Consumer Credit Legal Centre NSW

November 2008

Submission to the

Responsible lending practices in relation to consumer credit cards

Consultation Regulatory Impact Statement August 2008

By the

Consumer Credit Legal Centre (NSW) Inc

Consumer Credit Legal Centre (NSW) Inc ("CCLC") is a community-based consumer advice, advocacy and education service specialising in personal credit, debt and banking law and practice. CCLC operates the Credit & Debt Hotline, which is the first port of call for NSW consumers experiencing financial difficulties. We provide legal advice, financial counselling, information and strategies, and referral to face-to-face financial counselling services, and limited direct financial counselling. CCLC took over 13,000 calls for advice or assistance during the 2007/2008 Financial Year.

A significant part of CCLC's work is in advocating for improvements to advance the interests of consumers, by influencing developments in law, industry practice, dispute resolution processes, government enforcement action, and access to advice and assistance. CCLC also provides extensive web-based resources, other education resources, workshops, presentations and media comment.

Thank you for the opportunity to respond to the Consultation Regulatory Impact Statement **("RIS")** in relation to responsible lending in the credit card market. We appreciate this opportunity to comment on practices in the market that seriously affect thousands of consumers contacting our service, and to comment on proposals for reform. Some of the submissions below have been copied directly from earlier submissions by the CCLC on the same topic. These sections have not been specifically acknowledged.

Summary of submissions

- CCLC considers credit card debt to be the largest single cause of debt problems in the consumer credit market, despite the lower amounts involved as compared to housing finance.
- While housing finance has a greater potential effect on the wider economy, credit card debt interacts with housing debt in obscure and insidious ways, negatively impacting on the ability of many borrowers to meet their mortgage commitments in the longer term.
- CCLC does not support any option short of additional regulation of lending in the credit card market.
- Responsible lending obligations should apply across the market, not just in relation to credit cards.
- Responsible lending legislation should provide an incentive for lenders to review their practices carefully to ensure they do not lend irresponsibly.
- Responsible lending legislation should provide a fair remedy for affected consumers.
- Borrowers should be able to nominate their own credit limit.
- Unsolicited credit limit increase offers should be prohibited.
- In the alternative, credit limit increase offers should be prohibited to any consumer who has not paid out their account in full in the most recent payment cycle and at least twice in the preceding 12 months.
- Minimum repayments should be required to be increased to 3% on all new credit card accounts, and as a condition of any credit limit increase offer (should credit limit offers continue to be permitted).
- Borrowers should be clearly informed of the consequences of this change when opening a new account or accepting an increased limit with specific disclosure of the minimum repayment that would be required if the account were fully drawn to its limit.
- Credit providers should be require to assess whether a potential borrower has the capacity to repay the fully drawn credit limit on an account within four years, assuming no further drawings are made and the customer pays the maximum they can realistically afford in each payment cycle. Assessment of capacity to pay the minimum repayment alone should not be sufficient to comply with responsible lending legislation.
- Existing cardholders should be given the option to increase their minimum repayment to 3% at any time.
- There should be a set period (perhaps 3 years) after which no further draw downs should be allowed on existing accounts, with borrowers who qualify for new accounts with higher minimum repayments being able to apply for alternative products as appropriate.
- Application forms/processes should request adequate information about a borrower's income, expenses and liabilities.

- Models that estimate/assume expenditure should only form a safety net to prevent consumers from underestimating expenditure, they should not be used to assume the amount available for credit repayment.
- Lenders should have a process in place to verify consumer information on at least a significant number of accounts.

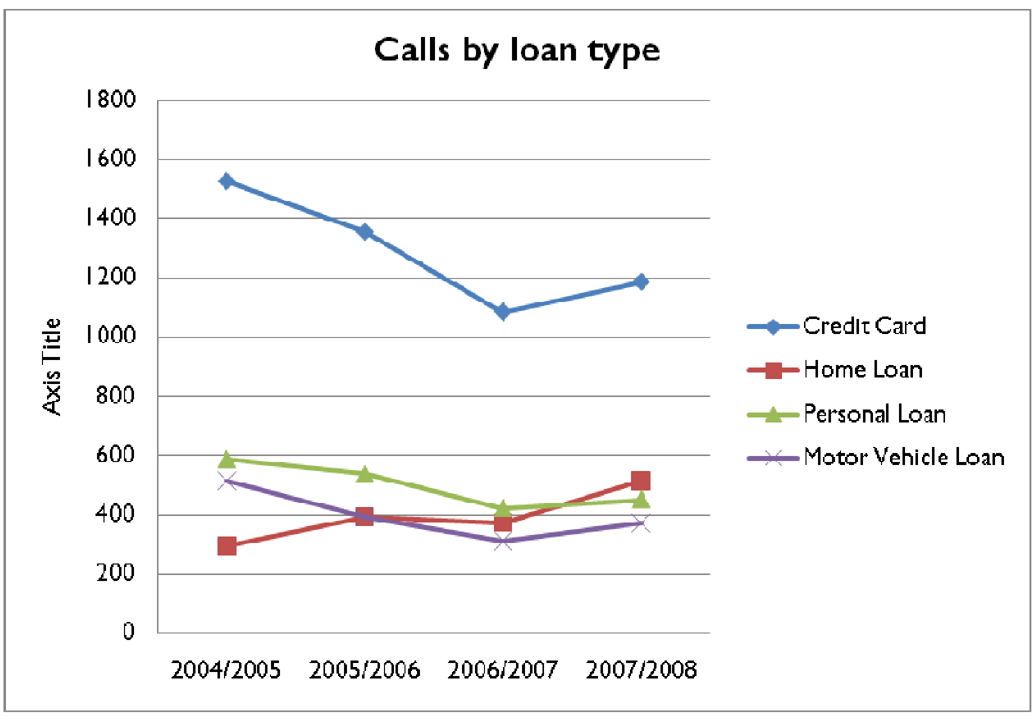
Detailed Submissions

Consumer Credit Legal Centre (NSW) Inc **("CCLC")** has been concerned for many years about irresponsible lending practices in the credit card market. The results of irresponsible lending observed in our casework practice vary between aged and disability support pensioners with spectacularly large credit card debts to more subtle problems, such as consumers with modest credit limits and modest incomes, who can afford to meet their minimum repayments but cannot pay off their account. We are appreciative of the government's consideration of this serious issue.

The extent of the Problem

CCLC has operated the Credit and Debt Hotline for just over 4 years since September 2004. In that time we have taken over 40,000 calls for assistance from consumers, most often because they are in financial difficulty. While significant detail is recorded about only about one quarter of those calls, credit cards have consistently been reported as the most common cause of debt problems among callers. As shown in Table 1 below, there have 2.5 to 3 times as many calls about credit debt than the next most common type of debt in each of the four years.

