

*Submission in Response to
Changes to Disclosure Requirements
under the National Consumer
Protection Act 2009
Discussion Paper*

May 2013

National Seniors

Australia

About National Seniors Australia (National Seniors)

With over 200 000 members Australia-wide, National Seniors is the consumer lobby for the over-50s. It is the fourth largest organisation of its type in the world.

We give our members a voice – we listen and represent our members' views to governments, business and the community on the issues of concern to the over 50s.

We keep our members informed – by providing news and information to our members through our Australia-wide branch network, comprehensive website, forums and meetings, bi-monthly lifestyle magazine and weekly e-newsletter.

We provide a world of opportunity – we offer members the chance to use their expertise, skills and life experience to make a difference by volunteering and making a difference to the lives of others.

We support those in need – as a not-for-profit organisation, we raise funds and redirect monies received to older Australians who are most in need.

We help our members save – we offer member rewards with discounts from over 7000 businesses across Australia, we offer discount travel and tours designed for the over 50s, and we provide older Australians with affordable, quality insurance to suit their needs.

Contact:

Head Office

National Seniors Public Affairs, Level 18, 215 Adelaide Street Brisbane

QLD 4001

P: 1300 765 050 F: (07) 3211 9339

E: policy@nationalseniors.com.au

W: www.nationalseniors.com.au

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National Seniors Recommendations

Recommendation 1: The requirement to provide an Information Statement should not be repealed.

Recommendation 1 (A): All information within the Information Statement should still be required to be disclosed with the exemption of the obligation that the credit provider disclose its membership of an external dispute resolution scheme, as this is required to be disclosed within the Credit Guide.

Recommendation 2: A reasonable estimate of commissions which are not ascertainable should be provided to all credit applicants as a component of the Information Statement.

Recommendation 2 (A): The disclosure of the commission estimate should be more comprehensive than what is currently applied for calculating commission for credit assistance. Disclosure should include how the commission estimate is calculated (for example 10% of the loans total value + management fee) and if the commission is one-off or ongoing.

Recommendation 2 (B): Lessors should be under the same obligations as credit providers to disclose commissions.

Recommendation 3: The time between when consumers receive the summary of the contract and when they make their final decision to enter the contract should be increased.

Recommendation 3 (A) Consumers should be provided with the pre-contractual summary 'as soon as practical and no later than 24 hours (1 business day) before the contract is entered into.'

Recommendation 3 (B): The same level of pre-contractual obligations should be applied to all credit products.

Home Loans

Recommendation 4: An additional obligation should be imposed on credit providers of home loans to ensure that the Financial Summary Table is amended to clearly and accurately display the consumer's repayment obligations (regardless of the type of home loan).

Recommendation 5: Any increase to the fees and charges which credit providers may attribute to the new disclosure requirements should also be disclosed within the Financial Summary Table and periodically reviewed by ASIC for appropriateness.

Recommendation 6: Credit providers should be obligated to provide a breakdown of how the credit is paid, including an estimate of the amount.

Recommendation 7: The term 'fees and charges' should remain as a category of the Financial Summary Table.

Recommendation 8: Late payment fees and early termination fees should be disclosed specifically in the Financial Summary Table.

Lenders Mortgage Insurance

Recommendation 9: The credit provider's name should be listed specifically to ensure that the consumer understands who the lender is.

Recommendation 10: The LMI premium should be disclosed in a separate category within the Information Statement.

Recommendation 11: Borrowers should be given the option to contact their lender or the LMI insurer if they want more information.

Recommendation 12: The statement providing guidance regarding what to do if you experience problems making repayments should be moved to the first page of the LMI information sheet and its text should be increased in size and made bold.

Credit Cards

Recommendation 13: The Financial Summary Table should be adapted to allow for the mandatory disclosure of either monthly or annual fees or both, according to how the credit provider charges fees.

