

May 31 2019

[Responsible.lending@asic.gov.au](mailto:Responsible.lending@asic.gov.au)

**RE: Letter of support from SA Financial Counsellors Association for FCA submission to ASIC Consultation Paper 309 (Responsible Lending Guideline 209)**

The South Australian Financial Counsellors Association (SAFCA) provides advocacy, information and support to our members, the 185 financial counsellors and financial capability workers who assist financially vulnerable clients in South Australia and the Northern Territory.

Our members work for some 26 not for profits around SA and NT and they assist South Australians and Territorians facing many issues – debt, mortgage stress, unemployment, mental health problems, disability, problem gambling and family violence to state only some.

**SAFCA supports all recommendations of the Financial Counselling Australia submission in response to Consultation Paper 309.**

We specifically make comment on 4.8 of the paper - *Consumer's requirements and objectives* on Page 12.

*"It is almost as if the entire industry has forgotten that ascertaining requirements and objectives is the critical second part of ascertaining whether the loan or lease is "not unsuitable." It is understandable how this happened, given the focus has been almost exclusively on affordability. Another reason is that credit providers see "scalability" and interpret this to mean that they only need to ask about purpose and if there is no obvious purpose (like a credit card) then there is no need to ask anything at all."*

We strongly support the additional points as set out on that page, that state:

*The list above is not exhaustive and is missing many more examples. It would be helpful to be more specific about:*

- *How the credit provider would comply with the process in paragraph 67; and*
- *A list of examples about where the loan is likely to be unsuitable; and*
- *How to deal sensitively and fairly with borrowers who may be vulnerable.*

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The following cases are typically seen by financial counsellors on a regular basis:

- Client has a disability and cannot read or write (FC had a case where her client had an intellectual disability, couldn't read or write, but he had 2 car loans and 7 consumer lease contracts).
- Client has English as a second language. This is common, clients may nod and say yes to things they don't understand.
- Client is young and does not understand what they are signing, and the creditor does not ensure the client understands.

SAFCA thanks ASIC for the opportunity to comment on RG209.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Wendy Shirley', with a long horizontal flourish extending to the right.

Wendy Shirley  
Executive Officer