentially more clients will borrow who previously would not have qualified. The thing that comes to mind is that when a client can't get it from a mainstream lender, they go to payday lenders and in real terms take out loans with extremely high interest rates. If responsible lending was wound back, then at least more clients would be dealing with a mainstream lender, who would have strong credit policies, and potentially the client would have a better priced product with reasonable terms.
50	Repealing these laws is inherently dangerous. They were introduced for valid reasons which have not changed.
51	Clients will be able to access dodgy money lenders without the protections. It will make negotiating with creditors less likely to get great outcomes for clients.

	RESPONSES
52	Vulnerable clients desperate for finance could be a target for irresponsible lenders which could impact their mental health and long-term viable future.
53	Increase in predatory lending.
54	A lot of our clients have poor money management skills and borrow money to try to get out of their situation. This just gets them deeper into debt. I can see an increase in bankruptcies and foreclosures. Small business will suffer, as people who have surplus after paying essentials will have to spend all that on debt payments.
55	Clients at risk will be exposed to predatory lending, causing financial hardship.
56	We already work with vulnerable clients in remote areas, so removing the responsible lending laws will make it more difficult to advocate on their behalf.
57	Many clients would be left in situations where they cannot afford to repay large debts. In the wider community, it would create a situation where a lot of people will be accessing credit they cannot afford and, as a result, entering financial hardship.
58	This would leave a huge impact on clients everywhere.
59	Financial counsellors would lose the ability to advocate strongly for our clients. Responsible lending laws are a very strong tool for us to refer to and use when dealing with creditors.
60	Serious impact for some clients.
61	Huge impact on our vulnerable and disadvantaged clients, putting them in further financial hardship, as well as impact on clients' health and wellbeing, and an impact on the community.
62	Clients would access lending that they can never repay, accessing borrowings to help support with living costs or events they would normally not be able to afford. It will cost them financially and mentally in the long run, even placing strain on family or friends as they will need help to repay the debt and cover living expenses.
63	Clients would have no protection from the predatory behaviour of some lenders. The flow-on effect may be significant as there will be more people in financial hardship and the flow-on effects from that, can lead to adverse outcomes for mental health and families in general.
64	There would be more people getting unsuitable loans that they cannot afford. Without protections, it is likely more people would go bankrupt and that loan, plus all the other household bills remain unpaid. If this happens enough, it will push up household bills as providers try and stay afloat. Cars and houses that are sold as part of this will affect the market. If there is a glut of houses that people cannot afford to pay for, it can trigger a housing crash as a worst-case scenario. I think the coming years are going to be a challenge.
65	Unsuitable loans will be offered to my clients, increasing debt with little or no capacity to repay.

	RESPONSES
66	In my role, I see a lot of people living in poverty with unmanageable debt. I foresee, that if the responsible lending laws are removed, I will see more people who are working but have been overcommitted to loans like credit cards, car loans and personal loans.
67	While it may give a client short term respite to have access to credit, I find that the cases where clients have [been given a] loan irresponsibly, are complex and can take an extensive amount of time to work through. This requires gathering of evidence, negotiation and, in extreme cases, escalation to AFCA (Australian Financial Complaints Authority). These can be heartbreaking cases as the money still needs to be paid back. Clients in desperate financial situations will happily take a loan that may ultimately be unaffordable. And while they have short term respite, the long-term effects are much greater. It causes personal stress, family stress and the community bears this by way of needing to provide emergency relief, financial counselling services and sometimes it can take years for clients to get back on track financially.
68	Our education system does not teach our children how the lending industry works and the impacts it can have when you don't understand the contract you sign or the statements you receive. A lot of Australians get caught by the misleading, unregulated marketing campaigns of lenders. Without these protections in place, lenders will approve more bad applications as they will no longer be held responsible for the financial and emotional collapse of these people. Preying on the uneducated to make billions of dollars in profit.
69	Many of my clients have multiple complex issues such as MH (mental health), disability, low literacy and domestic violence. When these issues intersect with systemic exploitation due to the culture of immoral sales practices, the imbalance of power is amplified. Were the Government to repeal irresponsible lending they would reinforce institutional structures that already underpin financial abuse and domestic violence. Combined with breaches of consumer law, the repeal would eliminate any discourse for the vulnerable members of our community. It would increase marginalisation, create moral relativism in the context of financial abuse and establish conflict with the protective measures and laws that have been introduced to protect our vulnerable population in a time where they are likely to be even more susceptible. Many more clients would become homeless and remain homeless. They would be more likely to bankrupt and endure long term and persistent poverty. Their children would experience a greater number of adverse childhood experiences and have limited opportunities. My clients would be unlikely to afford any access health services and suffer from progressing chronic health conditions. My clients in the community we provide services to would be further disadvantaged by the removal of their protections from both domestic and institutional financial abuse. In effect, if the Australian Government were to repeal irresponsible lending laws, I believe the Government would become an agent of domestic violence by sanctioning institutional financial abuse.
70	70% of my clients are in financial hardship due to unconscionable lending practices. They have been provided finance they did not need and did not understand. This leads to anxiety depression and suicidal ideations.

	RESPONSES
71	Long-term severe financial hardship will be forced upon many community members. Family violence victim survivors will not be protected, which will have a severe impact upon their wellbeing. The most vulnerable in our community will have no voice and no legal recourse, resulting in mental health issues, including higher rates of suicide. Assets will be lost by clients who currently have a pathway to negotiate a better way forward. The ramifications of a repeal will have a negative effect on the economy for many years to come.
72	Vulnerable clients may commit to unaffordable or inappropriate lending. Clients would lose protections currently available.
73	Responsible lending laws protect consumers, and in turn assist financial counsellors to advocate for their clients.
74	They [clients] will go into even bigger hardship again, like it used to be.
75	We will see more small businesses experience unmanageable and increasing debt. Current personal debt will be extended, becoming more expensive due to product refinance. I am concerned about how financial hardship assistance will change. We may also see a surge in consumers who may not normally be able to obtain credit, now be approved, and have very limited understanding of their contractual obligations.
76	Debt.
77	We would see many more clients with unaffordable debt they can never hope to repay.
78	More vulnerable clients will be targeted by finance sharks, creating greater financial distress and further impacting the broader community in the recovery process as a result in increased crime and AOD (alcohol and other drugs) dependency.
79	There would be more clients in a state of life-long, unjust, financial hardship resulting in further mental health issues within our communities. Society as a whole will ultimately have to deal with, or live with, this problem in a variety of capacities, all of which are not positive ones, be it financially or crime rates increasing etc.
80	I would see many clients with debts they cannot afford to repay - in both financial hardship and stressed.
81	In relation to clients, they will continue to increase debt to meet income shortfalls caused by employment disruption and low-income support levels. This measure seeks to support the economy by encouraging a heavily debt laden community to borrow more. The cost of this is borne by community groups and local and state governments, which provide the bulk of the relief and supports available to community members experiencing financial harm.
82	Greater levels of unaffordable debt, which would have a significant impact on mental health and lead to increased substance abuse issues and family violence. In addition to the obvious damage to the community, all of these issues are extremely costly to deal with.

