

STANDING COMMITTEE OF OFFICIALS OF CONSUMER AFFAIRS

CONSUMER CREDIT CODE

STATEMENT OF ENFORCEMENT POLICY

EXEMPTION FROM REQUIREMENT FOR A COMPARISON RATE SCHEDULE TO ACCOMPANY A CREDIT APPLICATION

The *Consumer Credit (Queensland) Amendment Act 2002* inserts into the Consumer Credit Code a new Part 9A, which provides for the mandatory disclosure of comparison rates:

- in advertisements for fixed term credit which feature an annual percentage rate, and
- in comparison rate schedules which are to be made available to consumers.

Comparison rate schedules:

- are to be made available at any premises of a credit provider, finance broker or linked supplier at which copies of documents advertising consumer credit products are displayed or made available for collection or at which members of the public can lodge credit applications in person (under section 146K(1), (2) and (3));
- are to be made available electronically whenever a credit provider, finance broker or linked supplier makes material advertising consumer credit products available on an Internet site, or on any other public electronic system, under their control (under section 146K(4)); and
- are to accompany any application for credit sent or given to a prospective debtor by a credit provider, finance broker or linked supplier (under section 146K(5)).

Section 33G of the *Consumer Credit Amendment Regulation (No. 1) 2003* provides that a credit provider is exempt from the requirement in section 146K(1) to make comparison rate schedules available at the credit provider's premises if the use of the premises relating to the provision of credit is limited to one or more of the following:

- the display or provision of credit advertisements that do not, or information that does not, contain an annual percentage rate;
- the distribution, or collection, or both, of credit applications.

This exemption is designed to ensure that distribution of general credit information and application forms in school staff rooms, office lunch rooms and information points, usually by volunteers, does not trigger a requirement to provide comparison rate schedules in these locations.

Concern has now been expressed that, under section 146K(5), credit applications which are obtained from these staff rooms, office lunch rooms and information points will be required to be accompanied by a comparison rate schedule. This would negate the effect of the exemption from section 146K(1), as staff rooms, lunch rooms and information points would need to keep stocks of up-to-date schedules.

In order to address this issue, SCOCA has agreed that the *Consumer Credit Amendment Regulation (No. 1) 2003* should be amended to extend the exemption in section 33G to a credit application which is given to a consumer at the premises referred to in section 33G, or sent to a consumer from those premises.

Until this amendment is made SCOCA has endorsed the following agreed enforcement approach by government consumer agencies in relation to this issue:

A credit provider is exempt from section 146K(5) in relation to any credit application which is given to a consumer at or sent to a consumer from the premises of the credit provider, where the use of those premises relating to the provision of credit is limited to one or more of the following:

- **the display or provision of credit advertisements that do not, or information that does not, contain an annual percentage rate;**
- **the distribution, or collection, or both, of credit applications.**