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Email address	

We've heard that Kiwis are facing problems when borrowing and lending. ...



We've heard that Kiwis are facing issues when borrowing and lending:

Have you experienced problems with consumer credit? What happened?

I help a married couple who have 13 different products on credit from a company called [redacted]. Some products are in their possession and some are with the company. The guy has a phone and speakers which are costing him \$15 pw. He was struggling to pay this every week and I have on occasion given them food and helped with a power bill twice. At the company he has a 9" inch tablet that cost \$760 which the company still has, and recently they sold him a 10" tablet even though he has defaulted on paying for the 9" tablet. For 9 months I have on behalf of this couple asked that no one tries to sell them more stuff, they continue to ring and hound this vulnerable couple. The company have not explored whether this couple can afford the credit offered but have told me they have a formula that no individual will pay more than of 60pw. IE this couple could be paying up to \$120 pw total when they are struggling to pay for the basics in life. The company has no idea what this couple can afford. The company sold the wife a 55" TV for \$2400. A similar TV well-known brand from Noel Lemming retails at \$1200. This company and others like it need to be held accountable for the unscrupulous and dishonest behaviour they engage in that is putting so many families and individuals in strife.

Are these issues serious enough to need a change in the law?

Absolutely. This company and others like them are preying on the poor and causing huge grief leading people into poverty which in turn can cause sickness, marital breakups and suicide

Law changes could help fix these problems.

Here are some ideas for how to fix these problems. Tell us what you think.



Tell us your thoughts on them.

If the interest rates were reduced below 20 % I believe some of these unscrupulous outfits would go out of business.

The banks are also lending to people who can't afford credit along with the likes of etc. The best thing to do is have a cap on the interest rates that can be legally charged, but you need to be brave and make it a low cap or it just won't work.

Stop the banks offering credit cards to students when they go to tertiary education.

Limiting high setup costs, high penalties and high fees in general all needs to be addressed.

There should be restrictions on who can be a lender and I agree tougher penalties for breaking lender laws, penalties that could but a lender out of business if they were found to have broken the rules more than once.

It takes me a good hour or two to sit with someone and get their full financial picture yet a lender who does not really care if you can afford it can just do a basic budget without getting the full picture of a person's financial position. This is clearly wrong. They just want the sale.

How to solve this is really a hard question Perhaps there could be a standard spreadsheet that all lenders need to use before offering credit.

This spreadsheet could then be sent to an independent group who could ensure all questions have been asked and if the spreadsheet looks realistic, difficult but what price do we put on protecting people?

Advertising needs to include interest rates and fees. Is there a rating system for lenders as for insurance companies?

Mobile trucks: In my view these guys are predators. I see them here in Taupo selling in the poor areas of town, selling products at inflated prices and using unscrupulous selling techniques. For example dressing children in new hoodies and telling them to go inside and show their parents.

Reduce the charges, interest rates they can charge and tie them into acceptable selling prices and with any luck they will die a natural death.

Some debt collectors charge ridiculous fees just for taking over the debt, then high interest and penalties. Make some fair rules that they all have to operate under.

What are the pros and cons of these ideas?

Are there other solutions that would work better?

If you need more information about the issues Kiwis are facing or the proposed solutions, click [here](#).

Thank you for contributing. Your ideas will help find the best ways forward.

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I do not wish my name to be added thanks