	RESPONSES
83	We will be back to square one and see many vulnerable consumers being provided credit that they cannot afford to repay. This will place them at risk of losing valuable assets, particularly their homes and will place them in a worse situation. It certainly won't improve their situation. It will put more stress on financial counsellors and the community as a whole.
84	Clients that are already in financial stress will be able to obtain more credit than they can pay because when someone is desperate for money, they will not advise their lender that they cannot afford the repayments.
85	Clients already struggling and not having a good understanding of lending will be further disadvantaged and experience further hardship.
86	Increase in mental health, anxiety and financial hardship. Possibly more credit card debt and more personal insolvency cases. Increase in homelessness.
87	More people being signed up to credit they don't want and/or don't understand. People being signed up for credit they cannot afford.
88	More customers in financial hardship, debt levels would hinder economic recovery, less employment and bigger reliance on social services.
89	Increased opportunity for financial abuse and more coercion by partners to take out loans.
90	The impact is that the number of vulnerable people crippled by debt and unsuitable loans they cannot afford without substantial hardship will increase substantially. This will cause people financial and psychological harm. Not to mention an increase in bankruptcy, homelessness and mental health issues.
91	Many vulnerable clients will be taken advantage of by lenders pushing products that are not appropriate and/or beyond what the client can afford to repay.
92	There is a power imbalance between lenders and our clients. Clients will be encouraged to take on unaffordable debt, which will lead to them cutting back on essentials to pay down debt. They will perhaps end up with judgements against them, having assets seized or having to go bankrupt.
93	I believe vulnerable clients will be able access funds they will not be able to afford to pay back. This will result in increased bankruptcy applications and increase the risk of homelessness.
94	This would allow for creditors to, once again, over-extend clients by several means, like not properly assessing affordability which even now is a questionable practice by creditors.
95	This will be catastrophic. Increase demand on financial counsellors, with many more people finding themselves in debts they should never have had in the first place.
96	Clients would fall into unaffordable debt. The consequence of this will be high-level stress, more strain on emergency relief providers and more loss of dignity to the client who may well feel despair, foolishness and shame. Less spending in the community due to consumers prioritising debt payments over food, clothing, haircuts, home wares and general living expenses. Also, a drop in physical well-being with less to spend on health care. This may also cause a strain on community services.

	RESPONSES
97	Poorer people will be able to take loans that they are unable to service.
98	The [younger members of the] community would go into severe debts and end up in bankruptcy before the age of 22, when they are classed as independents. They will accumulate an overwhelming amount of debt that will hinder their credit rating and prevent them from renting a home or even buying their first home. This will cause severe homelessness and more people dropping below the poverty line.
99	As a financial counsellor, I am strongly against this motion as it will create further financial hardship with vulnerable individuals in the community who get approved for lending that they simply can't afford.
100	Our clients are remote Indigenous clients. They are very vulnerable to SACCs (small amount credit contracts and consumer leases) already, which almost inevitably cause them financial hardship. Repeal of these laws would make the situation worse and give predatory lenders a green light to target this group, which they already do.
101	Access to consumer credit would be easier for the community. It would also be easier for consumers who are not financially savvy to over commit themselves financially. Financial counsellors should gear themselves up to educate people and engage with clients, highlighting potential dangers of irresponsible lending practices and giving clients the skills to make good judgements.
102	Clients will be able to get credit a lot more easily and in these times of unemployment due to COVID-19, clients should not be accessing credit.
103	In South Australia, there will be protection, as the proposed 'Small Amount Credit Contracts' Bill introduced in the SA Parliament on 30.4.20 by the Attorney General, Vickie Chapman, will offer protection for low-income clients. I also believe that there needs to be options to improve the flow of credit to persons who can afford to borrow, because at the moment there is "excessive risk aversion" by lending institutions. The dot point on P3 of 'Consumer Credit Reforms' paper, attached to the Treasurer's media release, states that for the higher-risk products i.e., "small amount credit contracts (SACCS) & consumer leases, responsible lending laws will remain and the obligations on all lenders of these products "strengthened."
104	We cannot trust or rely on banks to monitor their responsible lending themselves. We know from experience that they will put profits before their customers. We will see more people struggling with financial hardship and this comes at a cost to them and our community.
105	There will be more people with unsuitable loans. They will borrow too much and will not understand the consequences. They will not be able to afford the repayments and will be put in a worse position. Too much household debt in Australia. The government wants debt burden to rest more with individuals than with the government.
106	I will have more people in debt with no capacity to pay this debt. As clients try to service unaffordable debt, they will be accessing more charities for food and basic necessities to try and pay this [debt].

	RESPONSES
107	If the responsible lending laws are axed or watered down, this will put many more people who are doing it tough in danger of entering into unaffordable credit contracts without proper assessment. As people's incomes reduce, relaxed laws will give rise to people who have insufficient means to cover housing and living costs. [This will give people] the opportunity to take out more credit that is unaffordable. Already many people have lost employment and we are expecting, as a result of the pandemic, to see more job losses. As the government reduces Jobseeker payments even more after December, more people will be at risk of not being able to pay mortgages and rent and risk entering into homelessness. Also, [we will see more people] not paying for basic necessities including food, utilities and health needs. I would say most people expect that when credit institutions provide credit to a consumer, the information they provide is analysed and assessed as appropriate to give credit. Most consumers have a belief that this is the institution's responsibility. The current responsible lending laws and assessment of credit being "not unsuitable" is a minimal requirement. To not have any protection is very irresponsible and puts people at risk of greatly indebting themselves. Another area of concern is the risk faced to women in family violence situations, with perpetrators having less oversight by repealed laws.
108	I have seen many changes in the last 10 years of financial counselling. The protections have greatly reduced unconscionable conduct within the sector. Without such protections, we will see a return of foreclosures on properties, credit assessments that fail to reflect the borrowers' true financial capabilities, the return of the dreaded assets-based lending and more bankruptcy and family breakdowns.
109	The reserve bank of Australia's own economic research has found a strong local and international correlation between high household debt and low consumer spending. Stripping away consumer protections will not only see many more people enter debt they can't afford (and a return to a form of interest only loans that only become unaffordable five years later at principal and interest stage) but will sabotage our economic recovery as a result. Clients are not sophisticated borrowers. This was why the responsible lending laws were put into place. When they get a loan they can't afford, they don't do it on purpose. They feel 'honoured' by the bank's/creditor's trust in them. They feel confident that they must be able to afford it because why else would the creditor risk loaning them money? They don't realise that banks could not give less of a shit about them and that their payments followed by repossession of property is just profit, profit, profit to a creditor. We will see more homelessness, more devastated people who wasted years trying to meet loans they never could afford, more maxed-out loans that depend on high income without fail in an age of increasing unemployment, underemployment and casualisation, and more turning to drugs of any kind to deal with their inevitable losses and reduced ability to start again.
110	Spending using credit without the realisation of the possible consequences.
111	More who have loans they shouldn't have received.

	RESPONSES
112	It would cause harm to those many clients who should not be given additional credit that is unaffordable for them. Not being able to manage debt causes stress and anxiety and in some cases suicide.
113	Reduced options for dealing with unmanageable debt. Higher percentage of default, individual bankruptcy, homelessness and ill health.
114	A complete chaos.
115	Gambling clients would have even greater access to funds to use for gambling.
116	I believe we would face an even bigger debt burden than already exists.
117	People would be given loans for money they cannot afford, forcing them into financial hardship. Why would someone want to lend money to someone who can't afford to repay it? It is not just about the big banks but all the other lenders in the community who think it is okay to cause people financial distress. We need to ensure that people are lent money that they can afford, not be placed in financial ruin. Families will suffer and children will be greatly impacted by the greediness of people who want to lend money to people who cannot afford it.
118	We would expect to see many more clients targeted by unscrupulous creditors. We assist many clients who have been sold credit irresponsibly [even] with the responsible lending laws in place. These would escalate were these protections not in place.
119	Ability to recover individually would be greatly hindered and [deteriorating] mental health through to suicides being the eventual outcome.
120	I will see a massive increase in clients and the community as a whole will suffer. Many clients will get loans they have no chance of ever paying off.
121	Low fixed-income families would have access to much more credit than they can afford to repay.
122	Clients and community are already left behind in financial education and regularly attain products that are unsuitable and unaffordable. Relaxation of lending regulations will lead to a potential short-term increase in lending but will end in untold financial damage in the future. Considering that Australia already has one of the highest levels of personal debt globally, with many people unable to repay existing debts, allowing less regulated lending will likely lead to further future inability to repay these debts.
123	Responsible lending laws safeguard people from entering into unaffordable debt, there are many reasons that people ask for credit when it is unaffordable, and these laws protect people from entering into these contracts.
124	It will mean that the most disadvantaged clients, e.g. [people with] mental health [issues] or [victims of] financial abuse will not get any support from credit providers who are, at this point in time, obligated to follow the consumer credit lending laws of responsible lending, and therefore safeguard our most vulnerable members of society.