Recommendation 14: Other common fees (for example cash advance fees) should be included within the Financial Summary Table.

Recommendation 15: The minimum repayment warning must be retained as a component of the Financial Summary Table.

Recommendation 16: Any increase to the fees and charges which credit providers may attribute to the new disclosure requirements should also be disclosed within the Financial Summary Table and periodically reviewed by ASIC for appropriateness.

Personal Loans and Car Loans

Recommendation 17: A consistent approach should be used for all credit products, as follows:

Interest Charges + Total Fees and Charges = Total Cost of Credit

Total Cost of Credit + Amount of Loan = Total Amount Payable

Recommendation 18: A separate statement disclosing how the amount of credit is allocated to the physical motor vehicle and to other costs is recommended, as it would be highly beneficial for consumers.

Recommendation 19: Any increase to the fees and charges which credit providers may attribute to the new disclosure requirements should also be disclosed within the Financial Summary Table and periodically reviewed by ASIC for appropriateness.

Reverse Mortgages

Recommendation 20: Credit providers should be obligated to provide an estimate of the break fee for reverse mortgages across a number of timeframes.

Recommendation 21: Any increase to the fees and charges which credit providers may attribute to the new disclosure requirements should also be separately disclosed within the Financial Summary Table and periodically reviewed by ASIC for appropriateness.

Lease-Specific Disclosure

Recommendation 22: A public consultation should occur to seek comment from all stakeholders, including consumer groups, to determine if lease-specific disclosure should be increased.

Introduction

National Seniors Australia welcomes the opportunity to respond to the discussion paper: Changes to Disclosure Requirements under the *National Consumer Protection Act 2009*.

National Seniors shares and supports the policy objective of making changes that will improve consumer understanding, including the understanding of consumers' obligations under all forms of credit contracts. National Seniors believes that the introduction of Financial Summary Tables will clarify and highlight the key costs and risks associated with credit contracts before the consumer makes the final decision to enter into the contract.

Increased levels of disclosure and consumer protection are required as far too many Australians, including older Australians, are in financial distress; one-in-two people (49 per cent) surveyed in the recent Credit Expectation report indicated that they are concerned about their current financial situation¹ and almost 50 per cent of older workers have, or intend to, delay their retirement in order to provide greater financial security.²

In addition, more than 90 per cent of consumers do not understand important features of their contracts for home loans, credit cards, store cards and car loans.³ Furthermore older Australians with lower levels of financial literacy are less likely to seek financial advice.⁴ To provide an adequate level of consumer protection, the obligation must be on the credit provider to disclose the key costs and risks of each financial product in a suitable format to enable consumers to self-educate and make informed purchase decisions without the requirement to seek specialised advice.

The high levels of existing financial distress and lack of understanding suggest that urgent action is required to prevent more consumers entering into financial contracts they do not understand, and which unintentionally expose them to high levels of financial risk, increasing their financial distress.

¹ Decide with Confidence (2013) *Consumer Credit Expectations Survey* Newspoll January 2013 1,218 respondents aged 18-64 years

[http://dnb.com.au/Header/News/Fewer Australians taking on debt as spending priorities shift/indexdl_9525.aspx](http://dnb.com.au/Header/News/Fewer_Australians_taking_on_debt_as_spending_priorities_shift/indexdl_9525.aspx)

² National Seniors Australia Productive Ageing Centre (2012) *Financial Wellbeing: Concerns and choices among older Australians*, National Senior Austrila.

³ O'Shea, P (2010) *UQ research shows consumers confused by credit contracts* The University of Queensland <http://www.law.uq.edu.au/uq-research-shows-consumers-confused-by-credit-contracts>

⁴ National Seniors Australia Productive Ageing Centre (2013), *The Role of Financial Literacy and Financial Adviser Anxiety in Older Australians' Advice Seeking*, National Seniors Australia.