Graph – Calls to the Credit and Debt Hotline/CCLC by financial year and loan type[1]



[1] Totals do not add up to over 40,000 because this level of details is only taken about approximately 2,500 calls per year.

Credit card problems have featured so regularly in CCLC's advice and casework assistance that at least one case study about credit card lending has featured in the CCLC Annual Report every year since at least 2002/03. Some of these case studies have been reproduced in abbreviated form throughout this submission.

Case Study 1 - CCLC Annual Report 2002/2003

Client had both a Visa Card and MasterCard with the one bank. Both cards were in arrears. The bank cancelled the MasterCard due to the client's erratic payment history and defaults on payments. The Visa card account was at its credit limit when the MasterCard was cancelled. In fact for the 6 months after the MasterCard was cancelled, there were 3 occasions when the client could not make the minimum payments on the Visa Card and the client had exceeded the Visa Card credit limit.

Five months after the bank cancelled the MasterCard, the bank sent the client a letter advising that it had pre-approved a credit limit increase to the client's Visa Card. The pre-approved credit limit increase was double the credit limit of the cancelled card. The bank said that it was offering the pre-approved credit limit increase on the basis that the client was a good customer.

No checks were carried out by the bank as to the client's capacity to repay this amount, nor as to his employment status. Further it is clear that the bank did not even check its own records on the customer, as it would have discovered that it had cancelled the client's MasterCard. The bank would have also discovered that the client was struggling to pay Visa Card with its current limit. In fact the client had a serious illness. Three months after the pre-approved credit limit increase the client stopped working due to his illness and has not in fact been able to work since that date in 1997.

The Reserve Bank of Australia reported credit card debt nationally at a total of $44.6 billion dollars in August 2008,[2] bringing the average credit card debt to an unprecedented $3,200.[3] In CCLC's experience, many consumers owe significantly more than the reported average, a figure that is substantially distorted by the large number of accounts that are paid out fairly regularly, if not every month. **Table 1** below shows the amounts owed on credit cards by callers to the CCLC between 1 September 2004 and 30 June 2006. The details reported here were taken from 2,553 callers. While 500 callers owed $3000 or less, 2,005 owed between $3000 and $80,000, with 48 owing more than $80,000. In fact the average amount owed per person was $14,099, and the average amount owed on each card account was $9,843, both significantly higher than the somewhat misleading national average. While a similar analysis has not been performed more recently, anecdotal evidence from staff suggests that these amounts have not been decreasing. In fact a very recent caller to CCLC owed approximately $150,000 in credit card debt alone.

[2] Credit and charge card data, Reserve Bank of Australia website: http://www.rba.gov.au/Statistics/Bulletin/C01hist.xls

[3] Reported widely, see for example: Credit Card Debt hits record $44 billion, http://www.news.com.au/business/money/story/0,25479,24191393-14327,00.html, call for cut in credit card rate, http://www.abc.net.au/am/content/2008/s2386018.htm

Table 1 – Amounts owed on credit cards by callers to Credit and Debt Hotline/CCLC between 1 September 2004 – 30 June 2006

Debt Range – Total amount owed across all credit card accounts[4]	
Amount Owed	Number of callers within range
Under $3,000	500
$3,000 - $5,000	460
$5,000 – $9,999	501
$10,000 - $19,999	528
$20,000 - 39,999	372
$40,000 - $79,999	144
Greater than $80,000	48

The RIS refers to "*a relatively small section of the community*".. *"vulnerable to exploitation by card issuers" …"because of a small income base"*. Of the callers analysed by CCLC from the 2004-2006 period, the caller's income was low in 58% of cases (below $26,000 per annum) and medium (below $52,000) in a further 15%. Three per cent identified an income level of over $52,000 and the remainder (24%) did not specify their income level. This suggests that although credit card debt is a particular burden for very low-income consumers, it certainly extends into the middle-income bracket and beyond.

Another common misconception about unmanageable credit card debt is that it is a folly of the young. **Table 2** below demonstrates that callers in relation to credit card debt were most commonly between 26 and 45 years old. Breaking this large age range down into periods of seven years (as the 18-25 category represents), produces a result of 567 callers per seven-year age group, over twice as many per seven-year range as for the 18-25 group. While card debt drops off somewhat in the 45 - 60 category to 268 per seven-year age group, this is still a slightly higher prevalence than in the 18-25 year category. Further, the 198 callers who had problematic debt and were over 60 years of age were particularly worrying as a result of the limited (and often diminishing) income earning capacity of many consumers as they age.

Table 2 – Age of callers to the Credit and Debt Hotline/CCLC between 1 September 2004 – 30 June 2006 where the primary problem was credit card debt

Age of callers	
Age range	Number of callers
18-25 years	209
26-45 years	1530
45-60	562
Over 60	198
Insufficient information given	54

[4] Credit cards were defined to include store cards and products such as the GE Creditline account, which is a revolving credit product used to facilitate interest free purchases at major retail outlets.

Case Study 2 - CCLC Annual Report 2003/2004
An elderly pensioner, Mrs. F, accumulated over $70,000 in credit card debt. This debt was held across four cards with two different banks and Mrs F had been drawing from one card to pay the other. Any of the four debts alone were beyond the client's capacity to pay. CCLC negotiated a massive reduction in the debt and a repayment arrangement for Mrs. F. Mrs. F would undoubtedly have had to go bankrupt without the assistance of CCLC.

Lenders often claim that the major problem with credit card lending is not that consumers are given unmanageable amounts on any particular card, but rather that they amass debts across a number of cards that become unmanageable in total. The argument then goes on to suggest that more comprehensive credit reporting would therefore address the credit card problem more effectively than further regulation on lending practices. While it is certainly true that consumers do accumulate a number of cards and, in some cases, card debts, many consumers get into trouble on one card only. Alternatively, as in **Case Study 2**, some consumers have a number of debts, none of which they could easily repay even without the contribution of the others. As shown in **Table 3** below, 65% of callers in the CCLC analysis were having problems with only one card.

Table 3 - Number of credit card debts owed by callers to the Credit and Debt Hotline/CCLC between 1 September 2004 – 30 June 2006

Number of cards held per debtor	
Number of card	Number of callers
1	1657 (65%)
2	456 (18%)
3	183 (7%)
4	76 (3%)
5 or more	47 (2%)
Insufficient information given	134 (5%)

While more comprehensive credit reporting could potentially assist[5] with assisting the other 35% of callers, it would not have necessarily addressed 65% of these problems[6].

