Submission on discussion document: Consumer Credit Regulation Review

Your name and organisation

Name	Brent Hollows
Organisation	

Responses to discussion document questions

Regarding the excessive cost of some consumer credit agreements

1	Do you agree that the problems identified with high-cost lending (even where it is compliant with the CCCFA) are significant? Do you have any information or data that sheds light on their frequency and severity?

Minister's Foreword

page 4 paragraph 6

There are already strong penalties for offering loans knowing repayments are unaffordable yet nothing has been done to take this minority of lenders to task. The laws are already strong enough they just need to be applied. Making laws stronger and lumping extra burdens on lenders just increases the cost of lending which is ultimately borne by the majority of borrowers with good lenders. If the existing strong laws are not policed then why will this change with stronger draconian laws that the majority of lenders and majority of borrowers do not want. Lenders want the irresponsible lenders (the minority of lenders) removed from the market as do borrowers rather than making it harder and more expensive for the majority to obtain loans.

I realise this is consumer protection legislation but there should be some mechanism for flagging irresponsible borrowers.

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How serious is the problem? The stakeholders purporting there is a problem do this from a position of that is all they are seeing and it must surely skew their view of the market. Is it a bigger problem from since 2015? A lot of the discussion paper is suggesting it is and proposing some pretty nasty measures based on no tangible extensive data to confirm this.

I believe the proposed changes need to be supported and backed up by meaningful relevant extensive data.

I see the Minister concurs with the 2nd paragraph comment on page 5 "the discussion paper seeks to confirm the nature of the scale of the problems." Shouldn't we do this first then once we know if a problem exists suggests measures? What if there is not a problem? What if it is a different problem?

Is the problem with 1) the law 2) enforcement 3) lenders

Once this is known then legislate accordingly?

It is good to have the discussion and put some suggestions in place but I think once we know what the quantified specified data backed problem(s) is then there should be a 2nd round of submissions.

Impact of 2015 responsible lending changes

Point 12 Stakeholder breakdown for lenders (page 76 "Additional information to support the discussion paper June 2018") covers the top end Banks and at the bottom end payday lenders and mobile lenders. This means that finance companies in the middle have not been consulted yet some of the measures aimed at payday lenders and mobile lenders will have a negative effect on mainstream finance companies and unwittingly are being directed at them as well. Refer point 36. This is unfair

Point 13 I agree and see that in my business.

Point 15 – the completion of a budget should be mandatory and lending should not proceed without there being a budget surplus after allowing for the loan payment.

Point 17 suggests that the private sector debt is the biggest problem. However, Figure 1 on page 11 of the "Additional information to support the discussion paper June 2018" suggests Lenders 42% and Government debt 72%. What is being done about measures to address the government debt issue whereby debt has occurred? Is the government debt subject to the CCCFA and if the debt is larger for vulnerable people than that of the private debt why is that not being addressed?

No I do not <u>think</u> that the problems are significant but I do not know and neither do other stakeholders because Point 12 "Additional information to support the discussion paper June 2018" reads "there appears to be relatively little data on the extent of problem debt in New Zealand and its contribution to harm"

Furthermore, there is not much in the media about significant problems and the "Additional information to support the discussion paper June 2018" barely mentioned advertising.

Point 294 I agree that risk warnings and celebrity endorsement requirements as per the Responsible Lending Code should be mandatory.

However, point 295 surely any "necessary & desirable modifications" should be run past finance companies first.

2	Do you support any of the extensions of Cap Option A? What would be the impact of these extensions on borrowers, lenders and the credit markets? Do you have any information or data that would support an assessment of the impact of these extensions?

Point 29 100% over the life of the loan is not enough. Maybe on large loans but not on $1,000 and under. There would need to be a sliding scale to make this fair and an allowance for a reasonable cost based establishment fee which is outside the calculation.

Point 31 I do not support this extension

Point 32 I do not support this extension. It would be detrimental to most borrowers and really the people in financial harm should somehow be flagged and the prohibition should be pointed at specific individuals.