	RESPONSES
125	Clients will have more ability to access credit without having to provide supporting information that they can repay the debt. Clients will accumulate debt that they are not able to repay. Yes, clients should take responsibility for their actions but often they are in such distress that they do not acknowledge their situation and think more credit will reduce their issues when the reverse is more likely. Reducing the responsibility on the credit providers to check the financial situation of a client will not assist clients. Often, it is better to have a rejection from the credit providers as this can provide the stimulus to seek financial counselling.
126	You see clients at present with payday loans, XXX etc. that I am sure did not go through responsible lending. You can go to XXX get interest free agreements and do not follow through with payments and find many people cannot keep up with the payments.
127	I have been a financial counsellor in Katherine for nearly four years. As an Aboriginal financial counsellor and currently the only full-time employed in a highly populated hub of Aboriginal people from remote and very remote locations, to revoke the responsible lending laws will be a major crisis. [It will impact] those who are our community's most vulnerable people, where English is commonly a second and sometimes third language. Significant literacy issues exacerbate financial literacy [problems] and therefore financial wellbeing. Financial hardship, low socioeconomic [standing] and poverty play a considerable part in domestic violence and [affect] general health and wellbeing.
128	More people will get into debt and potentially end up in severe financial hardship.
129	Vulnerable clients will become more vulnerable, it will be more difficult for financial counsellors to advocate without the protection of the current laws. More people in the community will become vulnerable. So many people have lost their jobs due to the pandemic and will become increasingly desperate for money, the chance they will sign up with 'dodgy' lenders with no protections is high. If responsible lending laws are repealed it will have a devastating and long- lasting impact on the community and economy as a whole.
130	Bankruptcies would increase. People would lose their houses and our workload would skyrocket.
131	I think responsible lending laws have more impact at the top end of the borrowing chain, not at the more vulnerable end. I am concerned that there will be less support of the vulnerable and waiver requests if the responsible lending laws are not changed in this economic environment.
132	Some lenders and brokers may not protect the best financial interests of clients. Lenders may approve unaffordable loans to maximize profits. Clients would find themselves with unaffordable loans that they are not in a position to repay. This is likely to increase stress and related mental health conditions. It is likely to also cause more bankruptcies in the community. Marriages and relationships will deteriorate as financial stress increases - this is likely to also increase incidence of domestic violence, economic abuse and elder abuse.
133	There will be many more people with large debts.

	RESPONSES
134	Most of our clients are long-term Disability Support Pension recipients. And yet, a large number appear to have credit cards with $15,000 to $20,000 limits. They are often not sophisticated consumers and should never have been allowed to keep increasing their limits to a point where they can never pay them back.
135	When people are in stress and need money desperately, they will not look at the consequences that may impact them in the future. The lending laws provide that safety net. I see too many vulnerable people who are taken advantage of by greedy lenders, especially those who wish to operate loans outside of the Credit Code. If the credit laws are changed, there will be more bankruptcies which affect the economy of the whole country. When people are tied down with unmanageable debt, the result is marriage breakdown, domestic violence will increase, and mental health issues will increase. All of these issues negatively affect our economy and the wellbeing of the community.
136	Many more clients would be caught up in risky lending and end up in more debt.
137	I see it as having a devastating impact on the wider Australian community, particularly communities that are already experiencing vulnerability and exploitation. Financial and debt stress has direct correlations to mental health issues, and I unfortunately would expect to see more people with mental health issues and family breakdown.
138	A lot of people have become more vulnerable as a result of the pandemic. They are struggling to cope and are overwhelmed. The [responsible lending] laws provide a small safety net and ensure that large corporations act in an ethical and fair manner.
139	It would be too easy for them to become overcommitted financially and all the flow-on effects would be destructive to their wellbeing.
140	Protections will be removed, leaving vulnerable people in an even worse position.
141	If responsible lending laws are repealed, I feel that there is the potential for the community as a whole to be able to overcommit themselves financially with the potential of creating overwhelming debt issues in the future, especially alongside buy now pay later services.
142	These laws are the cornerstone of my work as a financial counsellor. If these laws were repealed, the shonkies and the sharks of the financial industry would prey on my vulnerable clients with even sharper teeth than they do now. It would be a green light for a return to the 'bad old days', when consumers were at the mercy of liars and cheats with no affordable recourse to protection.
143	[Financial counsellors are] likely to see more clients, which will impact on wait times to help clients overall. [It] will increase levels of stress and anxiety within the community. [There will be the] possibility of poor behaviour from sections of the community using credit to sell their items and this removes a possible cross check to prevent unconscionable behaviour.
144	It would cause a lot of misery.
145	This would simply be a major step backwards and would create a future wave of persons with debt problems.

	RESPONSES
146	More property loss from unsuitable loans provided while using assets as security. More clients under severe emotional distress from trying to manage debt that they cannot afford.
147	It will allow less protection for vulnerable clients and greater leniency for predatory lenders and brokers.
148	In the competitive world of house buying, our clients necessarily present their best case to secure a loan often by understating expenses and overstating their incomes. If the responsible lending laws are repealed, the result could mean years of financial hardship where even a small event in their life could result in a debt spiral where they are no longer able to service their mortgage. Financial counsellors regularly see the emotional and financial devastation this can cause for individuals and families.
149	It will make clients more vulnerable to debts and loan sharks, which will have an adverse effect on their family and wellbeing. [We will see] increasing domestic violence, mental health issues and crime as people would get credit, be unable to pay it back and end up in severe debt traps. This will affect overall wellbeing and society.
150	The already disadvantaged [would] become even more so.
151	More vulnerable clients will be needing support to pay back debt that should have not been offered in the first place.
152	There would be more consumers in financial hardship.
153	Clients may be able to borrow more than they can afford to pay back. Excess money will be spent on debt and not on hospitality, retail, tourism etc., which is where it's needed to recover financially from the pandemic.
154	Financial counsellors will find it very difficult to advocate if the client is vulnerable, having mental health issues or they have been forced to sign a contract due to domestic violence or other issues
155	Many people will have access to sign a loan contract without realising that they cannot repay the debt. Hence, [they] will end up drowning in debt.
156	We currently are seeing clients who should not have been issued with loans. If the laws were repealed, guarantee we would have more clients.
157	Vulnerable community members will be at most risk, but even the most savvy get caught by unscrupulous brokers etc. It will make it so much harder to advocate for clients and get fair results - as it's not easy! The laws were put in place for a reason!
158	The current laws are not sufficient to protect clients from all avenues of lending. We expected laws to increase in strength, not go backwards. If the current laws are repealed, unmanageable debt will skyrocket, and financial counsellors will have no tools to provide reasonable outcomes for people in distress.

