

Submission to CP 303 – from LW, SYDNEY, NSW 2066

Sent: Monday, 30 July 2018 7:45 PM

To: Credit Cards <creditcards@asic.gov.au>

Subject: Credit Card Submission

Your feedback

B1Q1 Do you agree with our proposal to prescribe a three-year period? If not, why not?

Answer B1Q1 - No I do not agree, as ASIC is not aware of the true formula and calculation of credit card interest. (see my attached letter dated 27 June 2018 from Bankwest).

B1Q2 Should we prescribe a period of two years for consistency with other requirements, such as the minimum repayment warning under reg 79B of the National Consumer Credit Protection Regulations 2010 (National Credit Regulations)?

Answer B1Q2 - Not sure how that helps the customer.

B1Q3 Do you agree with our proposal that the prescribed period apply to all classes of credit card contracts? If not, why not?

Answer B1Q3 - Yes.

B1Q4 What changes would need to be made to systems and processes to ensure compliance with the prescribed period by 1 January 2019?

Answer B1Q4 - full disclosure from the bank in how credit card interest really works (refer to attached letter dated 27 June 2018 from Bankwest). This information has to be stated on every monthly credit card statement.

Banks are liable for the debt when lending unsecured debts. Credit card lending is generally given on an unsecured basis.

In the cases where payments far exceed the amount of the credit card limit. i.e my card is \$26,500.00 limit but they are saying that my purchases + interest = \$791,856.00 (see my attached letter dated 27 June 2018 from Bankwest and my response to them). I think I have only had the card for approx 5 years.

B1Q5 Do you agree with our expectations about the assumptions that should be made when assessing whether a consumer can repay the credit limit within three years (see paragraphs 48–51)? If not, why not? Should any other assumptions be made?

Answer B1Q5 -

48. Credit lenders do not consider repayments as it works in their favour.

49. No I don't believe the government should interfere its outside the scope.

50. I fail to see how a 3 year period would work in practicable terms. You might be giving false power to the banks to bankrupt people who may not have ever defaulted in their payments to the bank.

How are ASIC dealing with financial hardship in the said 3 year period?

Stating calculations on minimum allowable repayments is useless unless its honest and fully disclosed by the banks (see my attached letters and statement).

51. Totally irrelevant to ASIC as lenders make their own commercial decisions.

Does ASIC really know how the Banks calculate credit card interest and have ASIC requested this information from all the credit card lenders? As I believe if you had this information your submission would look very different, which is why I wanted to send you my information.