Our Position

Issue 1 Removing the Requirement to Provide the Information Statement

Question 1: If the requirement to provide the Information Statement is repealed, is there any information in this document that credit providers should still be required to disclose?

Recommendation 1: The requirement to provide an Information Statement should not be repealed.

Recommendation 1 (A): All information within the Information Statement should still be required to be disclosed with the exemption of the obligation that the credit provider disclose its membership of an external dispute resolution scheme, as this is required to be disclosed within the Credit Guide .

The information provided to the consumer through the Information Statement is far greater than the single obligation *that the credit provider disclose its membership of an external dispute resolution scheme* which is duplicated within the Credit Guide. Essential information which consumers require to understand their obligations and rights under credit contracts is contained within the Information Statement, the majority of which is not duplicated within the Credit Guide.

It is critical that all information currently disclosed in the Information Statement is retained, including the answers to key questions such as “How can I determine the payout figure? Do I have to take out insurance? and What do I do if I cannot make a repayment?” If the requirement to provide an Information Statement was repealed, this would dramatically reduce consumers’ understanding of credit contracts and restrict their ability to make an informed purchase decision.

Issue 2 Changes to Disclosure Requirements

Question 2: Where the amount of commission is not ascertainable, should a credit provider be under an obligation to provide a reasonable estimate of the amount of any such commissions?

If so, should this disclosure be in accordance with the methods used for calculating this amount for providers of credit assistance?

Should lessors be under the same obligations as credit providers to disclose commissions?

Recommendation 2: A reasonable estimate of commissions which are not ascertainable should be provided to all credit applicants as a component of the Information Statement.

Recommendation 2 (A): The disclosure of the commission estimate should be more comprehensive than what is currently applied for calculating commission for credit assistance. Disclosure should include how the commission estimate is calculated (for example 10% of the loans total value + management fee) and if the commission is one-off or ongoing.

Recommendation 2 (B): Lessors should be under the same obligations as credit providers to disclose commissions.

The current disclosure requirements for credit assistance only prescribe that a dollar amount or a percentage amount of the commission is disclosed and that information must be set out in a way that is easy for the consumer to understand without being required to do any working out or to look elsewhere for additional information.⁵

Adequate disclosure is a fundamental aspect of consumer protection. It is no longer acceptable for only a percentage and or dollar amount of commissions to be disclosed; how the commission is calculated is also a key concern for consumers, including older consumers.

Disclosure alone does not affect the ability of consumers to understand the information that is disclosed.⁶ To overcome the potential lack of understanding, a simplistic definition should be provided at the point where the dollar amount or percentage of the commission is disclosed, for example: "*The commission is a fee paid to an adviser or salesperson as an incentive for selling a particular product (the higher the commission the more incentive the salesperson has to sell you this product).*"

⁵ National Consumer Credit Protection Regulations (2010) Australian Government.

⁶ Stephen Lurpkin (2010), *Consumer Protection and Financial Innovation A Few Basic Propositions* OECD Journal: Financial Market Trends – Vol 2010 Issues 1.

Regardless, if the credit contract is for the purchase or lease of an asset, consumers must be provided with a clear description of the key costs and risks associated with the contract. Disclosing the amount, type (one-off or ongoing) and the methodology used to calculate the commission are all important pieces of information which enhances consumers' ability to make an informed decision.

National Seniors supports increased levels of disclosure (for purchase and lease credit contracts) and believes that comprehensive disclosure increases consumer protection and reduces the number of consumers who enter into contracts which expose them to inappropriate levels of risk, thereby increasing their level of financial distress.

Issue 3 Timing of Pre-contractual Disclosure

What are stakeholders' views on the advantages and disadvantages of changing the timing for disclosure in relation to credit contracts?

Are the phases 'a reasonable time before the contract is entered' and 'as soon as practicable' sufficiently certain for credit providers to be able to readily comply with a requirement based on such terms? If not, are there any other more precise ways to articulate the trigger for compliance?

