

# Commerce Commission lender webinar – Insights and Themes

July 2024

Kia ora koutou, it is great to see so many of you join us today.

My name is Chris and I am the Senior Intelligence, Data and Research Analyst in the Credit Branch.

As part of these webinars we want to share with you some of the insights and themes we are seeing from complaints we get from the borrower themselves or someone complaining on their behalf such as a friend, family member or financial mentor.

We hope that sharing this information will help you with checking and improving your own systems and processes, and possibly prompt some refreshers on the CCCF Act.

## Insights and themes.

For today I'll just be focusing on complaints we have received. Between January and June this year, The Commission received 218 credit related complaints. This is a slight increase on the the previous six month period where 203 credit related complaints were received.

Looking at the complaints received so far this year, the top three themes or primary issue the complaint relates to account for just over 70% of the complaints. In order of prevalence, these are:

- **Firstly, Complaints received relate to the Responsible lending principles.** This is the primary issue for just over 39% of the complaints received, and within that, 28% of those complaints relate to potential issues with affordability and suitability checks. Some common examples are when the lender has calculated a budget surplus and a financial mentor has calculated a budget deficit at the time of the loan, commonly the issues are with overestimated incomes or omitted or underestimated expenses; or where early debt enforcement action has been taken but the borrower was struggling from the outset to make repayments and fell into arrears.
- **The next most common theme is complaints relating to Disclosure.** The most commonly complained about issue from financial mentors is the failure to provide request disclosure within the statutory time frame of 15 working days. We are also receiving complaints about initial disclosure for the failure to provide key information about the loan.
- **Third on the list is complaints relating to issues with fees.** Some examples are excessive administration fees and fees that have not been disclosed.

During the last quarter we issued 71 information passed to trader letters (also known as an IPTT) to lenders. An IPTT letter is one of the key tools we use to promote compliance and educate lenders.

An IPTT may follow the receipt of a complaint/notification, or when we have become aware of potential non-compliance. It sets out at a high level what the complaint or issue is about, and specific information and guidance the Commission wishes to draw the lender's attention to. These 71 letters were issued in relation to advertising, certification, hardship, affordability and the responsible lending principles.

During the same period six compliance advice letters (also known as a CAL) were sent out to lenders. The six CALs were in relation to affordability, disclosure, hardship, and interest and fees.

In closing, we publish these statistics in our panui every quarter and our next one will be going out at the end of the month.

Thank you, feel free to ask any questions.