A related problem with determining the extent and nature of problematic credit card debt is the extent to which it is both obscured by, and exacerbates, other debt, particularly mortgage debt. For example, 37% of callers indicated that they had other debts that were contributing to their overall financial problems, including personal loans, mortgages, telecommunications and other utility accounts. Further, many callers to CCLC indicate that they have refinanced credit card debt into their home loan, sometimes more than once. In May 2006 CCLC conducted an in depth survey for ASIC of 14 sets of borrowers[7] who had refinanced their home loan to address financial difficulty and subsequently presented at a consumer assistance agency in further financial difficulty. Within that group 8 sets of borrowers had refinanced other unsecured debt into their home loan (in 10 different

[5] CCLC shares the concerns of the Consumers Federation of Australia in relation to more comprehensive credit reporting, see position paper available for download at http://www.consumersfederation.org.au/creditreporting.htm

[6] Further analysis to determine to what extent this 65% overlapped with the 37% of callers referred to in the subsequent paragraph who had other types of debt was not conducted.

[7] Consisting of singles, couples and at parent/adult child co-borrowers

transactions)[8] only to find their financial problems had been exacerbated. This anecdotal evidence was supported by lenders mortgage insurer, Genworth Financial, in its submission to the Commonwealth House of Representatives Inquiry into Home Lending Practices and Processes:

> *"Commonly we come across many situations in which borrowers obtain significant consumer debt after acquiring the mortgage in order to buy household goods such as plasma TVs, motor vehicles and other household consumables. The increased financial burden associated with this additional consumer debt often triggers a move to refinance both the consumer debt and the original mortgage loan into a new mortgage facility. Genworth Financial has witnessed a significant difference between the probability of default for an owner-occupied loan that has been refinanced in an endeavour to consolidate debts, with the latter having a default rate approximately two and a half times that of an owner-occupied loan."*[9]

The above problem was facilitated and fuelled by rapidly rising property prices and a highly competitive, yet largely unregulated, mortgage broking industry. More recently, as housing prices in some areas decreased and mortgage stress increased due to rising interest rates and other price increases, larger proportions of income have been required to service mortgage debt, resulting in a reliance on credit cards to meet day-to-day expenses. For some of these borrowers the very recent reductions in interest rates have come too late, as they can no longer service the mortgage *and* the credit card debt, despite reductions in repayments on the former. A recent presentation by Insolvency Trustee Service of Australia addressed the options available for a growing group of debtors who had nil or negative equity in their homes and were considering bankruptcy as a result of unsecured debt.[10]

Recent calls to CCLC

A woman owed $290,000 on her home, estimated to be worth $310,000, over $30,000 on her car, and $40,000 across four different credit card accounts that she had been using "to rob Peter to pay Paul". Another couple with young children could not pay their mortgage on their home unit due to serious illness, and had accumulated $100,000 in credit card debt before they sought assistance.

In short, non-mortgage consumer debt (in our experience largely credit card debt), has been obscured by refinancing while housing prices experienced strong growth, has contributed to mortgage default, and is more recently being used to temporarily mask real levels of mortgage stress in the community.

[8] CCLC, Refinance Survey Project Report ("Refinance Report"), 2006, p71, unpublished, p 18, some results later reported in Report by the Australian Securities and Investment Commission titled "Protecting wealth in the family home: An examination of refinancing in response to mortgage stress", released in March 2008 available for download at www.asic.gov.au

[9] Submission to the House standing Committee on Economics, Finance and Public Administration Inquiry into home lending practices and processes, by Genworth Financial, pp3-4, available to be viewed at http://www.aph.gov.au/House/committee/efpa/banklending/subs/sub006.pdf

[10] Presentation by Bob Cruickshanks at the NSW Legal Aid Mortgage Stress Forum at Rooty Hill RSL in September 2008.

- **CCLC considers credit card debt to be the largest single cause of debt problems in the consumer credit market, despite the lower amounts involved as compared to housing finance.**
- **While housing finance has a greater potential effect on the wider economy, credit card debt interacts with housing debt in obscure and insidious ways, negatively impacting on the ability of many borrowers to meet their mortgage commitments in the longer term.**

The specific problems in the credit card lending practices

We consider that the irresponsible lending in the credit card market is systemic in nature and includes the following factors:

1. Unsolicited limit increases are offered without any inquiry into the borrowers current financial circumstances. In the last few years many lenders have "addressed" this problem by asking borrowers to sign a brief document, or give recorded verbal assurances over the phone, to the effect that they can pay an increased amount without hardship.
2. Lenders have used repayment history as the main assessment criteria of future ability to repay when offering limit increases. This does not take any account of any change in income or circumstances, or indeed the borrower's financial circumstances at the point of initial approval for the account. For example, lenders may not even review the original information given on the loan application form in granting limit increases.
3. The assessment of ability to repay is based on the minimum repayment, not repayment of the debt within a reasonable term. Minimum repayment percentages are low meaning that higher initial limits and limit increases are offered.
4. Until recently. Many lenders have chosen to ask insufficient questions about borrowers' financial circumstances, and have chosen not to verify any of this information. Some lenders have improved their practices recently, many now requiring verifying documentation such as pay slips to be posted after giving conditional internet approval, for example, but such improvements have not been consistent across the market.
5. Structurally lenders are interested in creating debtors who are "revolvers" (keep an outstanding balance) rather than debtors who repay each month in full because this is more profitable for the lender. This means that responsible lending can be in conflict with profit.
6. Lender's may take comfort from home ownership, or the fact that the borrower is purchasing a home and building equity, in their credit assessment process and place less weight on the borrower's capacity to repay the debt in full from their income. This has serious consequences for the debtor who may be later forced into bankruptcy to repay the debt, losing not only their home, but tens of thousands of dollars in trustee fees.

Lenders have consistently demonstrated an inability to self regulate[11]. The move to require consumers to "self-certify" their ability to repay instead of conducting a satisfactory assessment of capacity to pay is symptomatic of a wider problem of wanting to "tick boxes" to cover the lender, rather than a genuine interest in the borrower's circumstances. This is to be expected given that responsible lending conflicts with increasing outstanding balances on credit cards. In fact lenders own education initiatives aimed at improving financial literacy, which encourage consumers to pay out credit card debt monthly, are at odds with their marketing practices, which include offering additional credit to consumers who carry an ongoing interest-bearing balance on their credit card accounts[12].

In the CCLC analysis of calls, clearly inappropriate lending[13] could be identified in 144 (6%) cases from the facts presented, including 125 cases involving credit limit increase offers. Only 53% of callers indicated a change of circumstances had occurred since the card limit was granted. However, all 2,553 callers reported an inability to meet their repayments as they fell due and/or a sense of despair as they were unable to significantly reduce their balance despite long periods of paying as much as they could afford. This suggests that unsustainable credit limit increase offers are only part of the problem, with low minimum repayments (and hence higher initial balances), lack of verification of financial circumstances, and possibly unrealistic assumptions about average living expenses (where these are estimated by the lender) also playing a role.