Should any such obligation apply to all credit products, or only to particular categories?

Recommendation 3: The time between when consumers receive the summary of the contract and when they make their final decision to enter the contract should be increased.

Recommendation 3 (A): Consumers should be provided with the pre-contractual summary 'as soon as practical and no later than 24 hrs (1 business day) before the contract is entered into.'

Recommendation 3 (B): The same level of pre-contractual obligations should be applied to all credit products.

National Seniors agrees with the Uniquet report⁷ which indicates that early disclosure increases the consumers' level of comprehension and often results in consumers choosing lower risk products.

⁷ O'Shea, P. (2010) *Simplification of Disclosure Regulation for the Consumer Credit Code: Empirical Research and Redesign – Final Report* Prepared for Standing Committee of Officials of Consumer Affairs, Uniquet.

National Seniors believes that a minimum timeframe must be set to ensure an adequate level of consumer protection is achieved. There is an inherent risk that arbitrary timeframes, which are open to interpretation, will be exploited by the more powerful party of the contract.

Given the risk involved for the consumers, a more prescriptive approach is required. The addition of the phrases "no later than 24 hrs (1 business day) before the contract is entered into" will set a minimum timeframe the consumer must be given to review the pre-contractual information. However, the government must ensure that compliance with this timeframe is monitored to prevent the minimum time period becoming the standard.

An increase in the time between when consumers receive the summary of the contract and when they make their final decision to enter the contract is highly beneficial and will:

- Highlight the importance of consumers reviewing the key information and taking time to consider the appropriateness of their initial decision; and
- Allow consumers time to conduct / or seek the advice of a knowledgeable third party, to assist their understanding of the contracts details.

Subsequently, these measures will increase consumers' understanding, resulting in consumers making more appropriate choices.

National Seniors believes that all credit products should have the same level of disclosure requirements. It is often small debts which cause high levels of financial distress. Twenty-three per cent (23%) of all Australian bankrupts owed less than \$20,000 and the two most common credit products which lead to bankruptcy are credit cards and personal loans.⁸

The increasing use of communication technology is allowing for easier disclosure; however, credit providers must be aware that not all consumers have access to the internet and email and, therefore, traditional methods of disclosure, for example face-to-face and physical mail, must be retained. Many seniors still do not have access to the internet. For pensioners or lower income earners, access to the internet can be a financial burden.⁹

⁸ Insolvency and Trustee Services Australia (2011) *Insolvency and Trustee Service Australia Profiles of Debtors* 2011. Australian Government.

⁹ National Seniors Australia Productive Ageing Centre (2011) *Older Australians and the Internet: Bridging the Digital Divide* National Seniors Australia.

Attachment A – Home Loans

What are stakeholders' views on what modification, if any, would be necessary to enable the Financial Summary Table to apply to other home loans (particularly those where the consumer is not obliged to make repayments that will repay the principal and interest for the full term of the loan, such as loans where the repayments only meet interest with a lump sum repayment after a number of years)?

Are there any difficulties in using the Financial Summary Table to address home loans with alternative interest rate applications (for example honeymoon periods)?

Recommendation 4: An additional obligation should be imposed on credit providers of home loans to ensure that the Financial Summary Table is amended to clearly and accurately display the consumer's repayment obligations (regardless of the type of home loan).

National Seniors believes that with minor modification only the Financial Summary Tables can be used to adequately display consumer obligations under all forms of home loans. For example, the addition of a separate row for honeymoon repayments followed by the standard format for the traditional loan repayments after the expiry of the honeymoon period.

What are stakeholders' views on the advantages and disadvantages of introducing new requirements to disclose the following matters: the name of the credit facility, the estimated cost of credit, the estimated total amount to be paid back, a personalised comparison rate and the term of the loan?

Recommendation 5: Any increase to the fees and charges which credit providers may attribute to the new disclosure requirements should also be separately disclosed within the Financial Summary Table and periodically reviewed by ASIC for appropriateness.