	RESPONSES
159	Clients may feel tempted to borrow more money than they can afford, as a way out of financial restrictions or [due to a sense] that they should take advantage of offers in case they are not available again, especially if the level of promotion of loans etc. increases. The removal of the lenders' responsibility overemphasises the client's responsibility, when the client is most vulnerable. This could lead to more people defaulting on loans, getting bad credit ratings, not being able to find places to rent or being unable to sign up for utilities due to bad credit ratings, having more than they can afford of their income going to debt rather than food, essential services, rent and mortgages, children's education etc. This will have an impact on stress, mental health, relationships, family violence, engagement in crime, drugs and prostitution, problem gambling and homelessness and erosion of community trust and levels of innovation.
160	Expect to see much more unmanageable debt.
161	Without the security of responsible lending laws being followed, there will be more chance of people acquiring debt that they cannot meet.
162	Victims and survivors of family violence will be greatly impacted by the repeal of the responsible lending laws. They will be carrying debts affecting their recovery towards financial security.
163	Repealing these laws will hurt the most vulnerable communities and families and will sanction new markets for targeted and unethical lending.
164	Less consumer protection.
165	How does easier access to credit help grow the economy, if the client is unable to meet payments and defaults on the loans? Buyer beware doesn't work for people who are stressed due to bushfires, COVID-19 and loss of work.
166	The community would suffer the consequences born. Unaffordable loans put pressure on family budgets for essentials, resulting in less cash flow to local businesses including trades, hair dressing, cafes. Charity food depots are over stretched. Pressure is also on schools to provide some nutrition to pupils. We all suffer when our community members are forced to live beyond their means.
167	More clients would get into debt.
168	There would be more and more people saddled with unaffordable debt.
169	Lessening responsible lending laws will decrease consumer protection, leaving vulnerable clients open to unsuitable credit arrangements. Debt will increase within the community due to predatory lending practices.
170	The cases where there has been irresponsible lending will be difficult to resolve. This will leave my clients stuck in the awful stress of loans they cannot afford to pay and never could afford to pay.
171	Clients will be overcommitted and may run the risk of losing their houses or property, as well as possible bankruptcy.
172	Clients already are affected by irresponsible lending. To take these [laws] away would mean that there is no help that financial counsellors are able to offer clients with their financial issues in this area.

	RESPONSES
173	In years to come, we will be dealing with a plethora of clients with what would otherwise be loans that were irresponsibly lent. Sad part is there will be no responsible lending laws to argue breach of and likely more people choosing bankruptcy to deal with such debts.
174	Already vulnerable clients will be exposed to unsuitable debt [that is] well outside what they can afford. Financial stress is the catalyst of a myriad of social issues, from family and domestic violence and relationship breakdown to mental health and homelessness. The community should be able to rely on the expertise of the bank when lending, rather than the onus of responsibility be solely the clients. The lessons of a profit focused banking sector Royal Commission highlight what happens to people and communities even when responsible lending laws are in place - taking away any kind of protection that consumers have will lead back to this culture of profit before people.
175	If this law is repealed, our clients for which we advocate will have no option but to go bankrupt. This will leave many in the older age group and younger at risk of homelessness and financial abuse, as there is no accountability for the lenders. I have three on my current case load that are in this category. Now with COVID-19, it will get worse as we are seeing higher borrowing on credit cards and buy now pay later schemes.
176	The vulnerable and uninformed people will not understand the financial system. They will often get credit just because it's available to them, not because they can afford [to repay] it.
177	There will be less safeguards in place to protect people from obtaining unaffordable credit.
178	Devastating impact on families struggling with unaffordable credit.
179	Service an area that is very disadvantaged and of low socioeconomic standing. To repeal [these laws] would further add to the stress on the community, as the lenders will be lending to the most vulnerable when they can least afford it. I don't trust the lenders to do the checks and balances when lending.
180	People will be taking out loans they cannot afford to repay, which will impact on society as a whole. We will see a dramatic rise in excessive spending. Clients with mental illness will be able to take out loans with contracts they do not understand, like back in the 1990s. Domestic violence will escalate even more than it already has with the COVID-19 pandemic, [as well as more] family breakdowns and an increase in gambling.
181	We are still seeing the result of poor responsible lending laws. For example: Clients attending [financial counselling] with car loans at 24.9% and added junk insurances. Some insurance policies are sold with insurance that WOULD NEVER BE ABLE TO BE CLAIMED ON. Some car dealerships are targeting Aboriginal people from the country, who were unaware of their rights and were talked into buying cars that are unsuitable, clapped out, have too many kilometres on the clock - and so it goes on. Repealing the responsible lending laws that are now in place will disadvantage our clients even further.

	RESPONSES
182	It will return to people taking on debt that in many cases they cannot afford. Many cannot manage money enough now to manage other household debt. Even today, I heard of a 24-year-old couple being offered $700,000 with $50,000 deposit, when their parents said, "You only need $400,000 at the most to get started." The couple got scared and decided not to borrow at all for now. The laws also need to be extended to payday lenders that are even worse.
183	We would see an increase in unsuitable loans to people who could not afford them.
184	If the laws are repealed, it means that the vulnerable and marginalized members off the community will be exploited even more. It will destroy families and our economy.
185	Increased people in a debt cycle, increased distress on households and individuals, increased family violence and financial abuse, increased debt related mental health distress, increased homelessness and bankruptcies, increase in consumers being preyed on by unscrupulous lenders.
186	I believe this would have a longer-term impact on the community: Clients will struggle to repay the debt and interest, having to make sacrifices and cut back on other spending to service the debt. This is likely to cause a lot of stress and impact mental health. I am particularly concerned about predatory lending practices that may arise targeting vulnerable and less educated clients.
187	Potential for more financial harm for vulnerable consumers. More opportunity for consumers to incur further unmanageable debt.
188	Clients would fall into the trap of borrowing for everyday bills and items and then get themselves into debt that they may never get out of.
189	I would expect to see a cohort of young adults over committed to unserviceable home loans. The financial and mental stress of having a home repossessed impacts on whole families. I expect that service demand would increase across not only the financial counselling sector, but the whole community services sector.
190	In my view, the main issues are no regulation for small amount loans and online lending etc. The current lending laws are causing roadblocks for businesses and those wishing to purchase homes. My view is we need to protect the vulnerable people who could become overburdened with debt, while not making it difficult for small businesses and potential home buyers. Either extreme is unhelpful.
191	People will be encouraged to get into more unaffordable debt.
192	Devastating.
193	Although laws may get changed, it will be up to each institution as to how they apply them. If they are conservative lenders, they may not have the appetite for risky lending.
194	They would end up with a lot more unaffordable debt and would be harder for us to support the client to recover and get back on track.
195	Catastrophic impact.
196	More unsuitable loans being given to clients who can least afford them, due to the attraction of having access to lower interest loans.

	RESPONSES
197	The vulnerable clients will be taken advantage of financially and that would be a nightmare.
198	No food on the table. Domestic violence would increase.
199	Not every person is financially literate and cannot complete a bank required financial statement for loans. Banks need to be more risk adverse before loaning money, to ensure people can afford the repayments.

Appendix B - Examples of irresponsible lending

ANSWERS TO QUESTION 5:

"Briefly, what is the worst example of irresponsible lending that you have seen?"

NB. Some responses have been edited to amend spelling, grammar and punctuation errors. Some responses referred to payday loans or other issues and also have not been included.

AUSTRALIAN CAPITAL TERRITORY

	RESPONSES
1	An 18-year-old given a $15,000 car loan. She was coerced by her violent partner and the car was for him. The client was left with an unaffordable loan for a product that she received no benefit from, and she experienced financial abuse.