Customers affected by less spectacular mismatches between their debt and their capacity to pay can often suffer financial strain without ever missing a repayment. Further, they become disheartened over time, as the goal of paying off the account recedes perpetually into the future, and they become more likely to consider options such as debt consolidation, Part IX Agreements and Bankruptcy. Importantly, the longer consumers carry a debt, the more likely it is that the vicissitudes of life will intervene at some point in the lifespan of the debt to reduce their capacity to pay even the minimum repayments as a result of accident, illness, unemployment and eventually retirement. CCLC staff note that callers to the Hotline who cite illness or unemployment or other similar changes of circumstances as the reason for their inability to pay, will often admit that they have carried the balance on their account for months, sometimes years, prior to the adverse event which finally tipped a sustained problem over into crisis.

While credit card debt is unsecured credit, CCLC is aware of a number of cases where card providers, or assignees of credit card debt, have attempted to bankrupt consumers over credit card debt. This raises the questions of how much weight is given to home ownership in bank's credit scoring practices, compared to capacity to pay from income.

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[11] Some lenders have considered and even piloted responsible lending measures and then abandoned them due to the resultant impact on their ability to compete in the market. This demonstrates the importance of setting uniform standards across the board so that lenders who behave responsibly are not penalised by the market.

[12] A CCLC staff member who has carried a substantial interest bearing debt on his/her account for some years was recently offered not only a credit limit increase, but also a "convenience cheque" equivalent to the difference between the amount outstanding and the new limit.

[13] Inappropriate lending was defined as the borrower clearly having insufficient income to support the credit limit allocated *at the time* it was allocated. To draw this conclusion the record had to contain information about the caller's income at the time the credit was granted, or the limit increased. This information is not obtained in relation to every debt.

Case study – Mr N

Mr N obtained a credit card from Citibank. He fell behind in repayments and a Statement of Claim was filed against him on 22 December 2005 for the amount just under $11,000.

In January 2006, Mr N offered a repayment arrangement of $200 per month. This offer was rejected by Citibank who informed Mr N that Citibank wanted to place a lien on his properties.

Mr N then applied to the court to pay his loan by instalments of $400 per month. This offer was accepted, and an Order to Pay by Instalments of $400 per month was made in March 2006.

Mr N made his first repayment one business day late. Citibank then served a bankruptcy notice on Mr N demanding repayment of the full amount within 21 days.

Case study – Mr M

In 2006, Mr M was served with a Creditor's Petition over a $14,000 credit card debt. He never received a Statement of Claim or a Bankruptcy Notice.

At the hearing, Mr M entered into in a repayment arrangement with Citibank but fell ill with heart problems and was placed on a donor's list. As a result he fell behind in payments.

Mr N owned his own property, but had a $140,000 mortgage with another credit provider. Bankruptcy proceedings by Citibank would not only force the sale of this property, but would cost him tens of thousands of dollars in trustee's fees.

Case study – Mr. B

In late April 2006, Mr B was served with a Bankruptcy Notice from Citibank over a debt of $14,000. Mr B owned a house as tenants in common with the estate of his deceased wife. Mr B intended to pay out the Citibank debt once probate was granted as his sons would then be able to borrow necessary funds.

All the above examples involve Citibank. In CCLC's experience callers rarely report bankruptcy proceedings commenced by other lenders. In fact CCLC has raised with Citibank the notable predominance of calls of this nature received about Citibank debts, and the fact that Citibank does not appear to exhaust the other enforcement options available to it before commencing bankruptcy proceedings. While other banks do not, in our experience, readily resort to bankruptcy proceedings in relation to unsecured debt, there are debt collectors who purchase bank debt who are also inclined to take this course of action. We are concerned that the practice of bankrupting consumers for unsecured debt will increase as economic conditions decline.

Education is important but insufficient to ensure sustainable debt outcomes

Education can play a valuable role in empowering consumers to compare credit products to determine the best value for money and to determine which products are most suitable to their needs and circumstances. It can also assist borrowers to understand the consequences of paying no more than the minimum repayment, and to know when and where to seek advice and assistance. However, education will never be sufficient to ensure sustainable debt outcomes. Borrowers are often not in a good position to assess their ability to pay:

- Some borrowers simply do not have the mathematical skills to accurately make this assessment;
- Some borrowers are overly optimistic about their future potential income, about their job stability, and about their ability to live within a given budget (in particular they do not allow sufficient funds for irregular events such as car repairs or emergency travel);
- Borrowers tend to underestimate the likelihood of events which may adversely affect their ability to pay;
- Repayment is often more difficult than anticipated, particularly if credit is being used for day-to-day expenses as a result of inadequate income;
- Borrowers may be sufficiently committed to a particular purchase or course of action to exclude the possibility of making an assessment of their ability to pay dispassionately;
- Borrowers accept a higher limit than they can comfortably repay "just in case of an emergency" and then find that their debt slowly creeps towards the limit simply because it is available;
- Borrowers may realise that they are already in too deep, but accept offers of further credit to meet their immediate cash flow problems and to delay the frightening consequences of their true financial position (sometimes in the hope that things will somehow improve if they can just buy some more time).

We also submit that credit cards and other revolving debts present particular problems as consumers are rarely likely to appreciate the cumulative effects of minimum repayments, interest fees and charges, particularly default charges.

- **CCLC does not support any option short of additional regulation of lending in the credit card market.**

The need for responsible lending regulation to apply across the market

While CCLC is in favour of additional regulation of the card market, we submit that any general responsible lending obligations need to apply across all forms of consumer lending. Credit cards are the most common problem by far for callers to CCLC, but home loan problems have been the fastest growing source of debt problems among callers for the past four years (see **Graph** on p3 above) and the most serious in consequence. In addition to the obvious benefits for borrowers who may otherwise find themselves overcommitted, it is clear following the US sub-prime crisis that responsible lending needs to be regulated to ensure future economic stability. Further, any attempt to regulate one part of the market (credit cards) differently to another (personal loans, mortgages, lines of credit secured over the home) is likely to result in innovation to create products that avoid the more stringent obligations. Consequently, we welcome the announcement by the Federal Government that responsible lending regulation across all consumer lending products will be introduced in Phase 1 of the transfer of the regulation of credit to the Federal Government.

- **Responsible lending obligations should apply across the market, not just in relation to credit cards.**

The objectives of responsible lending legislation

It is essential that any responsible lending legislation meet two key requirements:

1. The proposed legislation prevents irresponsible lending by providing an incentive for lenders to review their practices carefully to ensure they do not lend irresponsibly; and
2. The proposed legislation provides a fair remedy for affected consumers.

In order to achieve this there must be:

- A stand-alone provision requiring credit provider to assess whether a borrower can afford to meet his or her commitments under a credit contract, or an extension of a credit contract, without substantial hardship
- A requirement to make reasonable enquiries about the borrowers financial circumstances, including their income, expenditure and other relevant commitments
- A requirement that credit providers have in place *reasonable* procedures for the verification of borrower information
- A penalty for non-compliance sufficient to drive change in the market place
- Power for the regulator to take action in relation to a class of contracts
- Remedies for borrowers, adequate to address the situation of unmanageable debt and to avoid unnecessary bankruptcies.

