

Question on Notice
No. 876
Asked on 19 August 2004

MR LIVINGSTONE asked the Minister for Tourism, Fair Trading and Wine Industry Development (Ms Keech)—

QUESTION:

What should consumers do to ensure they get the best deal when shopping for a personal loan in these times, when credit is at an all time high?

ANSWER:

I thank the honourable member for his question and acknowledge his ongoing interest in consumer protection.

The issue of credit is not going away, with Australian Bureau of Statistics figures (December 2003) indicating there was a total of \$674.8 million in personal fixed loans in Queensland, and that this amount was likely to continue rising in the future.

With so many Queenslanders taking out personal loans and the number of credit providers in the market increasing, it is important for consumers to do some homework before committing to a loan.

Before trying to get a loan, consumers should:

- think hard about whether they really need it and the amount they need, or whether they could save cash for the purchase instead;
- draw up a comprehensive budget and work out what they can afford to pay each week in loan repayments (this should not be more than about 35% of income);
- shop around for the interest rate and loan package that best suits their situation; and
- if using a finance broker, check they receive a written agreement that outlines what the broker will do, how much it will cost and whether they will have to pay if the loan is not approved.

Before agreeing to anything with a credit provider, consumers should study the fine print of any contract, take the information away to read so as to avoid feeling pressured, and seek independent financial or legal advice if they are unsure about any terms or conditions in the agreement.

The Office of Fair Trading is currently running a \$100,000 Control Your Credit campaign, which was launched in April. The campaign aims to increase consumers' awareness of their credit rights under the *Consumer Credit Code* and assist them to manage their credit arrangements whether they are mortgages, personal loans, credit card debts or debts with payday lenders. It targets some of Queensland's most vulnerable consumers – people on low incomes and young people who are making credit choices early in their lives.

The campaign has included targeted print advertising in newspapers Statewide (eg, advertising in finance and car sales classified sections), a trial of radio advertising, a free Consumer Credit Kit including the Good Credit Guide and a calculator for consumers to calculate the real cost of credit, website information, an online interactive credit health check-up and a media promotional campaign.

The campaign has been very popular with over 5,000 Queenslanders requesting their free credit kit so far. Almost 1,000 people have completed the online credit health check. Kits can be obtained by calling the Office of Fair Trading on 1300 658 030 or by visiting www.fairtrading.qld.gov.au.