

11 July 2024

Aotea Finance Limited, Aotea Finance (Takanini) Limited, and Aotea Finance (Panmure) Limited  
Adsett & Braddock  
Level 4, 110 Symonds Street  
Auckland 1010

Attention: [REDACTED]

By email only: [REDACTED]

Dear [REDACTED]

**Outcome of Commerce Commission's investigations into Aotea Finance Limited, Aotea Finance (Takanini) Limited and Aotea Finance (Panmure) Limited and compliance with the Credit Contracts and Consumer Finance Act 2003: Warning**

1. The Commerce Commission (Commission) has been investigating Aotea Finance Limited NZBN: 9429048637930, Aotea Finance (Takanini) Limited NZBN: 9429042245452, and Aotea Finance (Panmure) Limited NZBN: 9429048637930 in relation to their compliance with the Credit Contracts and Consumer Finance Act 2003 (CCCF Act) and the related obligations under the Credit Contracts and Consumer Finance Regulations 2004 (Regulations).
2. The abovenamed companies are separately registered but are operated as branches with common directors, shareholders and policies. The Commission's enforcement response relates to all of the abovenamed companies, which are referred to collectively as Aotea Finance in this letter.
3. In summary, having considered the relevant information and documents received, including a sample of 23 borrower files (the borrower files), the Commission considers that Aotea Finance is likely to have breached the responsible lending principles in sections 9C(2)(a)(ii) and 9C(2)(b) of the CCCF Act in that it did not, at all times, exercise the care, diligence and skill of a responsible lender before entering into an agreement to provide credit and comply with the lender responsibilities specified in section 9C(3)(a)(ii). Please see paragraphs [8] to [27] of this letter for an explanation of our view.

4. The Commission has determined that in the circumstances of this case and applying the Commission's enforcement criteria it is appropriate to issue Aotea Finance with a warning letter instead of filing charges against Aotea Finance.<sup>1</sup>
5. We note that a warning is not a final finding of non-compliance. Only the Courts can decide whether a breach of the law has occurred.

### **The investigation**

6. The Commission opened investigations into Aotea Finance on 26 May 2022, 31 August 2022 and 13 March 2023 to assess its compliance with its responsible lending obligations under the CCCF Act as a result of complaints from borrowers and engagement with financial mentors. Aotea Finance cooperated with the Commission throughout the course of the investigations by providing information and attending a voluntary interview.
7. We have based our findings on the borrower files, Aotea Finance's lending policy, and the information provided by Aotea Finance at the voluntary interview with the Commission. The borrower files were provided to the Commission in response to voluntary requests for information and requests made pursuant to section 9CA of the CCCF Act.

### **The Commission's view**

8. In accordance with sections 9C(2)(a)(ii) and 9C(2)(b) of the CCCF Act, every lender must exercise the care, diligence and skill of a responsible lender before entering into an agreement to provide credit, and comply with the specific lender responsibilities set out in sections 9(3), 9C(4) and 9C(5).
9. Section 9C(3)(a)(ii) of the CCCF Act provides that a lender must, before entering into an agreement with a borrower, make reasonable inquiries so as to be satisfied that the borrower will likely make the payments under the agreement without suffering substantial hardship. This includes a requirement to comply with the Regulations, as set out in section 9C(5A).
10. The reasonable inquiries required by section 9C(3)(a)(ii) include an assessment of the borrower's income and expenses. The general rule set out in regulation 4AF is that lenders must:
  - 10.1 make reasonable inquiries to enable the lender to estimate the borrower's likely income (regulation 4AJ) and likely relevant expenses (regulations 4AK to 4AN); and
  - 10.2 be satisfied on reasonable grounds that the borrower will make the payments under the agreement without suffering substantial hardship, because the borrower's likely income exceeds their likely relevant expenses; and there is a reasonable surplus and/or reasonable buffers or adjustments to adequately address the risk that the likely income may be overestimated, that likely

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<sup>1</sup> Please refer to the Commission's published *Enforcement Response Guidelines*, available [here](#).

relevant expenses may be underestimated, or that the borrower may need to incur other expenses that cause them to suffer substantial hardship.

11. The law is set out in further detail in **Attachment A**.
12. Our view is that Aotea Finance likely breached the responsible lending principles in sections 9C(2)(a)(ii) and 9C(2)(b), in that it did not, at all times, exercise the care, diligence and skill of a responsible lender before entering into an agreement to provide credit and did not make sufficient inquiries so as to be satisfied that borrowers would make the payments under the loan agreements without suffering substantial hardship as required by 9C(3)(a)(ii) of the CCCF Act. In particular, the Commission considers it likely that the affordability assessments performed by Aotea Finance did not adequately estimate the borrower's income and/or expenses.