Further, substantial hardship should be defined to include situations where the loan will not be repaid within a reasonable time frame (see below) and where the borrower's principal place of residence would need to be sold to satisfy the debt.

- **Responsible lending legislation should provide an incentive for lenders to review their practices carefully to ensure they do not lend irresponsibly; and**
- **Responsible lending legislation should provide a fair remedy for affected consumers.**

Unsolicited credit limit increase offers

Unsolicited offers of additional credit have the potential to seduce borrowers into taking on more debt than they can comfortably afford to repay (and would not necessarily have otherwise applied for), and can be particularly attractive to consumers already experiencing cash flow problems. Consumer agencies regularly report cases where consumers have taken on credit card debt far in excess of their ability to repay as a result of credit limit increases. Personalised offers of additional credit are particularly attractive to consumers. They imply that the consumer has been assessed as "worthy" and can therefore afford the increased limit. They also suggest to the consumer that additional credit will give them extra security ("just in case you need it"), luring consumers into ignoring the real risk that, once available, the credit will be used, and they may have difficulty repaying it[14].

Consumers should have to make a conscious decision to apply for credit and to request the amount of credit they consider appropriate (the latter would of course then be subject to the lender's usual lending criteria and a lower limit than requested could be granted if appropriate). This is consistent with the objective of improving financial literacy in the population generally and encouraging greater consumer engagement with their financial decisions. For this reason, CCLC supports Option 6.2 of the RIS that borrowers should be able to nominate their own credit limit (subject to proper assessment by the lender). CCLC also submits that unsolicited credit limit increase offers should be prohibited. In the alternative, credit limit increase offers should be prohibited to any consumer who has not paid out their account in full in the most recent payment cycle *and* at least twice in the preceding 12 months.

Case study 3 - CCLC 05/06 Annual Report

A client from a non-English speaking background on Centrelink benefits obtained a credit card from a major bank. Over the next few years she was sent several unsolicited limit increases, resulting in her experiencing severe financial hardship as a result of servicing the loan.

- **Borrowers should be able to nominate their own credit limit**
- **Unsolicited credit limit increase offers should be prohibited**
- **In the alternative, credit limit increase offers should be prohibited to any consumer who has not paid out their account in full in the most recent payment cycle *and* at least twice in the preceding 12 months.**

Increasing minimum repayment percentages for new credit card contracts and for offers of increased credit limits in current cards (Option 6.6 and Option 6.3)

CCLC is in favour of increasing minimum repayments on new credit card accounts, and in association with credit limit increase offers. CCLC is strongly opposed to increasing the minimum repayments on existing accounts. This is discussed in greater details in the next section, *Minimum repayments percentages on existing card accounts*.

[14] For an analysis of the impact of unsolicited credit limit increase offers from a behavioural economics perspective see Congratulations You're Pre-approved! An anlaysis of credit limit upselling letters by Consumer Action Law Centre, available for download at http://www.consumeraction.org.au/publications/policy-reports.php

Increasing minimum repayments on new credit cards, and as a condition of credit limit increase offers, has the potential to reduce over-indebtedness in the future in two ways:

- By decreasing limits offered[15]
- Reducing the time taken to repay debt.

Of course, borrowers should be clearly informed of the consequences of this change when opening a new account or accepting an increased limit with specific disclosure of the minimum repayment that would be required if the account were fully drawn to its limit.

Reducing the time taken to repay debt is a worthy goal in itself. It reduces the total interest paid by the consumer, and reduces the likelihood that s/he will encounter a change of circumstances rendering him or her unable to repay the debt. This is a better result for an empowered, financially "in control" population, that maximises the income people have available to meet their ongoing living expenses, and in some cases frees up discretionary income for further spending, stimulating the economy. From a common sense perspective, most people would simply not want to be paying off their credit card debt for years after they have stopped using the card. Our experience suggests that most people in this situation currently did not realise in advance that this would be the consequence of their credit card use.

Table 4 – Time to pay debt as a function of minimum repayment percentage[16]

The following assumes a debt of $3,500[17] and an interest rate of 15%

Minimum repayment percentage	Time to pay in years & months	Interest paid
1.5%	67 yrs 3 mths	$14,934
2%	28 yrs 2 mths	$5,288
2.5%	19 yrs 1 mth	$3,253
3%	14 yrs 9 mths	$2,364
3.5%	12 yrs 2 mths	$1,851
4%	10 yrs 5 mths	$1,527

Table 4 above assumes that people continue to pay the minimum repayment shown on the statement despite the debt diminishing and the repayment reducing as a consequence. **Table 5** below demonstrates the same scenario but assumes the person continues to pay the initial minimum repayment, rather than reducing their repayment along with the minimum payment shown on their statement.

[15]In our experience credit providers assess a cardholder's ability to repay, where such assessment is done at all, on the borrower's ability to meet the minimum repayment on the fully drawn balance. While this submission advocates ensuring that the time taken to repay a debt in full is also a fact in credit assessment, increasing minimum repayments alone would also reduce the credit limit offered to a borrower with a particular amount available for credit repayment after other expenditure.

[16] All calculations of the time taken to pay out a particular amount and the interest paid on that amount in this submission have been calculated using ASIC's credit card calculator available at http://www.fido.gov.au/fido/fido.nsf/byheadline/Credit%20card%20calculator?opendocument. Some approximation is involved due to rounding off of both months (time to pay) and currency.

[17]This is slightly higher than the average credit card debt as reported by the Reserve Bank in August 2008 but significantly lower than many of the debts reported to CCLC.

Table 5 – Time to pay debt as a function of minimum repayment percentage where initial minimum repayment maintained

The following assumes a debt of $3,500 and an interest rate of 15%

Minimum repayment percentage	Time to pay in years & months	Interest paid
1.5%	11 yrs 9 mths	$3,938
2%	6 yrs 8 mths	$2,023
2.5%	4 yrs 8 mths	$1,369
3%	3 yrs 8 mths	$1053
3.5%	3 yrs 1 mth	$853
4%	2 yrs 7 mths	$723

Minimising the time to repay a debt is arguably good for credit providers also, because it reduces the level of bad debt carried by the credit provider. However, it can also be argued that it is of little consequence to the credit provider how long the consumer pays the debt for, and whether the debt ultimately goes bad, provided the credit provider has recovered the principal and sufficient interest and fees[18] to render the relationship profitable for the credit provider. In this way the interests of consumers and credit providers diverge, and there is less motivation for the credit provider to promote this result without specific regulatory guidance.