From the Data provided in the graph on page 11 it suggests that high cost lending is interest rates of over 100%. Therefore any cap which would only apply to high-cost lenders should define such a high cost loan as one where the interest rate is more than 100% after allowing for a reasonable cost based establishment fee. There are problems with defining default. If a *loan is over 52 weeks and for instance 2 payments were missed during the start of the loan this in fact a different scenario to for instance 8 payments being missed. Both technically are default. There are responsible lending provisions applying to the granting of a future loan so I do not think there should be a prohibition on a new loan. Contrived refinancing of the same debt to avoid cap provisions yes but if the loan is partially paid and a new loan is required for a valid purpose then No. It would be almost impossible and not cost effective to calculate the comingled interest portion of the existing loan and interest portion of the new loan. What about revolving facilities? Have these interest calculation issues been addressed with Finance software providers?*

I think we are seeing high interest rates because this streamlines the process for the lender. The high cost lender does not apportion variable costs versus fixed costs and therefore fees are built in to the interest rate. When a reasonable establishment cost is allowed for with the same total payback the interest rate would be substantially less and substantially different depending on the loan amount size. It is not really possible to just look at the interest rate and call it high. The whole picture needs to be taken into account viz; the amount and the term and an establishment fee allowance.

It all really depends on what you define as a high cost loan before answering this question.

Lenders are worried about giving a sensible answer and then find that the high cost loan threshold is made ridiculously low.

Point 32 Is missing a payment and proactively arranging this a default? Is missing a payment which dishonoured because wages were late going into the borrowers bank account a default? I do not think these circumstances should preclude a borrower from getting a further loan or having a cooling off period. One dishonoured payment is a default just as 5 dishonoured payments are and each situation should be based on the actual individual circumstances. Any further loan would have to be based on its merits at the time and be done responsibly. There should not be an arbitrary exclusion or cooling off period. The situation should be assessed individually. People are individuals and their right to borrow should not be taken off them.

I think any loan granted should be on its merits at the time and not linked to having had a high cost loan. The repayment history yes this should be factored in.

There is a need and a demand for high cost loans so unless this is addressed what options are there for borrowers?

Point 20 In the example quoted the establishment fee of $240 would more than likely be the same on a $1,000 loan as a $2,000 loan because the set up costs are very similar because the set up process is very similar. The result being that the high cost interest rate in real terms is not that different. Really the mooted high interest rate is really a cross subsidisation of not charging costs. There lies the problem of applying an arbitrary cap figure.

There seems to be a demand by borrowers for high cost loans because they are simple.

I do not support an interest rate cap. However, I do believe there is a point at which the debt should be capped. Thinking 300 % of principal. Principal including the amount borrowed plus the reasonable cost based establishment fee. So a $1,000 loan with a $240 establishment fee would have a total payback cap of $3,720. You may think this is high but it is a lot less than some of the examples shown in the discussion paper.

Point 29 original loan principal would need to include the cost based establishment fee. So (as per the example on page 12 point 22 note 2) if borrowing $2,000 and the reasonable costs based establishment fee was $240 then any cap should be calculated on $2,240 not $2,000.

Fees have to be cost based and reasonable so why should the cap include fees?

Interest is the only place where the lender is allowed to profit so surely it should be an interest cap only not a fees and interest cap.

Default fees also have to be cost based and reasonable so any cap on them would need to be separate.

In principle and in reality the cap idea has merit as in practice there is a time a lender stops charging interest and fees or writes-off the debt.

There are also borrowers that will abuse a cap and pay a minimal amount each week to obtain an additional benefit. How will borrower abuse be addressed? Why won't there be abuse? There is no incentive by borrowers not to abuse caps.

Why can't budget advisors place a flag on somebody's credit file when they are in hardship warning off lenders?

I believe the interest cap excluding reasonable establishment fees should be set higher than 100%. I would agree with at least 200% but more than this for smaller size loans.

I believe that the interest cap excluding reasonable establishment costs should be a sliding scale based on the principal amount + establishment fee. For example loans over $2,000 100% and loans of $1,000 and under 200%.

The logic is a $200 loan at an interest rate of 100% p.a. generates interest of $3.83 per week. So if you pay that back at the end of the week the amount would be $203.83. Nobody could make money doing that. So really 100% interest in that scenario is not really classified as a high cost loan. Even 200% p.a. would not give a satisfactory profit. This is why fees which are a fixed cost are not compatible with interest which is a variable cost when setting a cap. This is without even factoring in a term related cap. Thought needs to be given to that e.g.; a bank mortgage loan of $100,000 over 30 years at 5.79% p.a. requires repayment of $211,002. This example exceeds the 100% of the original loan principal but nobody is calling this a high cost loan.