The new disclosure requirements are highly beneficial and are essential to enable consumers to understand their obligations under home loan contracts and improve their understanding of the key features of home loans. This improved understanding enables consumers to make a fully informed choice of the most appropriate home loan.

National Seniors envisions that credit providers will claim that the addition of new disclosure requirements will require increases to the home loans fees and charges to cover the costs associated with complying with the new obligations.

National Seniors considers that any increase to the fees and charges should be highlighted to the consumer to inform their choice of home loan. From a

regulator perspective, ASIC should ensure that any increase in fees and charges is reasonable, thus preventing credit providers from exploiting the new disclosure requirements as a justification to dramatically increase their fees and charges.

Should a breakdown on how the amount of credit is paid be included in the Financial Summary Table?

Recommendation 6: Yes, credit providers should be obligated to provide a breakdown of how the credit is paid, including an estimate of the amount.

National Seniors supports disclosing the information currently detailed in section 17(3)(a)(ii) of the *National Consumer Protection Act 2009* within the Financial Summary Table. Further, if the amount of credit is not ascertainable an estimate should be provided.

Could the disclosure in the Financial Summary Table be simplified by only referring to fees?

Recommendation 7: The term 'fees and charges' should remain as a category of the Financial Summary Table.

National Seniors believes that the proposed removal of the word 'charges' would create doubt and uncertainty in consumers' minds as to whether additional charges exist which are not disclosed within the Financial Summary Table.

In addition, there is substantial precedent for the use of the term 'fees and charges'. The term is used throughout financial literature and is commonly used by many financial assistance services, including ASIC Money Smart.¹⁰ Given its common use, the full term should be used within the Financial Summary Table.

Should late payment fees and early termination fees be specifically disclosed in the Financial Summary Table, or should they be included in the list of all fees and charges to be separately disclosed?

Recommendation 8: Late payment fees and early termination fees should be disclosed specifically in the Financial Summary Table.

National Seniors believes that late payment fees and early termination fees warrant separate disclosure within the Financial Summary Table, given that these fees are usually a substantial amount and are not easily comparable. Late payment and early termination fees are commonly not a component of comparison rates.¹¹

¹⁰ ASIC MoneySmart (2012) *Credit* <https://www.moneySMART.gov.au/media/344184/credit.pdf> Australian Government.

¹¹ ASIC MoneySmart (2012) *Interest Rate* <https://www.moneySMART.gov.au/borrowing-and-credit/home-loans/interest-rates> Australian Government.

Older consumers often do not have easy access to extra funds as they are on low-fixed incomes.¹² The large dollar penalties associated with late payment fees and early termination fees would cause seniors considerable financial distress. At risk consumers, including older consumers must be fully aware of all the possible fees and charges before they commit to a credit product.

Attachment B – Lenders Mortgage Insurance

Should the current reference of “the lender” be replaced with the credit provider’s name?

Recommendation 9: The credit provider’s name should be listed specifically to ensure that the consumer understands who the lender is.

National Seniors believes that if the lender’s name is not specifically disclosed this would result in confusion in the mind of the consumer as to who their loan is with, limiting their ability to seek assistance and, if necessary, to make a complaint.

How should a Loan Mortgage Insurance (LMI) Premium be disclosed in the Information Statement? Is disclosure sufficiently addressed in the Information Statement?

Recommendation 10: The LMI premium should be disclosed in a separate category within the Information Statement.

The LMI premium should be disclosed separately. Consumers should be aware of this fee as another cost of the credit product to consider and compare.

Should borrowers be directed to contact their lender rather than the LMI insurer if they want more information?

Recommendation 11: Borrowers should be given the option to contact their lender or the LMI insurer if they want more information.

National Seniors believes that as the LMI premium is a fee collected by the lender, the lender should also be accountable for providing additional information if requested by the borrower. However, National Seniors also believes that some consumers would rather communicate with the LMI insurance provider directly and, therefore, this option should not be removed.