Table 6 – Minimum repayments rates and interest rates available on the market in October 2008[19]

Note, the minimum repayment schedule for NAB card is based on a minimum credit limit if $500, but $1,000 for all other cards.

Credit card provider	Min Repayment %	Retail purchases interest rate
ANZ Low Rate Mastercard	2.0% > $10	12.99%
ANZ First Visa	2.0% > $10	19.99%
Bendigo Basic Black	3.0% > $10	10.75%
Citibank Clear Visa	2.0% > $30	12.49%
Commonwealth Awards	$25	20.14%
Commonwealth Low rate	$25	12.64%
Bank SA Vertigo MasterCard	2.0% > $10	11.89%
Bank SA Starts Low Stays Low	2.0% > $10	12.99%
David Jones Amex	2.5% > $30	20.49%
David Jones Store Card	2.1% > $10	24.49%
GE CreditLine	3.0% > $40	29.49%
Myer Visa	2.2% > $10	19.99%
NAB Low Rate Visa	2.5% > $10	12.70%
NAB Visa Mini	2.5% > $10	19.74%
St George Starts Low Stays Low	2.0%	12.99%
St George No Annual Fee	2.0%	18.75%
Westpac Altitude	2.0% > $10	20.74%
Westpac Earth Card	2.0% > $10	17.99%

[18] Fee income has increased considerably in recent years, with fees paid often exceeding interest on low balance accounts.

[19] See Page 25 for Table 6 References.

The benefits of increasing minimum repayments must also be balanced with the need to ensure access to credit as far as is practicable for consumers on low incomes. While interest rates on credit cards can be high compared to housing finance[20], they are nonetheless lower than on most forms of alternative finance for small amounts (<$5000). Ideally, low-income consumers should have access to low-rate, low-credit limit credit card accounts if they choose to do so and can demonstrate the capacity to repay the debt.

In our experience it is not uncommon for social security recipients to have $50 per month available for credit repayment. Of course this fact cannot be assumed and must be determined on an individual basis. Borrowers with higher than usual housing costs, other debts, or medical expenses, for example, may have no income available for credit repayment, and those with no, or very low, housing costs may have considerably more. **Table 7** represents the amounts that could be borrowed at various minimum repayment percentages by a person with $50 per month available for debt repayment.

Table 7 - Credit limit available by minimum repayment percentage at repayments of $50 per month

Minimum repayment	Credit limit
2%	$2,500
2.5%	$2,000
3%	$1,650
3.5%	$1,420
4%	$1,250

However, considering the amount able to be borrowed at a particular minimum repayment percentage is only part of the equation. To ensure that low-income people are not being locked into a debt trap it is also necessary to consider the amount of time taken to repay a particular credit limit if fully drawn and the interest paid over that time.

Table 8 – Time taken to repay debt at $50 per month and interest paid.

Int. rate[21]	10.8%		14.3%		20.7%		24.5%		29.5%	
Credit limit	Time To pay	Int. paid	Time To pay	Int. paid	Time To pay	Int. paid	Time To pay	Int. paid	Time To pay	Int. paid
1,250	2y5m	171	2y6m	242	2y10m	402	3y0m	517	3y4m	713
1,420	2y9m	226	2y11m	322	3y4m	550	3y8m	726	4y2m	1,047
1,650	3y4m	313	3y7m	459	4y2m	813	4y8m	1,121	5y10m th	1,779
2,000	4y2m	485	4y7m	728	5y9m	1,429	7y1m	2,196	14y3m	6,516
2,500	5y7m	837	6y5m	1,315	9y9m	3,305	Indef.	Infin.	Indef.	Infin.

[20]The differential shrank somewhat during the past two years but has begun to grow again with the RBA decreases in the cash rate being passed on to home loan borrowers but not necessarily to those with credit card accounts.
[21] Interest rates represent a range from Table 6 including the lowest available and the highest. Interest rates are rounded off to accommodate the limitations of the ASIC credit card calculator.

Repayment will exceed 4yrs at $50 per month

Repayment will exceed 5yrs at $50 per month

Interest paid will exceed credit limit (amount borrowed)

Debt will never be repaid at $50 per month

Tables 7 & 8 read together demonstrate that where the borrower is assessed at being able to pay 2% of the credit limit (a very common minimum repayment rate), it takes over 5 years to repay at approximately 10-14%, nearly 10 years at about 20% with more interest paid than the amount borrowed, and the debt will never be repaid at 24.5% or higher interest rates. Even at a minimum repayment of 2.5% of the credit limit, interest rates of 24.5% or higher result in more interest being paid than the amount borrowed. Moreover, as the following Tables demonstrate, these relationships (between the interest rate, the minimum repayment rate and time to pay) are more or less constant, regardless of the amount available to repay the debt.

Table 9 - Credit limit available by minimum repayment percentage at repayments of $100 per month

Minimum repayment percentage	Credit limit
2%	$5,000
2.5%	$4,000
3%	$3,330
3.5%	$2,850
4%	$2,500

Table 10 – Time taken to repay debt at $100 per month and interest paid.

Int. rate	10.8%		14.3%		20.7%		24.5%		29.5%	
Credit limit	Time To pay	Int. paid	Time To pay	Int. paid	Time To pay	Int. paid	Time To pay	Int. paid	Time To pay	Int. paid
2,500	2y5m	345	2y7m	486	2y10m	800	3y1m	1034	3y5m	1425
2,850	2y10m	458	3y0m	653	3y5m	1,107	3y8m	1465	4y3m	2119
3,330	3y5m	646	3y8m	938	4y3m	1665	4y10m	2308	5y11m	3690
4,000	4y3m	980	4y8m	1466	5y10m	2849	7y1m	4400	14y1m	12813
5,000	5y8m	1,673	6y6m	2,650	9y9m	6,606	Indef.	Infin.	Indef.	Infin.

Repayment will exceed 4yrs at $100 per month

Repayment will exceed 5yrs at $100 per month

Interest paid will exceed credit limit (amount borrowed)

Debt will never be repaid at $100 per month

Table 11 - Credit limit available by minimum repayment percentage at repayments of $500 per month

Minimum repayment percentage	Credit limit
2%	$25,000
2.5%	$20,000
3%	$16,650
3.5%	$14,280
4%	$12,500

Table 12 – Time taken to repay debt at $500 per month and interest paid.

Int. rate	10.8%		14.3%		20.7%		24.5%		29.5%	
Credit limit	Time To pay	Int. paid	Time To pay	Int. paid	Time To pay	Int. paid	Time To pay	Int. paid	Time To pay	Int. paid
12,500	2y6m	1,725	2y7m	2,430	2y10m	3,999	3y1m	5,169	3y5m	7,132
14,280	2y11m	2,301	3y1m	3,280	3y5m	5,558	3y9m	7,366	4y3m	10,655
16,650	3y5m	3,231	3y8m	4,687	4y3m	8,326	4y10m	11,528	6y0m	18,500
20,000	4y3m	4,905	4y8m	7,330	5y10m	14,238	7y1m	21,968	14y2m	64,206
25,000	5y8m	8,364	6y6m	13,240	9y9m	33,010	Indef.	Infin.	Indef.	Infin.

