

Ministry of Business, Innovation and Employment  
By email: [consumer@mbie.govt.nz](mailto:consumer@mbie.govt.nz).

19 April 2022

Kei te rangatira tēnā koe,

### **Submission on consumer credit law exposure drafts**

Thank you for the opportunity to make a submission on the exposure drafts of Responsible Lending Code and the Credit Contracts and Consumer Finance Amendment Regulations 2004. We support the proposals to amend the Regulations to clarify the requirements and mitigate any unintended consequences from the recent consumer credit law reforms.

The Banking Ombudsman Scheme was established in 1992 and is an approved financial dispute resolution scheme under the Financial Services Providers (Registration and Dispute Resolution) Act 2008. We provide a free and independent service for customers of our members: registered banks, their subsidiaries and related companies, and certain non-bank deposit takers that meet our membership criteria. We resolve and prevent complaints to improve banking for customers and banks.

In February 2020, we wrote to MBIE in strong support the aims of the regulations in strengthening requirements for assessing affordability and suitability as part of responsible lending in a way which ensures consistency, certainty, clarity and enforceability. To ensure customer protection, we supported the requirements applying to all providers of consumer credit.

We anticipated the changes may cause concern to consumers who were not expecting such scrutiny or that loan applications may take longer. We issued a guide in October 2021 to help inform consumers of the changes to the credit laws.

We saw a noticeable spike in lending complaints to our office in late 2021. Complaints about delays and inadequate explanations doubled, and there was a significant increase in concerns about fees and that banks were not acting as promised. We shared our insights around this increase with MBIE in February 2022 as part of its investigation into the implementation of the reforms.

Bank complaint data, which is collected and published through our complaint dashboard, also showed an increase in lending complaints in late 2021, with an increase of 22 per cent about declined loan applications.

We recognise that access to credit serves an important social function, and that access to affordable credit is important for vulnerable consumers. We support proposals to amend the

Regulations and the Code to ensure that suitable credit is available to those who can afford it.

Nāku noa, nā

A handwritten signature in black ink, appearing to read 'N. Sladden'.

**Nicola Sladden**  
Banking Ombudsman