NEW SOUTH WALES

	RESPONSES
1	A personal loan of $10,000 provided to a young person on Centrelink through a bank.
2	Outrageously high credit card limits, which were increased a number of times over the years. This created debt for a client who was a long-term recipient of the Disability Support Pension.
3	A client with a $30,000 car loan when her only income was Tax Benefit Part A + B. The loan was approved in 2018.
4	NA- I am a new financial counselling student who has just begun in the profession.
5	Clients being granted large credit, despite not having a large income. They make small payments and are stuck with the debt for a long time, without much to show for it.
6	A credit card provided to a man with schizophrenia, who believed he had a job (which didn't exist). Two credit limits were also approved. No one ever checked for payslips or confirmation of his employment. He ended up with debt of $22,000, which put his family at risk of not being able to pay for their everyday needs. Because of responsible lending laws, we were able to achieve a waiver of the debt.

	RESPONSES
7	A family with several properties whose mortgages were linked. One family member was unemployed. Another family member was trying to assist their unemployed relative but could not pay their own debt.
8	Clients who owed $195,000 in credit card debt. Most of this debt was a result of irresponsible lending by one creditor.
9	A wheelchair bound, widowed woman with a disability and three children was provided with an initial credit card of $5,000. This kept being increased by the creditor, who offered $5,000 increases until her debt amounted to $40,000. The client used the funds to pay for her children's schooling and medical expenses, such as braces. The creditor also sold the client insurance which she'd never be able to claim on, as it was only for employed people (she was not employed, as she was receiving the Disability Support Pension). This insurance was paid for over 12 years. She was suffering emotionally, physically and medically, as she wasn't buying her own medication to maintain the repayments on this debt. The client suffered for years due to this debt. I have personally seen hundreds of cases during my eight years as a financial counsellor. I cannot bear to think what would happen if we didn't have these responsible laws as back up, to advocate and protect our most vulnerable community members in the future.
10	Lenders are already lax on their lending terms. [One of my clients was] a 60-year-old pensioner, who was already struggling to put food on the table. He was approved for a loan to buy a car, campervan and a trailer.
11	[I assisted an] elderly client, who couldn't speak English very well. She was lent $70,000 over three accounts. When she requested help from the bank, they gave her more credit so she could pay her current debts. She did not understand the credit system at all. I was able to waive all of her debts.
12	As a new financial counsellor, I have not had much experience with irresponsible lending. However, my work colleagues have experienced irresponsible lending with their clients.
13	A 91-year-old woman in a nursing home being provided with two credit cards.
14	Multiple loans given to a client who was paying off their existing debt with more debt.
15	Credit cards with huge limits given to people on low incomes, with automatic limit increases.
16	A recently retired pensioner with credit card debt of $265,000, over 12 cards. [I have also seen] students with debts of up to $80,000 on payday loans, credit cards and Buy Now Pay Later purchases.
17	I assisted clients with over $450,000 in unsecured loans. Most of it was through credit cards and personal consolidation loans from the big four banks. We ended up having to support them by declaring bankruptcy and the client lost their home.
18	A recent client had 12 credit cards, totalling more than $100,000 of debt. The client is struggling to pay even the minimum monthly payments.

	RESPONSES
19	A broker refinanced a client's home loan, promising him a lower interest rate. The client had low financial literacy and although they were given a product with lower interest, the repayment period was reduced from a 30-year term to a 15-year term. This significantly increased the client's monthly loan repayments to a level that was unaffordable. The broker also increased the amount being borrowed by $30,000. The broker then told the client that they had to pay his (the broker's) fee of $5,000 and that if the client wanted a $10,000 credit card, he could organise it for an extra fee of $2,000. The client didn't obtain a credit card but paid the broker for refinancing the loan to the $30,000 line of credit. The remaining credit (which totalled $25,000) quickly depleted, as it covered the shortfall in the client's capacity to repay the loan. It's suspected that the broker forged the client's payslips to qualify the client for the loan. However, this couldn't be proven, as the bank claimed there were no records on the client's file.
20	A $15,000 credit card granted to someone on the Carer Allowance.
21	A client in hardship who received the Disability Support Pension. He was approved for $15,000 in credit, a chunk of which was added in the last four years when he paid for his mother's funeral. I haven't been able to figure out who extended the limit, but the interest payments alone sent him into further debt. I was able to use responsible lending laws to argue for a complete waiver.
22	[I assisted] a man with a credit card with a $4,500 limit. Eventually, he ended up owing $47,000, as he was too ill to make repayments. [I also supported] a lady who was employed and desperate to keep her family housed. She used credit cards to live, because her income was insufficient. She had ten loans and credit cards totally over $100,000. [I have witnessed] a bank taking advantage of a lady in her 70s, who wanted to be a loan guarantor for her son. Instead, they made her co-borrower. His business failed and the bank transferred his business loans to his mortgage debt, expecting the mother to pay. A man with disabilities who had two personal loans, four credit cards and two online (outside credit code) debts. This client didn't comprehend the consequence of having to repay loans.
23	A $30,000 credit card limit for someone who is a very low-income earner, who has six other credit cards.
24	Selling inappropriate products to people who clearly have insufficient financial capacity.
25	There are many examples. One is a bank, lending tens of thousands to a teenager for a car loan. He'd only just started his first casual job. Any examination would have shown there was no chance he could make the repayments.
26	A pensioner with a $30,000 credit card debt.

	RESPONSES
27	[I have seen] lenders who continue to advance money to consumers who are unemployed and are clearly problem gamblers. The lenders don't do any checks on the consumers' ability to repay the debt and ultimately, they end up having to sell their house to repay the debts.
28	A mother of five young children on Centrelink benefits was taken into a bank branch by her then partner to sign for a loan that was already prepared by a bank staff member under instruction from the partner. The client was given a $20,000 loan, when she already had a $10,000 loan that she'd defaulted on.
29	Clients with more than ten credit cards. [It comes down to] failure of the lenders to check and/or failure of the borrower to disclose information.
30	A 25-year fixed rate personal loan, secured by a previously unencumbered home.
31	A bank approving two loans to a disability pensioner over six weeks. When looking at the bank statements, it was apparent that the client was a serious gambler.
32	Just today I heard of a 24-year-old couple being offered $700,000 with a $50,000 deposit, when their parents said, "You only need $400,000 at the most to get started." The couple got scared and decided not to borrow at all for now. I also have examples of older people being offered access to their equity to spend, at a time when they should be debt free.
33	A home loan over 30 years offered to a 70-year-old pensioner.
34	Lenders approved a personal loan for my client, while she sat there with her partner. She had two black eyes from her partner and she never said a word through the interview. The partner spoke for her and told her to sign. It was all in her name.
35	Clients with intellectual disability and limited capacity to make decisions about their finances are able to incur debt.

NORTHERN TERRITORY

	RESPONSES
1	I had an elderly couple come and see me. He'd suffered two strokes and could no longer work, so she was the sole income earner. They had a $900,000 mortgage. They accessed and used all of their super to build this house, which was going to be their 'retirement nest egg.' When they fell short of finishing off the project, they applied for credit cards. They had $150,000 of debt across six credit cards. He was unable to return to work and her salary couldn't even pay the mortgage, let alone the credit cards. In my opinion, there was no 'exit strategy' upon retirement and credit limits were increased with little or no checks because they were making the minimum repayments. There is no way they would have ever been able to pay back the debts before retirement or beyond that, as there was no equity and no super.