Repayment will exceed 4yrs at $500 per month

Repayment will exceed 5yrs at $500 per month

Interest paid will exceed credit limit (amount borrowed)

Debt will never be repaid at $500 per month

Referring back to **Table 6**, a GE Creditline card at 29.49% per annum assessed at 3% of the maximum balance, would always take over 5 years to pay (assuming the borrower cannot afford to pay more than this) and result in more being paid in interest than the amount borrowed, even when the initial repayment is maintained (not reduced along with the balance) and irrespective of account keeping fees (routinely applied) or penalty fees for late or missed payments. A David Jones store card at 24.49%, assessed at a minimum repayment of 2.1%, would usually take over 14 years to pay and cost multiples of the amount borrowed in interest.[22] A Westpac Altitude at 20.74% interest assessed at 2% of the balance, would take over nine years to pay and cost more than the amount borrowed in interest. By contrast, the Bendigo Basic Black product, at 10.75% per annum and assessed at 3% of the maximum balance, would take under 4 years to repay and cost less in interest than the amount borrowed.[23]

One possible policy response to this would be to increase the minimum repayments on all accounts to 4%. This would have the effect of limiting a person with $50 per month available for credit repayment[24] to a credit limit of $1,250 and ensure that debts at interest rates of up to 29.5% interest would be repaid in less than 4 years.[25] This would not be effective for interest rates higher than 30%.

Another possible response would be to increase repayments rates to 3% or 3.5% or 4%, but also specify that the borrower should have the capacity to repay the debt in less than 4 years. This would enable a borrower with $50 per month available for to borrow $1,650 $1,420, or $1,250 respectively, but would only allow the amounts at the higher end of the range to be borrowed at lower interest rates (for example 14.3% or less). This method would also better accommodate a rising interest rates environment, by reducing the amount able to be borrowed as interest rates increase. It would not assist borrowers who are already in debt at the point where interest rates increase.

Having done the calculations presented in this submission, CCLC has concluded that the suggested requirement that credit card debts must be assessed as to be repaid within seven years referred to in the discussion paper would not make a significant difference to current lending practices or consumer hardship. A review of the data presented above reveals that even debts paid off in less than seven years can result in more interest being paid than the amount borrowed.[26] While requiring the credit to be repaid in under 5 years would be preferable to seven, it still results in some circumstances in the borrower paying 70% or more of the amount borrowed in interest.[27] It is also preferable to err on the conservative side in setting this limitation because these calculations, as noted previously, do not take into account the cumulative effects of fees and charges, nor the effect of making only minimum repayments (as opposed to maintaining the initial minimum repayment). CCLC submits that setting the required time to pay at 4 years for credit assessment purposes strikes the right balance between allowing reasonable access to credit and committing unwary consumers to a debt trap.

CCLC's preferred option is to set minimum repayment rates at 3% on new accounts or extensions of existing credit limits, but to also require the borrower to have the capacity to repay the debt within 4 years. This maximises the amount a low-income earner can borrow at lower interest rates, while also working to prevent the debt traps which occur at higher

[22] As 2.1% was not one of the scenarios used in the Tables, this calculation was derived directly from the ASIC Credit Card Calculator.
[23] Many of these products also involve in annual fee ranging from $24 -$100. The impact of Annual fees, or any other applicable charges, have not been taken into account in these calculations.
[24] Provided the credit provider was aware that this was the amount available for credit repayment.
[25] First row of data in Tables 8, 10 & 12.
[26] See for example the last entry in row 3 in each of Table 8, 10 & 12 where a person assessed at being able to pay 3% of the outstanding balance would take close to 6 years to repay at 29.5% and cost more in interest than the amount borrowed, provided the borrower maintained the initial minimum repayment.
[27] Refer to the boxes marked in green in each of **Tables 8, 10 & 12**.

interest rates. More importantly, a debt assessed at a minimum repayment of 3% at a cost of 10.8% per annum or 14.3% per annum will cost less to repay than a debt assessed at 3.5% or 4% at a cost of 29.5% per annum. Low-income consumers should not be given the opportunity to access expensive credit whilst being denied cheaper credit that can be repaid within a similar time frame and at a lower cost. Increasing minimum repayments alone would have this effect.

A similar policy objective could be achieved by simply requiring the credit to be able to be repaid within 4 years and not changing minimum repayment levels. CCLC is opposed to this option because of the highly negative consequences of paying lower minimum repayments for all debtors (see **Table 4** above). We submit that the combined measures described in the preceding paragraph strike the optimum balance between ensuring credit limits are sustainable and maximising access to credit for low-income borrowers within reasonable parameters.

Another option that has not been considered in the RIS is changing the minimum repayment to a percentage of the credit limit, rather than the balance outstanding. This could be expressed as, for example, 3% of the credit limit, or the amount outstanding, whichever is the lesser. This would certainly address the problem of borrowers who continue to pay the minimum repayment as the debt reduces, resulting in repayment periods stretching beyond a normal human lifespan. This would, however, be a radical shift in how credit cards are offered, and would diminish flexibility for consumers who may have erratic income and expenditure patterns but adequate income to repay their debt within a reasonable timeframe. At this stage, CCLC favours education and specific disclosure by lenders to address this issue as discussed at Option 6.5.

- **Minimum repayments should be required to be increased to 3% on all new credit card accounts, and as a condition of any credit limit increase offer (should credit limit offers continue to be permitted).**
- **Borrowers should be clearly informed of the consequences of this change when opening a new account or accepting an increased limit with specific disclosure of the minimum repayment that would be required if the account were fully drawn to its limit.**
- **Credit providers should be require to assess whether a potential borrower has the capacity to repay the fully drawn credit limit on an account within four years, assuming no further drawings are made and the customer pays the maximum they can realistically afford in each payment cycle. Assessment of capacity to pay the minimum repayment alone should not be sufficient to comply with responsible lending legislation.**

Minimum repayments percentages on existing card accounts

As noted above, credit cards are the biggest source of debt problems for callers to our service. In some cases these cards have been issued, or limits increased without any real regard for the caller's capacity to repay and increasing the minimum repayment retrospectively would exacerbate such debtors' existing difficulties. Further, in those cases where an assessment of capacity to repay was undertaken, it was usually done on the basis of the consumer's ability to meet the existing minimum repayment on the fully drawn balance. Increasing the minimum repayment in existing accounts could therefore place such consumers in a position where they could not meet their minimum repayments, resulting in default, an outcome that is undesirable for lenders and borrowers alike.

