

If I am not able to get a loan, will a broker be able to arrange one for me?

NO...banks and other lenders have certain criteria that you must fulfil before they will lend you money, and these apply whether you approach a bank directly or go through a broker.

BE AWARE

There is no legal requirement for a broker to have any particular training, skills or qualifications.

If you are having trouble obtaining a loan it may be due to bankruptcy, poor credit record, not enough income or too many debts – in which case you should seek advice from a financial counsellor.

DO NOT falsify your financial circumstances in order to obtain a loan – you may end up with a loan you cannot afford to pay off and you could face criminal charges for credit fraud.

DEPT OF JUSTICE



Northern Territory Government

Tips for using a broker

- Ask for references and speak to family and friends about their experiences with any brokers you are considering.
- Shop around for a broker – do not be afraid to ring a number of brokers and compare fees and commissions.
- Ask which lenders the broker deals with and what commissions they will receive.
- Do not leave any parts of a contract for the broker to complete. If your broker fills in an application for you, ensure you read it thoroughly before signing it.
- Do not pay an upfront fee. There are plenty of brokers available who do not charge upfront fees, but if you do choose one who requires an upfront fee, make sure that you are not liable to pay the fee until you sign up for a loan.

If you have an unresolved problem with a broker, phone Consumer Affairs 1800 019 319.

Finance & Mortgage Brokers

You'll want good advice

www.consumeraffairs.nt.gov.au

consumer@nt.gov.au

1800 019 319

SMS 040 111 6801



A finance broker is someone who negotiates with banks, credit unions and other lenders on your behalf to arrange loans, usually for a fee and/or a commission.

A mortgage broker is a finance broker that specialises in home loans.



WICKING

Finance brokers in the Northern Territory are not required to be licensed and their activities are not regulated, however they must act fairly and honestly and must disclose fees and charges that apply to the services they offer.

Should I use a broker?

You can already access all the loan products that brokers will offer you by directly approaching banks and other lenders – and these are available to you without having to pay a brokerage fee.

However, brokers can be worthwhile as they are able to shop around for you to find a loan that suits your particular financial circumstances.

They can save you time and effort, but you need to ensure the broker is in fact offering you products that meet your needs.

How much is a broker allowed to charge?

There is no restriction on the fees that a broker can charge, and the fees will vary depending on which broker you choose.

There are 3 types of brokers:

- Brokers who are paid only a commission by the lender that you sign up to.
- Brokers who receive a commission from the lender and charge you a fee for their services.
- Brokers who do not receive a commission but do charge you a brokerage fee.

Ensure that you are aware of the brokerage fees or commissions that apply before you agree to use a broker. Do not sign a contract that does not clearly state the amount of any fees that you will be liable for.

Commissions may vary from broker to broker – you should ask your broker what their commission would be for each loan they recommend to you and compare this with the features of the loan.

Check for an ‘up front fees’ clause in your broker’s contract – it is strongly recommended that you do not pay any fees to a broker until they successfully sign you up to a loan.

Will a broker find me the best loan?

Not necessarily. You should be aware that a broker may recommend a loan because it will provide them with a large commission, not because it is the best loan for you.

Do not sign anything without first seeking independent advice.