	RESPONSES
2	A co-worker had a client with an acquired brain injury, who was signed up to a business car loan for a prestige vehicle via a dealership. The ABN had never been used.
3	I had a client who spoke English as her second or third language. Her elderly husband had her sign a contract for a loan to buy a new car for him. My client had no idea what she was signing up for and the loan was in her name. Then the client's husband died and there was no insurance to cover the loan for the car. My client had no benefit from the car, as she already owned an older and smaller vehicle. The lender began pursuing my client for payments. When I began to unravel the deal, it would seem the car yard lender and my client's husband railroaded her into signing a document which was not explained to her. The car was not used by my client and was parked in a safe place. After many emails and telephone conversations and due to the responsible lending laws, I had the car returned to the lender and the client declared free of the debt. All of this was put in writing before the car was returned. Without these laws, my client would be financially encumbered with the debt. She didn't want the car and was not in a financial position to pay for it.
4	More than $70,000 worth of credit provided to a part-time employee in a remote community to purchase a new four-wheel drive. The client's comprehension of the contract he signed was highly questionable. The vehicle is no longer functional, and the client has debt that he has no capacity to pay.

QUEENSLAND

	RESPONSES
1	Migrant clients in their early sixties. They had no super, were working as fruit pickers. They already had a mortgage but were given a second home loan. They were in arrears on the loan within 12 months.
2	XXX gave a 69-year-old aboriginal man, who was close to retirement, a $60,000 car loan. After only owning the car for a year he was forced out of his job due to his health and had to retire. He is now on an Age Pension and can't afford to pay for the car loan. Basically, XXX made no enquires regarding his ability to pay this loan into the future. XXX knew, or ought to have known, that my client was close to retirement age. This is still an ongoing case.
3	Client was given a $16,000 credit card when the intended purchase was only $7000, resulting in severe financial hardship.
4	Young people getting online loans for phones, iPads etc.
5	$21,250 personal loan given to a single mother of two children. She had just started a new part-time job and had already been struggling to make payments on a previous loan she had with the same lender.

	RESPONSES
6	A broker sent an application to a loan provider for consideration. It showed that although she worked part-time and received some Centrelink to support herself and her two children in her sole care, she would still have a deficit of $455 per month if she was given the loan. The loan provider took the information provided, did not speak to the consumer and reworked her expenses. They incorrectly recorded her income and approved the loan. Eighteen months later, she was living in inappropriate housing because she wasn't able to pay her rent. She had hocked most of her possessions and lost them. Her children ended up being removed from her care as she couldn't afford to support their needs anymore. When we identified the point where things spiralled out of control, it was when the car loan repayments started to be taken from her account. After disputing the debt, it was reduced to principle only. The final amount owing was also waived, and the broker made an apology, providing her with a small amount of compensation to replace some of her lost belongings. These measures meant this young family was able to start taking some steps to recovery. However, the effects of the credit provider's irresponsible lending will be felt in different ways for many years.
7	When people lose a large part of their Centrelink payment to pay back a loan they should never have got.
8	A lender had offered a personal loan and a credit card to a couple who requested financial hardship assistance. They already had multiple personal loans and credit cards (not joint) multiple periods of reduced household income and no equity in any assets. They presented to us with an estimate of $150,000 in unsecured debt. The matter was taken to AFCA.
9	A client on a Centrelink pension and studying full-time was given access to thousands of dollars of credit on their credit card that they were not able to repay.
10	Bank borrowing capacity for credit card increases was assessed on my client's credit card account activity. The card was being used by a bankrupt partner for his business transactions, so the assessment was not made on her income. The bank argued till it was blue in the face that there was no irresponsible lending. The case escalated to advocacy, but it was the financial abuse that got the debt waived not the irresponsible lending.
11	Clients who have been sold an item and without having access to counselling or review have had the finance for that item approved, without any proper assessment of the item's affordability. A transaction doomed to fail from the beginning and totally avoidable.
12	A creditor lending without assessing a consumer's income and expenditure.

	RESPONSES
13	A young woman in late-stage pregnancy with her second child who had left a domestic and family violence relationship. She was declined a car loan with XXX because her casual wages were insufficient, and her child support and Family tax A and B could not be counted as income. The car salesperson connected the woman with a broker who rushed a loan with XXX. (Eventually) the vehicle was voluntarily surrendered, and the debt sold to a debt collector who waived the debt for the borrower.
14	A 56-year-old Aboriginal man with mental health issues on the Disability Support Pension was given three loans with a provider within a very short time, because he had always been a good client. He was in severe financial distress over a long period of time and too embarrassed to see anyone as he felt shame. He said he walked past the front door [of our agency] about 6 times before he could even come in.

SOUTH AUSTRALIA

	RESPONSES
1	Bank lending to a couple on Jobseeker. They were approved for a mortgage of $179,000, plus two credit cards and a personal loan to the value of more than $45,000. There's no way they should have been allowed to borrow that much. It's all sorted now, as [we secured] debt waivers for the personal debts. The bank tried putting it back onto the clients. Yes, they have to take some responsibility, however when people are desperate (or what they see as desperate), they make desperate decisions. I could mention many more from over the years.
2	Six lines of credit being offered to a client, with different products from the same lender. The client applied for six credit cards (worth tens of thousands of dollars) on the same day, when they were on an overseas holiday. The client then used the credit cards to pay for their living expenses after a bushfire event (2015).
3	[I've seen] credit approved for clients who clearly had little understanding of what they were applying for. English was their second language. I've seen the same thing happen to clients with intellectual disability.
4	Lending to people who clearly don't understand the contract – culturally and linguistically diverse, people with mental disability and even cases of people who signed the contract only one month after their 18th birthday. [I've also seen] lenders who never check or complete the assessments properly.

	RESPONSES
5	The worst example of irresponsible lending I have seen involved a number of credit card providers that approved credit cards for my client without properly assessing if the loans were "not unsuitable." My client finished up with over $90,000 in credit card debt. He only had $40,000 equity in his property and was not a high-income earner. The cards were amassed over a few years. I requested copies of contracts and credit assessments from each of the credit providers. With some, it was necessary to raise a dispute to get the information. One creditor waived the debt early in the process without being asked. In all other cases, we were able to resolve the issues without going to the ombudsman. The resolution was to write back the interest, apply payment to the principal and make an affordable payment arrangement over a number of years. The total debt was more than halved.
6	[I've seen] clients losing their homes via personal insolvency, due to high amounts of debts.
7	A car yard allowing a woman to co-sign a loan for a sports car that she would never drive, and the family could not fit into. She was living on a Centrelink allowance and was clearly being coerced into taking out the loan.
8	A client was coerced into taking out a car loan/lease agreement that required unsustainable payments. This put the client's housing in jeopardy, because they were unable to meet mortgage payments as the car payments were prioritized by an abusive partner.
9	I have a client that has $300,000 debt across ten credit cards, plus a large debt to the Australian Tax Office. It doesn't appear that any of the creditors have bothered to verify the stated income of the client.
10	Client being given credit increases without assessments. If responsible lending law are removed, this might start happening again.
11	[I assisted a client with] $160,000 in credit card debt.
12	[The worst case was] a consolidation loan organised through XXX, with overall interest no less than 13%. It was originally three loans, but for a longer period of time.
13	[The worst case was] a young family who took out a mortgage through a broker. The woman was seven months pregnant and about to give up work to care for her baby after the birth. The mortgage would have been a strain on their finances even with her income. When she gave up work, their income was significantly reduced. The loan was completely unaffordable without substantial hardship. The broker was fully aware of their situation and would have known that without her income, the loan would have been refused.
14	A $50,000 car loan approved for client in receipt of the Disability Support Pension, with little to no English language skills.
15	My client lost everything, even her family. It was the worst case I have ever dealt with. There's no way of repairing such severe damage. Mentally, physically and emotionally [harmful].
16	One of my client's had no money to buy food. She had so many loans that she had no money left to live on.