While some borrowers are currently in the position that they are meeting their minimum repayments and yet not reducing their debt, or not significantly reducing their debt, such borrowers should be given the opportunity to take action to address this problem in their own time (by changing their income or expenditure, seeking hardship assistance, an informal settlement with the credit provider, or the options available under the Bankruptcy Act). It is inequitable to change the terms of repayment retrospectively. It is also not in the public interest to pursue a policy that could result in a sudden surge in defaults, particularly amid the current economic turmoil in money markets worldwide.

However, existing cardholders should be given the option to increase their minimum repayment to 3% at any time, to bring their repayment requirements in line with new accounts. Further, there should be a set period (perhaps 3 years) after which no further draw downs should be allowed on existing accounts (repayments can continue at the same rate), with borrowers who qualify for new accounts with higher minimum repayments (and possibly lower credit limits depending on the circumstances of the customer) being moved across as appropriate.

- **Existing cardholders should be given the option to increase their minimum repayment to 3% at any time**
- **There should be a set period (perhaps 3 years) after which no further draw downs should be allowed on existing accounts, with borrowers who qualify for new accounts with higher minimum repayments being able to apply for alternative products as appropriate**

Other credit assessment issues

The CCLC analysis of credit card callers found that 844 people on government benefit owed over $3,000 in credit card debt. While sufficient details was not available to determine how many of these people were in the group who had experienced a change of circumstances since being granted credit, anecdotal evidence from staff suggests that it is not uncommon for social security recipients to be granted up to $3,000 in credit.

Table 12 – Time taken to repay debt at $60[28] per month (2%) and interest paid.

Int. rate	10.8%		14.3%		20.7%		24.5%		29.5%	
Credit limit	Time to pay	Int. paid	Time to pay	Int. paid	Time to pay	Int. paid	Time to pay	Int. paid	Time to pay	Int. paid
3,000	5y7m	1,004	6y5m	1,589	9y9m	3,966	Indef.	Infin.	Indef.	Infin.

[28] $60 has been used for the purposes of this Table rather than $50 as the latter is less than the common minimum repayment amount of 2%.

Ironically, many callers to CCLC who are on social security, including aged pensioners, have accounts attracting 24-29.5% interest. According to the minimum repayment level of 3% on a GE Creditline Account, for example, people with $50-60 dollars available for debt repayments should not qualify for a credit limit of $3,000 (because the minimum repayment would be $90), and yet, even accounting for some borrowers whose circumstances have changed, these limits are apparently being granted, at least in some cases.

The possible explanations for this are:

- Insufficient information is being sought from the borrower to accurately determine the amount available for credit repayment, and/or
- Models which assume expenses rather than determine an individual's actual expenditure are not good indicators of actual expenditure, and/or
- Consumers are providing inaccurate information and insufficient verification is being done to detect this.

Accordingly, CCLC submits that:

- Applications forms (or alternative processes) should request sufficient information about income and expenses, including other credit commitments and housing expenses to adequately assess capacity to pay;
- While minimum expenditure models are useful and should form an overlay to prevent underestimation of day-to-day expenditure by consumers, actual expenses should also be requested;
- Lenders should require some form of verification of information provided by consumers, particularly income information. Even if verification is not requested on each and every application[29] (this is a cost issue for low value accounts), it should be requested on a sufficient number of applications to ensure that it is always a *possibility* that such information may be requested. This increases the likelihood of accuracy for lenders across the whole portfolio and sends a message to consumers that the lender is interested in their actual circumstances, as opposed to whatever it takes to tick a box and justify granting the loan.

CCLC does not propose that the legislation should dictate the processes by which lenders should obtain the above information, the weight given to any particular piece of information, or what else the lender should take into account in developing their credit scoring/risk management tools. On the contrary, the legislation should focus on the outcome, that being that credit providers should take responsibility for making a genuine attempt to assess capacity to pay, and the consequences in terms of penalty and remedy.

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Mrs. B telephoned CCLC as she wanted assistance to declare bankruptcy. Mrs. B was over 80 years old and living with her husband in a retirement village unit, which they had purchased together. Mrs. B had 8 credit card debts that together exceeded $100,000. The CCLC financial counsellor discussed the impact of declaring bankruptcy with Mrs B, particularly the implications for the unit she owned jointly with her husband. After extensive negotiations a settlement was agreed with all 8 creditors with funds made available by the client's family.

[29] CCLC submits that verification should be undertaken on each and every account in relation to housing finance, or any loan secured over the borrower's home.

- **Application forms/processes should request adequate information about a borrower's income, expenses and liabilities**
- **Models that estimate/assume expenditure should only form a safety net to prevent consumers from underestimating expenditure, they should not be used to assume the amount available for credit repayment**
- **Lenders should have a process in place to verify consumer information on at least a significant number of accounts**

Improved coordination and collection of data from financial counselling and related agencies

Finally, CCLC has had the opportunity of reviewing the submission of the Centre for Commercial Law and Care Inc Financial Counselling Services and supports the comments made in relation to improvements in the collection and collation of data from financial counselling and other related agencies.

Table 6 References (Footnote 19, Page 16)
Interest rates available from Cannex at http://www.cannex.com.au/interest-rate-comparison/compare-credit-card-rates.html
Minimum repayment information was obtained as follows:
ANZ credit cards - Conditions of Use, p.18<<http://www.anz.com/documents/AU/about ANZ/CreditCardCondUse1.PDF>> 05/05/08,
Bendigo Basic Black - Call to Bendigo Bank (1300 366 666) on 05/05/08,
Citibank Clear Visa - Call to Citibank (13 24 84) on 05/05/08,
Commonwealth Bank credit cards - Call to Commonwealth Bank (13 22 21) on 05/05/08,
Bank SA credit cards - <<http://www.banksa.com.au/credit-cards/tools-faqs/repayments.asp>> 05/05/08,
David Jones cards - Call to David Jones American Express Card (1300 36 89 89) on 05/05/08,
GE Creditline - Call to GE Money (1300 131 024) on 05/05/08,
Myer Visa - <<http://www.myer.com.au/cards/ terms-conditions.asp>> 05/05/08,
NAB credit cards - www.nab.com.au/Personal_Finance/0,,76984,00.html>> 05/05/08,
<<http://www.nab.com.au/Personal_Finance/0,,60233,00.html>> 05/05/08,
St George credit cards - Credit Card Conditions of Use, p.19
<<http://www.stgeorge.com.au/resources/sgb/downloads/accounts_and cards/sgb_credit_cards_conditions_050808.pdf>> 05/05/08; call to St George Bank (13 33 30) on 05/05/08,
Westpac credit cards -
<<http://www.westpac.com.au/internet/publish.nsf/Content/PBCCCSCR+Interest+ rates>> 05/05/08; call to Westpac customer service (1300 651 089) 05/05/08.