

STANDING COMMITTEE OF OFFICIALS OF CONSUMER AFFAIRS

CONSUMER CREDIT CODE

STATEMENT OF ENFORCEMENT POLICY

COMPARISON RATE WARNING

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.

The Act requires comparison rates to be accompanied by a warning.

Section 146I of the Act provides that, in the case of credit advertisements on television, the Internet or other electronic display medium:

- if the interest rate is in spoken form and not displayed on the screen in text, the comparison rate must also be in spoken form;
- if the interest rate is displayed on the screen in text, the comparison rate must also be displayed on the screen in text and may be in spoken form;
- if the comparison rate is in spoken form, the warning and other information may either be in spoken form or displayed on the screen in text;
- if the comparison rate is displayed on the screen in text, the warning and other information must also be displayed on the screen in text.

In contrast to section 146I, section 33C(1) of the *Consumer Credit Amendment Regulation (No. 1) 2003* provides that the warning accompanying a comparison rate must be in writing.

Neither the Act nor the Regulation indicate how the comparison rate warning is to be provided in radio advertisements.

Resolving the conflict between the Act and the Regulation will require an amendment to the *Consumer Credit Regulation 1995*, to provide that a comparison rate warning may be in spoken form.

Until this amendment is made, the Standing Committee of Officials of Consumer Affairs (SCOCA) has agreed to the following enforcement approach by government consumer agencies in relation to this issue:

Credit advertisements which are on radio may provide a warning in spoken form, and credit advertisements which are on television, the Internet or other electronic display medium should comply with section 146I of the *Consumer Credit (Queensland) Amendment Act 2002* rather than section 33C(1) of the *Consumer Credit Amendment Regulation (No. 1) 2003*.