	RESPONSES
17	I was a Paramedic for 33 years. A large contributing factor to suicides was financial - unassisted financial hardship.
18	A $35,000 credit card issued to a person who lived on the Age Pension.
19	Incorrect financial documents which an unaffordable car loan to be approved. The client defaulted on loan repayments... After studying the documents, I was able to prove a lack of responsible lending and all the interest was waived.
19	[I have assisted] clients who were unable to afford their mortgage, who went to XXX for assistance. They were told to sell their house and that XXX would arrange for a new housing loan, for a bigger and more expensive house with a higher interest rate and repayments. The clients are now in more financial difficulty and cannot renegotiate the loan. [I have also seen] a personal loan of $25,000 given to an 18-year-old on the date of his 18th birthday. The client had no employment or housing. The client used the personal loan for gambling and now has gambling addiction.
20	Any loans from XXX or XXX. Any loans from payday lenders. Various banks loan money to people when they don't receive the benefit, which is common in family and domestic violence situations. Generally, it's women who are the victims of these types of loans. They're left with loans they have no benefit from and cannot afford [to repay].
21	Not the worst example, but recently I had a client on the Age Pension who was provided with a $200,000 extension on her home loan, two years before retirement. Without responsible lending laws and the Australian Financial Complaints Authority, we would NOT have [been able to] obtain a good outcome for the client. In the end, we secured a reduction of her debt by approximately $65,000. Without responsible lending laws, it is possible that the client would have sold her home and become another recipient of rent assistance. Certainly, her spending power in retirement would have been greatly constrained, as she would have been paying more for housing.
22	A solar panel contract for $19,000, where the client had no capacity to pay. The matter was resolved using responsible lending laws.
22	XXX 's and XXX's fortnightly repayments being greater than the client's fortnightly income.
23	Fees for XXX. Re-financing mortgages for people in their 60s.

TASMANIA

	RESPONSES
1	An $18,000 car loan for an 18-year-old on Youth Allowance with no other income. Living expenses greater than income before the loan was granted.
2	Obtaining bank statements and evidence of income but not even looking at them.

	RESPONSES
3	XXX taking over another financial institution, getting property re-valued at a lot lower figure (reduction of $3 million in value) and then expecting the client to come up with $2 million within six weeks. Prior to the take-over, the client had always kept existing loan up to date.
4	The client had a credit card. The bank she banks with uses an outside lender for their credit cards. She approached the bank, as she could not afford the credit card payments anymore. She had a spending addiction. The bank turned the credit card into a personal loan, as the interest was cheaper. They gave the client a cheque for $27,000 to pay out the credit card (which she did do) and wrote a letter to the credit card company asking for the card to be cancelled. It was sent by post. The client spent on the credit card two days later, running up $10,000 in two days. The client was on a disability pension when all this happened and when I first saw her, she owed over $21,000 on each debt.

VICTORIA

	RESPONSES
1	A financial services provider loaning money for a vehicle to a person who has a disability, with low comprehension and literacy levels. The car finance dealer completed the application entirely on behalf of the client, including fabricating his living costs and other expenses.
2	When I first started, we were still assisting clients that were provided homes loans before the lending laws came into effect. The amount of loans approved by banks that were provided to migrants and people with low skilled jobs was very high. Unfortunately, we saw a number of repossessions for homes in the outer western suburbs where homes were cheap, but clients had bought with little to no deposit. Loans were given to people on low incomes, with casual and part-time employment. There is no one case, because there were many.
3	Unemployed single mum who had never worked was lent $16,000.
4	XXX gave a Sudanese client with refugee status a credit via personal loans. It had unmanageable terms. Centrelink recipients and client had no formal schooling nor understanding of English. There was no use of interpreters.
5	It is hard to name, I have seen many clients over the years sign up to loan contracts which were unaffordable, inappropriate or simply irresponsible.
6	A 67-year-old client, who accessed too much credit in the past, now has no hope of retiring because the Age Pension from Centrelink is not sufficient to meet his needs.
7	A DSP (disability support pension) pensioner who owned two horses obtained a home loan as a "horse trainer", with inflated income figures.
8	CALD (culturally and linguistically diverse) gambler offered multiple $50,000 loans within 12 months of each other, with unproven capacity to pay.
9	Clients given credit and mortgage loans that they could not afford and would never be able to pay off. Clients losing deposit they paid.

	RESPONSES
10	A client who already had a home loan (half principal and interest, half interest only) and requested another $60,000. This was approved but was never affordable. Now it is likely she will lose her home.
11	I do not have one worst case. However, in a financial context there are shared stories where women escaping domestic violence are affected with the entirety of liability and experience extreme asset loss. On numerous occasions, everything is foregone. Sometimes, as they have to flee, they leave behind their family and community which provides safety and essential needs. These clients frequently become homeless and due to the institutional enforcements, that have been allocated to them, remain in the cycle of structural abuse. They cannot access stable accommodation, employment or afford medical attention and basic essential needs. It is common practice for creditors to pursue the more vulnerable debtor when there is a joint liability. The perpetrator, again, avoids the responsibility as they are not in the lens of the creditor. This may be a precautionary measure by the creditor to avoid repercussions of perpetrator of domestic violence when seeking remuneration. The existing system is already problematic, with structures that create multiple barriers for our most vulnerable. In addition, lawyers are referring financially destitute clients to seek loans for legal fees when the client is pursuing protection and advocacy to protect their rights. Our clients are victims to the additional intersections of institutional financial abuse.
12	Allowing an unemployed older person to get a loan and expecting her to pay it.
13	Loans given to a person who was illiterate and had obvious mental health issues.
14	A 60-year-old woman on a DSP (disability support pension) was granted a 30-year loan with repayments being 40% of her weekly income. The bank knew that within the last 12 months she was a partner in a business which was sold with a $250,000 deficit and that she jointly owned another house that had been foreclosed upon. The repayments were unaffordable, and the client relied solely on charity for food. The bank advised her to prioritize her loan repayments so she wouldn't be made bankrupt. The client couldn't afford very basic living necessities.
15	XXX granting a personal loan of about $10,000 to a young man who had no assets and relied on Centrelink benefits for income. The bank then granted four increases of the loan amount to a total of $40,000 over a period of approximately six weeks. Any examination of the borrower's transaction history would have revealed a clear pattern of gambling related use of his funds.
16	Lending to a mentally challenged person with schizophrenia.
17	Ten years ago, a large bank lent a 70-year-old male $260,000 with no means of debt clearance long term. It was financed via a broker. The bank forced the sale of the client's home last year, being 10 years later. The client is now 80 and of poor health.