¹² National Seniors Australia Productive Ageing Centre (2011), *Are Older Australians Being Short Changed? An Analysis of Household Living Costs*, National Seniors Australia.

LMI Information Statement – Page 13

Recommendation 12: The statement providing guidance as to what to do if you experience problems making repayments should be moved to the first page of the LMI information sheet and its text size be increased and made bold.

From a consumer perspective, the statement: **'If you experience problems making your repayments, you need to contact your lender as soon as possible as you may be able to arrange a payment variation on the grounds of hardship'** is key information and should be highlighted.

Attachment C – Credit Cards

Should the Financial Summary Table for credit cards and store cards be adapted to allow for the disclosure of monthly or annual fees (or both)?

Recommendation 13: The Financial Summary Table should be adapted to allow for the mandatory disclosure of either monthly or annual fees or both, according to how the credit provider charges fees.

National Seniors is supportive of the adaption of the Financial Summary Table and believes that the disclosure of fees and charges must be aligned with the reality of how they are charged. There is limited value in disclosing an annual fee if the fee is only payable in monthly instalments.

Should the Financial Summary Table disclose other fees (for example, cash advance fees and foreign transaction fees) or should these fees be disclosed separately below the Table?

Recommendation 14: Other common fees (for example cash advance fees) should be included within the Financial Summary Table.

National Seniors believes that all potential fees and charges should be included within the Financial Summary Table. There is a tendency for consumers to not read the material at the bottom of the page in small print.¹³ Therefore, any fees disclosed separately below the table are less likely to be read by consumers, leading to bill shock when the fees are incurred.

Should the minimum repayment warning above the table be retained given that a similar requirement has already been mandated in relation to monthly statement on credit cards?

¹³ Rebecca Smithers (2011) *Terms and conditions: not reading the small print can mean big problems*, the Guardian UK.

Recommendation 15: The minimum repayment warning must be retained as a component of the Financial Summary Table.

It is essential that the minimum repayment disclosure occurs as a component of the Financial Summary Table and to act as a form of pre-contractual disclosure, thereby allowing consumers to consider this obligation as a component of their purchase decision. It is too late for consumers to take action to avoid this obligation if they only become aware of this repayment when they receive their first statement long after they have agreed to the terms of the contract.

What are the Stakeholders' views on the advantages and disadvantages of introducing the new requirements to disclose the names of the credit facility and the term of the loan

Recommendation 16: Any increase to the fees and charges which credit providers may attribute to the new disclosure requirements should also be separately disclosed within the Financial Summary Table and periodically reviewed by ASIC for appropriateness.

The new disclosure requirements are essential to improve consumers understanding of their obligations under credit /store card contracts. The ongoing nature of credit and store cards and the requirement that consumers must take specific action to cancel their card should also be highlighted to consumers.

There is a risk that consumers are unaware that, until their card is cancelled, the credit provider can at any time call on the card's balance and/or increase the interest rate; both of which would have a significant impact on the consumers, especially seniors who are often on a fixed income with little ability to access additional funds if required.¹⁴

¹⁴ National Seniors Australia Productive Ageing Centre (2011), *Are Older Australians Being Short Changed? An Analysis of Household Living Costs*, National Seniors Australia.

Attachment D – Personal Loans and Car Loans

What are stakeholders' preferences for a disclosure model for disclosing components of the total cost of credit and the ascertainable fees and charges?

Recommendation 17: That a consistent approach be used for all credit products, as follows:

Interest Charges + Total Fees and Charges = Total Cost of Credit

Total Cost of Credit + Amount of Loan = Total Amount Payable

National Seniors believes that a two line display is easier to understand for the majority of consumers, including seniors. However, National Seniors believes that the term 'Amount of Loan' is clearer than the proposed term 'Amount of Credit' as more consumers, regardless of the loan type (credit card or other), will be more familiar with the term 'Amount of Loan' to describe the lump sum amount than the term 'Amount of Credit'.