Point 34

a- The 300% is in line with what I think is fair but it should not include credit fees. It still does not give a satisfactory return on a $200 loan for a week.

b- Disagree. I do not follow the logic for suggesting a maximum $30 for default fees. Default fees have to be reasonable and cost based. I do see merit in including default fees in a cap calculation. This may seem different to my approach with establishment fees but it is because establishment fees are fixed upfront from day one but default fees are not.

c- I do not think Option B is necessary I think any harm kicks in if there is not Option A. Option B seems to punish lenders twice and does not correctly account for very small loans over very short terms.

Point 35 We are being asked to make recommendations on something that has not yet been defined so depending on the definition this could make my answers different and I would like the opportunity to be able to re submit once the definition has been set. My understanding is that currently in Regulations a high cost lender is defined as over 50% p.a. interest rate. That definition does not include fees.

Point 36 - My understanding is that a high cost lender is defined as over 50% p.a. interest rate. That definition does not include fees. Strongly disagree with 30% - 50% being thought of as high cost lenders. This comments lacks research into what happens in the finance company credit market and would wipe out most mainstream finance companies. It's

	comments like these that make finance companies wonder if the paper that says it is targeting mobile traders and payday lenders is in fact targeted at all lenders. It also fails to take into account the legislative proviso of maintaining an efficient credit market. *In all the options credit fees should not be included in any cap; default fees yes. I can follow the logic of interest being calculated on the principal balance but fees have no correlation to the principal balance. Fees are fixed and cost based. A fee cost is the same irrespective of the principal balance.* *It seems the problem of harm is fixed more with the principal cap not the interest rate cap and it overarches the interest rate cap. It is out of control principal owing that causes the debt spiral always and not always a high interest rate. I think interest rate caps should be left off the table and future data should look at principal caps.* *Option C would mean hardly anyone providing small loans so borrowers would have to get larger loans meaning a lower interest rate but higher interest in dollars. Or not be able to borrower as a larger amount is not what they want so it is not fit for purpose.*
3	Do you agree with our assessment of the costs and benefits of the options for capping interest and fees? Are any costs or benefits missing? Do you have any information or data that would help us to assess the degree or estimate the size of these costs and benefits?
	A per annum amount is more realistic and fair and gives an incentive for borrowers to do the best they can at the same time not letting lenders charge too much. It also would cost more for borrowers that choose not to pay when they are able to. *Point 34 a 200-300% p.a. agree for interest and default fees. Not credit fees.* *Point 34 b Default interest same as normal interest disagree but could live with this.* *Point 34 b Don't agree with or understand the limit of $30 on total default fees. It doesn't seem adequate as a total over the term of the contract. It is such a small amount that it seems insignificant and such an amount seems out of sync with all the other percentage based methods.* *Point 35 depends on how high-cost lenders are defined. Should be able to re answer questions once this has been decided.* *Point 36 disagree with 30-50% interest and fees cap This suggests that a high cost lender is 30% whereas previously a high cost lender has been defined as 100% this ratcheting down is why lenders will not support caps until the high cost lender definition has been give. It is trying to get our agreement on mechanisms then ratcheting those mechanisms down.* *This would unfairly exclude people that need a small amount. It would result in the borrower getting a larger amount that they do not need as lenders would not be able to offer smaller amount loans.* *Point 37 Strongly disagree with Cap Option C for the record I am not a high cost lender. Taking out the pay day lending sector is pretty harsh without providing detailed data as to the size of the market in $'s and clients and quantifying the harm in client numbers and dollars and overall %. The rates seem high but in real dollars and cents they are not much.* *Public like these types of loans as shown by its popularity and high cost lenders are reporting low default rates..*

