



MEDIA RELEASE

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RICHARD O'SULLIVAN Commissioner of Consumer Affairs

DON'T GET TRAPPED WITH PAYDAY LENDING

'*Quick Cash till payday*' sounds good, but can be a debt-trap for the vulnerable and the battlers who are forced to live from pay to pay.

Commenting on the latest warning from Minister for Justice and Attorney-General, Dr Peter Toyne, Consumer Affairs Commissioner Richard O'Sullivan said he is concerned that people in desperate need for quick cash will be exposed to high fees and the risk of not being able to pay back the money in time, leading to additional high fees for the rollover of the loan.

"The borrower is then trapped in a roller coaster ride to financial ruin, borrowing more, to pay back each loan", he said.

Mr O'Sullivan said, "Consumer Affairs will be monitoring pay day lenders operating in the Territory to ensure consumers are protected, under the law.

- Consumer Affairs officers are ready to take calls from prospective borrowers or from people who have been caught out by the payday lending trade.
- The Consumer Affairs enquiry line is open 7 days a week phone 8999 1999.
- A public education campaign will be held early next year on Consumer Credit issues and changes to the *Consumer Credit Code*.

He said, "Consumers have rights under the Consumer Credit Code. Some things consumers should watch out for if applying for a loan from a pay-day lender, include:

- Make sure the contract is in writing, and if you don't understand it, DON'T sign it;
- Make sure that the lender discloses the fees and charges and you understand what the rate translates to as a percentage per annum;
- If you think you have been treated harshly or unfairly, contact Consumer Affairs;
- BEWARE of offering security. Remember these goods could be repossessed by the lender;

- BE WARY about providing a direct debit authority to your bank account. If you don't have to, then DON'T.

Mr O'Sullivan said "Pay-day lending is not illegal, but it needs to be stressed to consumers to be prudent in any dealings with these high cost lenders.

They deal with those most vulnerable, the disadvantaged, financially stressed, gamblers etc, who frequently fall victim to these usury rates".

Mr McCullum from *Ezy Money* admitted on ABC Radio today that his company's interest rate is 10 per cent per week.

At 10 per cent per week it equates to an astounding rate of over 500 per cent per annum.

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