What are stakeholders' views on providing a breakdown on the amount of credit provided to purchase the motor vehicle and the amount of credit provided to purchase other costs?

Recommendation 18: A separate statement disclosing how the amount of credit is allocated to the physical motor vehicle and to other costs is recommended as it would be highly beneficial for consumers.

National Seniors believes that highlighting the often large amounts of credit used to pay for other costs (for example warranties) will clearly display to the consumer the true costs of using credit for purchases as opposed to saving cash and the true cost of the other often optional extras, such as extended warranties. This will enable consumers to make more informed purchase and financing decisions.

What are stakeholders' views on the advantages and disadvantages of introducing new requirements to disclose the name of the credit provider, a personal comparison rate and the term of the loan?

Recommendation 19: Any increase to the fees and charges which credit providers may attribute to the new disclosure requirements should also be separately disclosed within the Financial Summary Table and periodically reviewed by ASIC for appropriateness

The new disclosure requirements are essential to improve consumers' understanding of their obligations under car and personal loan contracts.

Personal comparison rates and the term of the loan are two key components of credit contracts which can be used for comparison purposes between loans and between financing options. Consumers must have access to this information to make an informed purchase decision and financing choice.

Attachment E – Reverse Mortgages

Should credit providers be compelled to include a break fee that would be charged after a specific period?

Recommendation 20: Credit providers should be obligated to provide an estimate of the break fee for reverse mortgages across a number of timeframes.

As reverse mortgage break fees are often high and based on a complex formula, a personalised break fee estimate would be highly beneficial. National Seniors suggests that the break fee be estimated at 3, 5 and 10 years.

What are stakeholders' views on the advantages and disadvantages of introducing new requirements to disclose the name of the credit provider and the personal comparison rate?

Recommendation 21: Any increase to the fees and charges which credit providers may attribute to the new disclosure requirements should also be separately disclosed within the Financial Summary Table and periodically reviewed by ASIC for appropriateness.

The new disclosure requirements are essential to improve consumers' understanding of their obligations under reverse mortgages.

Clearly disclosing the name of the credit provider and the personal comparison rate will improve consumers understanding of the reverse mortgage loan and allow for greater comparison between loans, reducing the risk that consumers will make the wrong choice of loan and expose themselves to inappropriate levels of risk, and often jeopardising their most valuable asset.

Attachment F – Lease-Specific Disclosure

Recommendation 22: Public consultation should occur to seek comment from all stakeholders, including consumer groups, to determine if lease-specific disclosure should be increased.

Nationals Seniors supports the new lease-specific disclosure requirements as proposed on page 27; specifically, the requirement to provide a cash value of the goods to allow a comparison between the value of the goods being leased against the total rental payments.

Rental agreements are often as complex as credit contracts and have high costs,¹⁵ therefore there is an equally valid need to improve the disclosure requirements for lease arrangements.

Conclusion

National Seniors considers the mandatory implementation of the Financial Summary Tables as a critical step to improve consumers' understanding of all forms of credit contracts.

National Seniors hopes that the Commonwealth Treasury will amend the requirements for Financial Summary Tables to ensure that all the fees and charges are included within the table itself, providing one data source where consumers can locate, understand and compare all the key aspects of credit contracts.

National Seniors believes similar Financial Summary Tables should be implemented for lease-specific contracts. National Seniors strongly recommends that a public consultation process occurs to determine the appropriate level of disclosure requirements for lease products.

National Seniors looks forward to continue working with Commonwealth Treasury to increase consumers' understanding of financial contracts.

¹⁵ ASIC MoneySmart (2013) *No or low interest loans* <https://www.moneysmart.gov.au/borrowing-and-credit/other-types-of-credit/no-or-low-interest-loans> Australian Government.

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