4	Do you have any suggestions for the design of options for capping interest and fees? If so, what would be the impact of your proposed design on borrowers, lenders and the credit markets?
	I disagree with price fixing which is what caps really are. Fees should not be capped because they have to be cost based and reasonable. You should be able to recover your costs especially initial costs. Ongoing default costs I can agree to them being capped. I can also agree to capping of interest above the initial disclosure interest and suggest this be capped at 3 times so initial interest plus 2 more lots of this. Yes it seems a lot but it does cap it and the lender should not be disadvantaged because even at that level with small payments the real interest rate will be severely reduced. *Include establishment set up fees as initial principal for calculation purposes.*
5	Which interest rate cap options, if any, would you prefer? Which interest rate options would you not support? Please explain how you made your assessment.
	I would not support any caps unless they are calculated based on principal and set up fees and then I would only support option A if the figure was 300% for interest and default fees. *I very strongly do <u>not</u> support Option C. It would decimate the consumer credit market. It would lessen competition as only big players would survive. It would cause undue harm to borrowers in need as there would no longer be an option for them. Essentially anti-competitive and if a lender caused such an issue to arise they would be prosecuted.*

Regarding continued irresponsible lending and other non-compliance

6	If directors have duties to take reasonable steps to ensure that the creditor complies with its' CCCFA obligations, should any duties apply to senior managers?
	Yes, that sounds fair.
7	If there are to be more prescriptive requirements for conducting affordability assessments, what types of lenders or loans should these apply to?
	Disagree, there should not be more prescriptive requirements. It has not been demonstrated that there is even a problem; point 12 on page 10 of "Additional information to support the discussion paper June 2018" backs this up. Lenders are being asked to do extra but this cannot be backed up with data that there is even a problem. Of course you will never achieve perfection. A budget should be completed and there should be a surplus after allowing for the proposed loan payments. I find it hard to believe that this is not done. Where it is not done surely the lending is irresponsible and the lender should and can be held accountable under the existing law. Why don't you sample say 1000 loans granted and have the finance companies confirm that a budget was completed and there was a surplus. I think you will overwhelming see that budgets are completed to meet the affordability assessment requirements of the CCCFA. Everyone's circumstances are different so applying mandatory formulas will not work.
8	Should there be any change to the requirement that lenders can rely on information provided by the borrower unless the lender has reasonable grounds to believe the

	information is not reliable? What would be the impact of such a change on borrowers, lenders and the credit markets?
	No this requirement should stay. Lenders want to assess the loan so they can get paid. It takes the trust away and mutual trust is very important when lending. Quite a lot of people still withdraw their pay in cash so does that mean they have to keep their petrol receipts, grocery receipts etc. Not practical. Costly to do meaning set up costs increase for borrowers which is the opposite of what is trying to be achieved.. Every time you tighten up or make it compulsory for new methods to help the minority it costs the majority in increased set up costs and increased ongoing costs due to the unnecessary onerous new requirements. Why not concentrate on doing what is best for the majority of borrowers meaning a more efficient credit market rather than directing major resources to a few bad borrowers and a few bad lenders. If the bad lenders were cleaned up responsible lenders could simplify their lending processes and the cost of setting up a loan would be less and the good borrowers would benefit.
9	Do you consider there should be any changes to the current advertising requirements in the Responsible Lending Code? If so, what would be the impact of those changes on borrowers, lenders and the credit markets?
	No they are fine and there is not a lot of advertising just make it compulsory to give the health warning and celeb endorsement. Maybe it could be plain package advertising not saying the lenders name.
10	Do you agree with our assessment of the costs and benefits of the options to reduce irresponsible lending and other non-compliance? Are any costs or benefits missing? Do you have any information or data that would help us to assess the degree or estimate the size of these costs and benefits?
	I only agree with Registration Option A if harm has been caused not if harm is likely to be caused. Innocent until proven guilty? *I disagree completely with all the other Registration options which would be costly for a small operator.* *I disagree with Registration Option B as it smacks of being punished for being innocent because it is thought you may be guilty at some future time.* *Registration Option C would be crippling for small operators and lead to less options for borrowers.* *Enforcement Option – the penalties are already potentially crippling.* *I think the law as it stands is satisfactory and gives big incentives for lenders to comply.*
11	Do you have any suggestions for the design of options for reducing irresponsible lending and other non-compliance? If so, what would be the impact of your proposed options on borrowers, lenders and the credit markets?
	A budget should be completed for every loan and it should show a surplus after allowing for proposed loan payments. It should be mandatory and you should be able to rely on what the client tells you so long as it is reasonable. No budget equals no interest to be chargeable.

