

Media Release – Embargo 7am 24 January 2003**“Finance Industry responses to bush-fire crisis encouraging
but must discount the possibility of profiteering”**

Care Financial Counselling Service and the Consumer Law Centre have generally welcomed financial services industry responses to Canberra's fire disaster. Adding a note of caution, both groups have requested clearer commitments to prevent profiteering.

David Tennant, Care's Director noted: "The fires in Canberra have been an extraordinary local disaster. For many ACT residents they will result in extreme financial hardship for months and years to come. We welcome announcements by many industry bodies and service providers that they will respond sympathetically to the needs of those affected."

Tim Gough, Solicitor, of the Consumer Law Centre advised that "Under consumer credit legislation most consumers are entitled to vary the terms of their credit contracts, to take account of hardship – such as hardship arising as a result of the bush-fires." According to Gough some financial services providers have made this clear in their public statements. "Some institutions have gone further, committing to reductions in interest rates, waivers of fees, provision of grants and so on."

"Unfortunately" Gough claims, "a number of providers, in particular several major banks have at the same time said they will look at offering increased credit, particularly on credit cards. Without great care this type of 'relief' could make things worse for struggling victims of the fires." Mr Gough has called on all financial services providers to fulfill their legal obligations to respond to consumers in need, but to also demonstrate their commitment to the local community. "Any extensions to credit, for example, should be fee free and low or no interest. We have specifically raised this issue with the Banker's Association, but have received no firm details."

David Tennant, supported Mr Gough's comments, noting "Credit providers should not set out to profit from this disaster. If banks, or any other financial service providers intend that to be clear in their response, they should say so."

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(20 January 2003)

Fact Sheet: Credit and financial hardship

Most consumer loans and credit facilities entered into after November 1996, are regulated by a law called the Consumer Credit Code.

The Credit Code contains a mechanism for varying payment obligations to take account of a period of financial hardship. Many Canberra families are likely to face financial hardship in the weeks and months following the January bushfires.

In short the changes that can be made under the Credit Code are:

- reducing the amount of payments and extending the period of the contract
- postponing the requirement to make payments for a period of time and extending the period of the contract or
- a combination of both of the above.

If you want to make a change of this type you should:

- contact your credit provider and explain that you are experiencing hardship,
- if you have a proposal in mind, explain what that proposal is and if you need a response urgently be clear about your needs
- if you can reach agreement with your credit provider it is important that the agreement be written down (your credit provider is required to do this – but it is a good idea to make some notes about what was agreed, who you spoke to, when and so on)
- if you cannot reach agreement there are other options, for example the Credit Code says you can apply to a Court called the Credit Tribunal, which may vary your contract.

This is only a summary. If you need further information about your credit contracts, or general financial needs you can contact Care Inc Financial Counselling Service on:

6257 1788

(20 January 2003)

Fact Sheet: Insurance Claims

Many Canberra residents are likely to have claims arising out of the January bushfires, whether they have lost their home altogether or suffered other loss or damage.

Different insurance policies cover different types of loss, and it is important to either check your policy or contact your insurer to find out exactly what is covered. Some policies will provide assistance for temporary accommodation, or provide emergency grants prior to full assessment of your claim.

- If you have suffered any loss or damage as a result of the bushfires it is important to contact your insurer as soon as possible. If you have lost records relating to your insurance your insurer will still be able to assist as long as you provide some form of identification.
- If you are unsure who you are insured with, or what type of insurance you have, you can contact Insurance Enquiries and Complaints Ltd (IEC), which may be able to assist. You can contact IEC on 1300 78 08 08 (toll free).
- If you believe you are entitled to claim for loss or damage but your insurer refuses your claim, or if you have any other dispute with your insurance company, you can contact Insurance Enquiries and Complaints Ltd (IEC) on 1300 78 08 08 (toll free) to seek advice and assistance regarding the dispute.
- If you are not insured, or if your insurance does not cover your loss, the ACT government may offer financial assistance. For more information call Canberra Connect on 13 22 81 or visit the website at www.canberraconnect.act.gov.au.

This is only a summary. If you need further information about insurance you can contact Care Inc Financial Counselling Service on: 6257 1788

(20 January 2003)

Fact Sheet: What is financial counselling?

Understanding and being in control of your financial situation can sometimes be a real challenge. Major events, like the recent bushfires, can have an adverse impact on the most carefully laid plans. For people or families already struggling, being injured, losing a home or other property can have a devastating impact.

Financial and material losses affect different people in different ways. Reactions to loss can include shock, anger, grief, guilt, a sense of disbelief, or feelings of disconnection. It is usually important to be able to talk through these issues. That can be a key first step to being able to respond.

Financial counsellors may be able to assist you to assess changed circumstances. They may also help you understand the rights and options that might be available to you, including practical assistance for example by describing how to or assisting you to communicate with creditors.

This is only a summary. If you need further information about the role of financial counsellors, or in responding to changed financial circumstances you can contact Care Inc Financial Counselling Service on:

6257 1788

(20 January 2003)

Fact Sheet: Home and Vehicle Finance

The recent bushfires have destroyed or damaged a great deal of property, including hundreds of homes and vehicles. Special issues may need to be considered where:

- Homes or vehicles are subject to a mortgage; or
- Vehicles or other goods are being leased, or are being purchased on some other form of finance.

Some of those issues include:

- What steps need to be taken to make an insurance claim;
- Who needs to take those steps;
- How the loss of property will impact on the need to maintain payments under the loan contract or lease;
- How an insurance claim will impact on the need to maintain payments under the loan contract or lease; and
- Whether loan payments can be varied or postponed due to financial hardship.

It is important to discuss these issues with appropriate bodies, including lenders and insurance companies, as soon as possible. It may also be important to obtain independent advice regarding your particular situation and what options are available to you.

This is only a summary. If you need further information about home or vehicle finance you can contact Care Inc Financial Counselling Service on: 6257 1788