	RESPONSES
18	A CALD (culturally and linguistically diverse) client who didn't speak or read English was drawn into a community lending scam six months after arriving in Australia. He was entered into a XXX personal loan via a XXX broker. Falsified information was provided for him to be able to secure the personal loan to pay for an operation for his daughter. A wages statement was falsified, unbeknown to him, as he had never been employed in Australia and he had evidence from Centrelink verifying that he had been receiving Centrelink income only, not wages.
19	Large personal loans given to newly arrived immigrants, that cannot understand English nor afford to repay the loan they were given.
20	The extension of credit and personal loans to clients on temporary visas and often in casual employment. This causes clients to experience an increased level of pressure and concern in relation to managing debt and meeting the increasing costs of visa applications and terms when employment is disrupted.
21	A gentleman called XXX whose only income is from a Disability Support Pension was sold a loan for a car where the payments leave him without money for food or utilities.
22	I have seen a client on the Age Pension who had no surplus income and no ability to afford to repay given a credit card with a $15,000 limit. She only required a card for $5,000. Many more stories I could tell.
23	Credit card limit increases. Selling financial products to people without considering their ability to repay within their budget.
24	A client (male, single parent) had his credit limit for a credit card increased four or five times, from a starting limit of $5,000 to eventually $45,000 over seven to eight years. He was unemployed and his sole income was from Centrelink. The bank did not conduct any financial assessments during this time. Preapproved letters were sent to the client. He did not enquire or apply for them. He only responded to the bank's invitation.
25	A personal loan for an illiterate pensioner, who suffered from an acquired brain injury and had no capacity to understand the loan contract.
26	Lending to gamblers where there is clear evidence on bank statements of multiple transactions at gambling venues and online gambling. Statement from lender of credit.
27	Banks and other creditors offering an 18-year-old credit cards and not explaining the true meaning of it.
28	A new immigrant given a XXX loan with no deposit and an employment letter from a family member. 12 months down the track, he lost everything as he had never made a single payment on the mortgage. He simply could never afford it. He had a wife and three children. The stress got so bad for him that he ended up in XXX Mental Health services.

	RESPONSES
29	I have seen so many I don't know where to start! I've seen many people who have been given credit despite being homeless, in a family breakdown situation, dealing with mental health issues, all resulting in small and large amounts of debts . I've seen people come in where they did not even ask for increased credit but were given it anyway. I've seen situations of customers making requests for small loans and then given large credit cards plus the loan. I remember a young man who had a family and started up a small business which was on the verge of collapse. He was able to obtain several credit cards and had a terribly devastating situation of a child dying and had used all savings and credit from different credit cards to pay each debt, which just spiralled out of control. He became suicidal, lost the business and ended up homeless. It was devastating and his mental health struggled for a very long time due to the failure of his financial situation.
30	Where to start? $45,000 unsecured personal loan to a client with four dependants in the process of moving employers. No reference was made to their outgoings as the lender lead the conversation, encouraging my client to apply with previous employment details via direct bank credits. This was to avoid scrutiny of ongoing affordability and to declare they are only liable for half of outgoings, which was untrue. No documentation was requested regarding income or outgoings.
31	Personal loan for $10,000 when the client was on Centrelink.
32	Lending to a young man who had an intellectual disability and several other mental health issues including bi-polar, Autism Spectrum Disorder, Attention Deficit Hyperactivity Disorder and Generalised Anxiety Disorder. This young man worked part time but had large medical expenses. He also did not understand the consequences of taking out the loan and how interest and non-payment would affect the balance. I am still trying to resolve this issue for my client.
33	At the moment I have a client with around $80,000 in unsecured debt sitting alongside a home loan of $300,000. Income is currently a carer's pension.
34	A lady in Western Australia was lent multiple loans for multiple properties from several banks for investment purposes. The banks did not properly assess her repayment obligations when funding the additional investments. All properties needed to be sold and losses calculated.
35	73-year-old given multiple eight-year long car loans. He was on the pension.
36	Someone on a Centrelink income approved for late-model luxury car finance.
37	A working son coerced his elderly mother on the Age Pension to get a personal loan in both their names which only he was to benefit from. He went bankrupt soon after, leaving her to be hounded to repay the money.
38	A 72-year-old client with a 30-year home loan.

WESTERN AUSTRALIA

	RESPONSES
1	A big bank gave a substantial investment loan to a single person with two children, who was on a low income. Their assessment showed that the client was in deficit.
2	My client was offered finance [approval for a loan]. The client suffered from cognitive impairment.
3	[I assisted a] client who had debts being offered [to them]. [They received] a credit card limit increase based on information that was supplied back then when the credit was first given.
4	A deaf and illiterate consumer was provided with a credit card.
5	An 18-year-old female from an Indigenous community purchasing a vehicle worth $42,000.
6	XXX (lender name) – Loan repayments for $130 per fortnight, which were calculated on income and expenditure. They left the client with a surplus of $45 per fortnight. XXX do not follow responsible lending. This is an example of what can happen. [I've also seen] banks increasing credit card limits from $1,000 to $8,000 in a 12-month period. This was for a single parent, who did not undergo additional credit assessments or checks on income and expenditure or suitability.
7	[I assisted a] 63-year-old male, with an annual income of less than $40,000. He had a $16,000 credit card which, according to statements, the client would pay off in roughly 90 years if he paid the minimum amount.
8	A credit card given to a 19-year-old, 10 years ago. She was only paying the minimum amount, so the balance increased exponentially. She had no capacity to pay, as she relied on Centrelink payments. $4,000 of the debt was waived by the bank.
9	[The worst case was] A 30-year loan that saw the first 14 years paying interest plus $50 per month to a 40-year-old man. After that, a loan that was totally unaffordable and only maintained for six years through the steady sale of assets that the bank knew existed. After that, a half dozen unaffordable loans provided to parents or grandparents who were guarantors for their children/grandchildren. They had assets that the bank could take.
10	A young Aboriginal woman in a violent relationship was pressured by her abusive partner into obtaining a credit card, to pay off his Telstra debts. The bank pressured the young woman into a much higher credit limit than she wanted. The bank also pressured her into paying for junk insurance on the credit card. There was no assessment of suitability for the credit card.
11	A client on a limited income (Centrelink) with no work history, who was unable to service their loan and who had huge debts.

	RESPONSES
12	A client was offered $2,000 in credit when she was employed. She had nearly paid this off, but she lost her job, her marriage broke down, and [she quickly had] no money. [She was] offered a top up of $5,000, which she accepted. She was then offered another top up six months later, which she accepted again. Now, there's no way of paying this debt and debt collectors harass her continually.
13	Clients have been forced to sign contracts or agree to sign due to domestic violence issues.
14	Clients issued with a mortgage, a line of credit and a mortgage for a second property.
15	Millions of dollars of debt given to a couple earning only $38,000 combined income annually. [It was] done via a broker, who deliberately provided false information to the bank. The clients were unaware of this, until years down the track when they were up to their eyeballs in debt. Interest was paid on interest. Their debts were interest only - serviced by borrowed funds. The clients were asset rich but cash poor. Now, they stand to lose everything and will possibly end up with shortfall debt. This would not have happened if their income was correctly verified by the bank and if the broker hadn't provided incorrect information in order to line his own pockets.
16	A couple in their 60s being able to borrow more than two million dollars. They used their existing properties as equity to buy three properties in northern Western Australia.
17	A single parent earning approximately $50,000 per annum, who had a son with a disability. She was lent over $700,000 for an investment. The banks advised that they don't have a copy of a serviceability calculation at the time of application – [effectively] admitting that they didn't complete one. The calculation they provided, based on some information they could scratch together, showed a deficit and that the client couldn't afford the debt. Her home is now at risk, and she and her son could become homeless.
18	I have an elderly couple on the Age Pension, who had credit card debt of about $150,000. This was all waived under responsible lending laws. The couple were suicidal when I first met them, but with our assistance and due to irresponsible lending laws, we were able to negotiate debt waivers that left our clients in a better financial situation.
19	Elderly people [are at risk]- reverse mortgages will be on the rise again.
20	I had a client with ten credit card accounts. He'd accrued debt on all of them and couldn't pay. He has made contact recently and he now has more credit cards that he wants hardship assistance for. We have no capacity at this time to take on this client, due to having a reduction in staff. We referred the client to another service.

financial
counselling
australia