12	Which options for reducing irresponsible lending and other non-compliance would you support? Which would you not support? Please explain how you made your assessment.
	With regards to problem debt and consumer harm figure 1 on page 11 of "Additional information to support the discussion paper June 2018" Government Debt is recorded at 72% whereas Lenders are recorded at 42% so should Government debt be subject to CCCFA provisions? The chart intimates that any harm being caused by lenders is less than any harm being caused by Government. The crux of the matter is that the Government is not paying vulnerable consumers a living wage and are booking this as a Government debt on people that cannot afford it and traditionally where the Government would help these people this is being gapped by Lenders. Now lenders are being squeezed by having the possibility of profit caps being placed on them. *Who is protecting the vulnerable consumers from Government debt?*

Regarding continued predatory behaviour by mobile traders

13	Do you agree with our assessment of the costs and benefits of the options for covering additional credit contracts under the CCCFA? Are any costs or benefits missing? Do you have any information or data that would help us to assess the degree or estimate the size of these costs and benefits?
	I am not a mobile trader. *The mobile trader provides a service like all businesses and all businesses are able to set their prices. Is there evidence that you can purchase up front off the mobile trader at a discounted cash price? If there is not then it is not a CCCFA matter. A business should be able to set its prices. Nappies are different prices online, at the corner dairy and at the supermarket. The market decides price and so does the consumer by purchasing. I do not believe it is the government that should be price fixing.* *Surely this is a Fair Trading issue not a CCCFA issue?* *The mobile trader is providing a service by coming to the consumer and there is a cost that has to be recouped and reflected in the price to cover the driver's wage, truck running costs, monitoring payments, overheads and an allowance for a profit. That is how retailing works and none of this is interest. Furthermore, there is a benefit to the customer in not having the cost of going to a store or having to wait in a queue etc.* *Option A wouldn't achieve much unless the default fees are substantial. The cost of purchasing the iPhone together with mobile trader reasonable operating costs and a reasonable profit margin should be included in the operating costs and this should be the same price to a consumer buying for cash from the trader.* *Agree with Option A. What default fee amounts do mobile traders charge? If default fees are not charged what is wrong with status quo? The Consumer is informed of the price. Maybe also get a signed disclosure from the consumer showing the retail lowest price; a printout from price spy?* *I am against Option B because I do not agree with how the cash price is defined.* *I do not believe this is a CCCFA issue.*

14	Do you have any suggestions for the design of options for covering additional credit contracts under the CCCFA? If so, what would be the impact of your proposed options on borrowers, lenders and the credit markets?
	What about the typical motor vehicle loan scenario. Purchase for $10,000 and walk out with a debt of $12,000 after set up fees, warranties, CCI etc. Pay for 6 months and owe $9,000. Voluntarily return the car. Car sent to auction and sold for $4,000. Does this mean the difference between the original purchase price and the auction value is a hidden interest cost of $6,000? It is the same logic as for mobile traders that are making a margin on their product and allowing time payment. Should a diary selling Nappies to a vulnerable consumer at $5 more than a supermarket have to disclose this as interest or disclose that it is bad for your financial health and you should go to a supermarket? It is the same logic as picking a finance company that charges more. Consumer choice should not be legislated away. It is too complicated and none of these other examples are CCCFA matters either.
15	Which options for changes to cover additional credit contracts would you support? Which would you not support? Please explain how you made your assessment.
	I support Option A and do not support Option B.

Regarding unreasonable fees

16	If prescribed fee caps were introduced, who should they apply to, and what process and criteria should be used to set them?
	Fees are already capped at reasonable costs. *Fees should not be included in an interest rate cap.* *Lenders should be able to recover their costs.* *Point 96 -fees have risen because of all of the extra requirements of CCCFA compliance and this review is proposing further obligations on lenders which lenders don't want and the majority of borrowers don't want. All you are doing is driving up costs – the lender makes no profit on the extra costs and the poor few and far between borrowers you are trying to help are costing the majority of good borrowers.* *Now that it is being suggested that we cannot believe a borrowers budget information it will take longer to verify information. Time is money so the reasonable fee would be more. An extra cost for the lender to charge. A cost the consumer does not want. Also the consumer is quite happy to not do this new proposed process. Consumers become offended when you don't believe what they say. Or if it cannot be recovered as a fee interest rates will go up.* *Point 97 -it is fair that the lender is able to recover costs.* *Point 98 -most lenders I speak to already use spreadsheets to calculate and set their fees and do this on an annual basis. MBIE in consultation with lenders could come out with a safe harbour prescriptive spreadsheet for calculating reasonable fees. This could be done through regulations. The Commerce Commission could audit the spreadsheet and give the lenders guidance. Lenders are unsure because there is no lead guidance. In practice averages are needed so cost setting is going to be a bit imprecise.* *Point 100 – agree about time but do it in partnership with lenders providing carrot not stick.*

