

CONSUMER CREDIT LEGAL SERVICE
11-19 BANK PLACE
MELBOURNE 3000

CONSUMER LAW CENTRE VICTORIA
LEVEL 7
20 QUEEN STREET
MELBOURNE 3000

ISSUES RAISED IN ADVANCE OF JOINT SUBMISSION FROM PRINCIPAL CONSUMER BODIES

Lack of Forum for Consumer Groups to Raise Banking Issues

Unlike some other industries, such as insurance at a national level and the energy industry in Victoria, there is a lack of any forum where consumer representatives can raise issues with the banking industry. None of the relevant regulators, the industry association or ABIO offer such a forum. There is a need for a forum in which the Code and current systemic banking problems can be regularly discussed between representatives of consumers, the industry and the ABIO.

Systemic Problems

Consumer complaints about banking are almost always dealt with on an individual basis – whether the problem is of a “one off” nature or a problem which is likely to affect many consumers.

There is a need for banks to address systemic problems, and perhaps the Code could require banks to address all problems which arise from a systemic error. For example, if a complaint is made which relates to computer error on statements or due to a standard form letter, the bank should contact all consumers who are affected and ensure that each customer is compensated as if they had made an individual complaint.

Staff Training

The Code should address standards of competency and staff training.

Harassment

Harassment in the course of debt collection continues to be an issue, particularly where a collection agent is acting for the bank. Just last week a consumer claimed to CCLS that a named credit collections company, acting for a major Bank made a range of misleading and threatening statements in relation to the actions which could be taken by the Court Sheriff. This included stating that the Sheriff would come on two specific dates (needless to say the Sheriff didn't arrive), that the Sheriff would take his mother's property and that younger brothers and sisters should be out of the house because they wouldn't want to see what the Sheriff did.

The Banking Code should be clear about this issue, and we suggest that the Banking Code incorporate the ACCC guidelines. The Code must also be clear about a bank's responsibility for its agents. Given the impact that this conduct has on consumers, and the difficulty they would have in proving damages in Court, we believe that the Code should contain provisions which allow the ABIO to financially compensate consumers where a breach of the Code occurs in relation to debtor harassment.

Enforcement of the Code

We understand that while the ABIO is prepared to take the Banking Code of Conduct into account when determining a dispute, it is likely that the Courts would not do so. At a minimum, the terms and conditions of all contracts between banks and their customers should incorporate the Banking Code of Conduct.

Publicising IDR and ADR

The clause in the Banking Code requires banks to have information about complaints handling available at a bank. This is unclear, but it suggests that a consumer may have to ask for such information. There appears to be nothing requiring banks to publicise the internal complaints procedure or the ABIO. Given current concerns about the accessibility of ADR to certain disadvantaged groups, publicity is an important issue.

A number of discussion groups at a recent forum on Codes and ADR recommended that accounts and statements from industry members should contain information about the relevant ADR scheme. We understand that members of the energy industry in Victoria already do this. We believe it would be an important way of informing bank customers of their ability to access IDR and ADR. If there is already a general awareness of this fact then such a notice would make little difference, however we believe that this would be an effective way of informing those consumers who may currently be unaware of the ABIO.

“Flagging” Disputes/Complaints

Banks should be obliged to centralise their complaints and disputes procedures so that all departments are aware that a complaint/dispute is being investigated, with the intention of preventing another department acting on the account without being aware that a complaint is being investigated.

Please contact Carolyn Bond on 9670 5088 if you wish to discuss any of these issues.

Yours faithfully,

Carolyn Bond
Consumer Credit Legal Service

Christine Rowley
Consumer Law Centre Vic