

Financial counsellors' association of new south Wales inc.

C/- 2 Dickson Avenue West Ryde (02) 9858-1377 Fax 02 9804-7743
Email refc@optusnet.com.au

1st June 2000

Mr Richard Viney
Code of Banking Practice Review
G P O Box 4612SS
Melbourne Vic 3001

Dear Mr Viney,

Re: Banking Code Review

The Financial Counsellor's Association of NSW Inc. Is an association of financial counsellors and credit advocates who assist consumers who are experiencing financial difficulty.

Our members list the following concerns in relation to the Banking Code of Practice

1. Definition and Applications

We strongly recommend incorporation of the Trade Practices Act Section 60 on Undue Harassment and Debt Collection Principles into the Code.

2. Disclosure - Terms and Conditions

This section states that terms and conditions be in English - we would prefer to add Plain and simple English with examples and case studies of complex areas where necessary being provided.

12.0 Privacy and Confidentiality

12.9 We feel strongly that a Bank should not collect , use or disseminate information about a customer's criminal record.

14.1 Statements of Account

14.1 In today's technical society, which demands to be kept informed it seem ludicrous to wait six months before one can reconcile their accounts. At the very minimum clients should be able to receive monthly statements on a regular basis and not just on request.

Some clients have complained about the changes in bank statements by various banks - stating that they are very difficult to read - single spacing and in a very small font. We agree that statements should be double spaced and no smaller font than a size 10.

15. Provision of Credit

On the subject of credit scoring we believe an example of credit scoring should be held within the Code of Practice.

16. Joint Accounts and Subsidiary Cards

16.1 Separate bank account statements should be available where requested on joint accounts.

16.2 We believe that the Banks should be able to cancel a subsidiary card where return of the card is difficult or impossible.

Relationship breakdowns are devastated by financial distress which is exacerbated by the inability to cancel a subsidiary card. It is not appropriate for the Banks to offer a facility that cannot be reasonably cancelled by the account holder.

The Banks need to either cancel the facility or be able to cancel the card and inform traders to seize the card such as is the practice with stolen cards.

17.0 Guarantees

A guarantor shall not be accepted purely on their asset base where undue hardship may be caused. Eg. Pensioner couple guarantee their son and the guarantee is supported by their house.

Any guarantor should be able to reasonably meet the guarantee if called upon from income.

17.5 The Bank shall require that a prospective guarantor obtain independent legal advice (in lieu of "recommend")

17.6 Please add iii) Guarantor to be given amount of liability and account position whenever requested. (It is vital that a guarantor know their liability under the guarantee at any given time with or without the guaranteed's permission.)

18. Advertising

Advertising must be in simple English.

Any special conditions of items being advertised, should not be hidden in tiny print at the end of advertising.

For example, Television advertising - "special conditions" need to be shown up front and read out aloud during the course of the advertisement.

This would show that the Banks clearly want to provide access and equity to all consumers and would assist those with little English skills to understand the advertising and especially the special conditions.

Clearly if the Banks believe that their advertising is not misleading or deceptive this would be the minimum requirement.

9. Closure of Accounts

iv. Add may close accounts, which are dormant and as a result of fees is overdrawn.

We thank you for the opportunity of responding to the code.

Yours faithfully,

N Brown
Vice President