	Point 102 –couldn't agree with this until more work is done on it *Point 103 –this is going back to what we had. It disadvantages small loans. The lender's costs do not vary due to the size of the loan. It takes the same amount of time to be a responsible lender irrespective of the size of the loan This is encouraging irresponsible lending with smaller loans. A $500 loan costs the same to establish as a $600 loan. The historical normal business practice pre CCCFA amongst 2rd tier lenders was an establishment fee of 20 % on loans of $1,000 and above and for less than $1,000 30%.* *Point 104 -it is unfair to reduce fees by saying relevant costs may not be able to be recovered through fees and should be recovered through interest so why an interest cap? It is like being squeezed at both ends.* *Point 105 – fees are already capped. Interest rate caps should be set where most harm is so on loans over say $2,000 - $5,000. Logic a $500 loan is not going to cause the same harm as a $5,000 loan. Caps –interest rates <u>not</u> fees and it should be a sliding scale; on $500 337.50% $1,000 225 % $2,000 150% $4,000 100% $8,000 66% and so on.* *Point 106 –disagree with it but it should be set by regulations –the independent way - with input from lenders.* *Point 107 –equivalent interest rate is the same as the old Finance Rate a backward move. The historical problems with it still exist.* *Point 108 –stay with status quo fees Option A but make spreadsheets mandatory. I can't believe lenders don't have these. I use one. Against Option B –why should a lender not be able to recover reasonable costs. Otherwise the lender is subsidising the consumer and would go bust. The borrower does not need to take the loan or could go somewhere else. Option C neither agree or disagree.* *Point 109 – Brokers provide a service and clients are informed much the same way as real estate agents.* *Third party fees should be able to be charged in house at the same lowest fair price level. It is the same cost to borrower. Why is only the Broker allowed to make profit and not the Lender because there is no difference to the borrower if the fee amount is the same.* *The interest rate cap / payback cap should be calculated on the opening unpaid balance viz; advance + establishment fee + cci etc.* *Really to answer your questions we need to know what the caps will be set at.*
17	Do you agree with our assessment of the costs and benefits of the options for capping interest and fees? Are any costs or benefits missing? Do you have any information or data that would help us to assess the degree or estimate the size of these costs and benefits?
	I do not have any data. Reasonable cost based credit fees should not be capped.
18	Do you have any suggestions for the design of options for reducing unreasonable fees? If so, what would be the impact of your proposed options on borrowers, lenders and the credit markets?
	Fees already have to be reasonable. Consult with Lenders on coming up with a mandatory spreadsheet for fee calculation.
19	Which options for changes to fees regulation would you support? Which would you not support? Please explain how you made your assessment.

	I do not support any change. I think the current situation is equally unfair to both the lender and borrower. Less legislation less prescriptive requirements means less fees. Support market economy where price is set by supply and demand. Making onerous requirements will put some lenders out of business reducing the supply and with a constant demand prices/ interest rate will/can rise. A lender should be able to recover its costs. Lenders I talk to already make less profit than they did pre CCCFA.
20	Have you seen issues with excessive broker fees, or other unavoidable fees charged by third parties, being added to the loan? If so, are there any specific changes that should be made to the regulation of third-party fees? What would be the impact of these changes on lenders, borrowers and third parties?
	I do not use Brokers but generally a broker gets a result a client cannot thus meeting the borrowers requirements. Brokers deserve to be paid for the service they provide. They are part of the process. It would be like saying paying freight to get the goods from farm to supermarket is an unavoidable cost because the consumer could go directly to the farm not always possible. Lenders do not want to charge unreasonable third party fees. I think consultation needs to take place with Stakeholder Brokers. I think it is unfair to regulate third-party fees without doing so.

