



## **MEDIA RELEASE**

**Embargo Monday 15 March 2021**

### **“The future of safe lending is in your hands” - Financial counsellors plead with Senate crossbench to block government plan to axe laws**

Australia’s financial counsellors are pleading with crossbench Senators to block the Federal Government’s bill to axe responsible lending laws.

The bill will amend the *National Consumer Credit Protection Act 2009* by removing responsible lending obligations for lenders, with the exception of small amount credit contracts (SACCs) and consumer leases.

The contentious bill will be debated this week and when it goes to a final vote in the upper house, the five crossbenchers will decide its’ fate.

“It’s now crunch time. We are calling on the crossbenchers to block this bill. Axing safe lending laws will only make it harder for financial counsellors to help the most vulnerable people,” said Fiona Guthrie, the CEO of Financial Counselling Australia.

“We are not mincing our words with these five Senators. Unless the Government has a change of heart, right now the crossbenchers are the only people with the power to ensure these vital laws remain in place,” Ms Guthrie said.

Financial counsellors have written an open letter to Senators Pauline Hanson, Malcolm Roberts, Jacqui Lambie, Stirling Griff and Rex Patrick. 160 financial counsellors have added their own examples and thoughts to the letter, personally urging the Senators to do the right thing and vote the bill down.

“Financial counsellors are at the front line, witnessing the harm that is caused by irresponsible lending. It leads to financial stress, family breakdown, mental health issues and even homelessness. The bill will only add more fuel to the fire” Ms Guthrie said.

The letter outlines case after case of how irresponsible lending wrecks lives. Links to them are at the bottom of this release.

#### **A financial counsellor from Queensland said:**

*“Responsible lending laws help us to do our jobs much more efficiently and easily. I recently had a 73-year-old aged pensioner who, 3 years ago, was given a \$35,990 car loan through a local car yard. This has put her in great financial stress for the last 3 years. Thanks to the responsible lending laws we were able to achieve a great outcome for this client ... she is now not as financially drained as she has been.”*



**A financial counsellor from South Australia said:**

*"I work with women who have experienced domestic violence. I have had clients who have been coerced into loans they cannot afford by their abusive partners, often in front of lenders who still sign them up for loans. One client, who only received Centrelink, had a \$30,000 car loan for a sports car she couldn't drive. Without the safe lending laws, she would have had to repay this loan. Now the creditors will only pursue her ex, who has the car."*

**A financial counsellor from Tasmania said:**

*"Having worked in the finance industry for 40 years, I've seen far too many examples of the widespread damage caused throughout our communities by irresponsible lending practices. Families shattered, children disadvantaged, increased family violence, homelessness and mental health problems."*

Financial counsellors work in community organisations and provide free, independent and non-judgmental assistance to people in financial stress. They are different to financial planners or advisors.

They work with people who are struggling with debt on a daily basis and witness the devastating impact of irresponsible lending on individuals and families.

Finally, let's not forget the Banking Royal Commission. The very first recommendation of the Commission (Recommendation 1.1) accepted by the Government was:

*The NCCP Act should not be amended to alter the obligation to assess unsuitability.*

Commissioner Hayne said, "apply the law as it stands". That is to say, our responsible lending laws should remain unchanged.

**ENDS**

Link to letter to Senators Hanson and Roberts: <https://bit.ly/3lgcp1S>

Link to Senator Patrick: <https://bit.ly/3lcAlhv>

Link to Senator Griff: <https://bit.ly/38D0INU>

Link to Senator Lambie: <https://bit.ly/2NetuNe>

Contact Maura Angle on 0418 334 121 or email [maura.angle@financialcounsellingaustralia.org.au](mailto:maura.angle@financialcounsellingaustralia.org.au)