Regarding irresponsible debt collection practices

21	Is this an accurate picture of the problems for consumers experiencing debt collection? Do you have information that confirms or refutes these issues, or sheds light on how widespread or severe they are?
	You are only ever going to hear the bad press. The problem is nothing is taken into account of the harm caused to lenders when loans are not paid on time or when a Lender agrees to a lesser realistic amount and you are seen as a soft touch and or the borrower breaks the reasonable lower arrangement even against the budget advisors recommendation. Budget advisors should have power to garnishee benefits and wages at realistic levels to repay debts when the borrower cannot do the responsible thing.
22	What information should be provided to borrowers by debt collectors? When and how should this information be provided?
	Point 120 – the information should be provided by the debt collection agency and the cost of them doing this should be a chargeable activity. *Point 121 – before sending to debt collection the lender has already tried to negotiate a new repayment plan or usually the borrower is g.n.a. or will not communicate with the lender. So how will this new repayment plan be different. An affordable debt collection repayment plan should be garnisheed after being signed off by a reputable budgeting service and the existence of this should be recorded on the borrowers credit file to worn off future lenders.* *Point 122 –agree* *Point 123 – only no interest and fees to be charged if debt collector does not accept new affordability assessment. Make it official like a SIO. Stamped by court.* *Point 124 – weekly successful contact shouldn't be a problem but sending sms or phoning when there is no response should not count nor should hang ups or unreturned messages.*

	Point 125 – strongly against borrower having right to cease contact – it will be abused. Main reason debt at debt collector is lack of communication. The representative – what if they say don't contact them? The representative should be court approved. What does contact mean visit, phone, sms, email ,letter. *Point 128 – option D strongly against. Will let borrowers off with debt and push up debt collection fees and decimate regional local operators.* *Point 130-131 Debt Collectors usually charge a % for collecting generally 20-30% of the amount collected which may be able to be added to the debt or if goods are repossessed and sold this is absorbed by the lender and nominal fees for field visits and letters. Those fees are only charged when the client doesn't pay or proactively contact the Debt Collection Agency. More of a question to be put in front of Debt Collection Agencies. Have Debt collection Agencies been contacted so they can provide their input? Against commissions being charged back to lenders. Why not talk to industry about a commission/collection cap?*
23	Do you agree with our assessment of the costs and benefits of the options for addressing irresponsible debt collection? Are any costs or benefits missing? Do you have any information or data that would help us to assess the degree or estimate the size of these costs and benefits?
	I think you need to consult with Debt Collection Companies. They are stakeholders in what you are proposing but no Debt Collection Companies are listed on page 76 of "Additional information to support the discussion paper June 2018"
24	Do you have any suggestions for the design of options for addressing irresponsible debt collection? In particular, what is an appropriate frequency of contact with debtors before (and then after) a payment arrangement is entered into? Please state the likely impact of your proposed options on borrowers, lenders and the credit market.
	No comment.
25	Which options for changes to the regulation of debt collection would you support? Which would you not support? Please explain how you made your assessment.
	None until you consult stakeholder debt collection companies.

Regarding other issues

26	Are you seeing harm from loans to small businesses, retail investors or family trusts as a result of them not being regulated under the CCCFA?
	No
27	Do you think small businesses, retail investors or family trusts should have the same or similar protections to consumers under the CCCFA? Please explain why/why not.
	No

28	Are there any other issues with the CCCFA or its impact on vulnerable people that are not addressed in this discussion paper? If so, what options should MBIE consider to address these issues?
	Government debt. Listing vulnerable people (specifically –not by class) and barring them from credit.

Any other comments

	We welcome any other comments that you may have.
	I thought the Discussion paper and the Additional Information were well thought out and provided a balanced view. *However, the issues raised do not have enough solid comprehensive data to confirm there is a problem.* *The measures proposed are intended to be quite damaging to a sector that may well not have a problem.* *I also think there needs to be prior consultation with Third-party Stakeholders and Debt Collection Stakeholders.* *Any changes need to take account of different scenarios like loan amount, term and exclude reasonable credit fees. Any caps should be on a sliding scale basis. Larger cap for smaller loans. Preference for a safety net with a generous principal cap.*