*Affordability assessments: income*

13. We consider that Aotea Finance is likely to have breached the responsible lending principles in sections 9C(2)(a)(ii) and 9C(2)(b) and the affordability requirements in section 9C(3)(a)(ii) of the CCCF Act by failing to adequately estimate the borrower's relevant income.
14. The Regulations provide guidance as to how Aotea Finance should have estimated income. Regulation 4AJ requires Aotea Finance to estimate its borrowers' income by:
  - 14.1 asking the borrower about each source of their income and then verifying that income where reasonably practicable; and/or
  - 14.2 using recent and reliable information about the borrower's income and confirming that information with the borrower.
15. Aotea Finance was also required to ask its borrowers about any likely changes to their income.
16. Aotea Finance told the Commission that its income estimates are based on three months of bank statements, and that it excluded occasional income such as commission and overtime. In addition to bank statements, most of the borrower files contained payslips and Ministry of Social Development (MSD) letters or screenshots from the MSD portal. Credit reports were obtained for every borrower.
17. Our view, having reviewed the material provided by Aotea Finance, is that Aotea Finance:
  - 17.1 failed, in some instances, to properly estimate borrowers' income where there was a variable or overtime component. By overlooking indications that its estimate was atypical or seasonal, it likely overestimated the borrowers' likely income in nine of the borrower files obtained, as set out in **Attachment B**; and

- 17.2 failed to ask its borrowers about potential changes to their income. There is no evidence in the borrower files that Aotea Finance enquired about foreseeable income changes, nor is it detailed in its lending policy.

*Affordability assessments: expenses*

18. We consider that Aotea Finance is likely to have breached the responsible lending principles in sections 9C(2)(a)(ii) and 9C(2)(b) and the affordability requirements in section 9C(3)(a)(ii) of the CCCF Act by failing to adequately estimate the borrower's relevant expenses.
19. The Regulations provide guidance as to how Aotea Finance should have estimated expenses. Regulation 4AK requires Aotea Finance to estimate a borrower's likely relevant expenses, by:
- 19.1 asking the borrower about their relevant expenses (as defined in regulation 4AE); and/or
- 19.2 obtaining the borrower's recent transaction records for a period of at least 90 days, from the bank account or accounts from which those expenses have been paid, and confirming with the borrower that the amounts reflect the borrower's likely relevant expenses; and/or
- 19.3 using recent and reliable information the lender holds about the borrower's relevant expenses and confirming with the borrower that this reflects their likely relevant expenses.
20. To the extent that the initial estimate was based on asking the borrower about relevant expenses, or if there is a significant risk that the initial estimate materially underestimates relevant expenses, the lender must verify the initial estimate with reliable evidence (regulation 4AM). If the lender chooses to use a benchmark instead, it must use the higher of the initial estimate and the benchmark. If neither of these options are reasonably practicable, then the lender may adjust the expense by estimating a reasonable cost.
21. Payments for credit cards must be allocated as if the borrower has reached the credit limit and will make regular monthly payments of an amount reached using one of the calculations in regulation 4AL.
22. Aotea Finance told the Commission that it asks borrowers about their expenses and obtains transaction records in the form of bank statements for a period of 90 days. Aotea Finance stated that it uses a higher estimate than what it derives from transaction records, and that it sometimes benchmarks expenses using the IRD Household Expenditure Guide.
23. The Commission considers that, in practice, Aotea Finance's affordability assessments were not predicated on a full picture of the borrowers' relevant expenses. We noted from our review of the borrower files that Aotea Finance, in some instances:

- 23.1 missed likely relevant expenses;
  - 23.2 underestimated likely relevant expenses in a material way;
  - 23.3 apportioned payments for credit cards incorrectly;
  - 23.4 did not ask about ATM withdrawals or bank account transfers to third parties in situations where the frequency and amounts warranted discussion;
  - 23.5 did not obtain sufficient transaction records for co-borrowers (90 days for each borrower); and
  - 23.6 did not use reliable information to support its estimates of some expenses.
24. We consider that the conduct listed in paragraph [23] is a likely breach of the responsible lending principles in sections 9C(2)(a)(ii) and 9C(2)(b) and the affordability requirements in section 9C(3)(a)(ii) of the CCCF Act.
25. The conduct in paragraph [23] is also likely to constitute breaches of:
- 25.1 regulation 4AF(2)(a)(ii) for failing to make reasonable inquiries into *all* relevant expenses (as defined under regulation 4AE);
  - 25.2 regulation 4K(2)(b) for failing to obtain expense estimates in sufficient detail to be accurate; and/or
  - 25.3 regulation 4AK(2)(a)(ii) and (iii) for failing to confirm with the borrower that initial estimates were accurate (this includes a failure to discuss with the borrower expenses that were regular and material for the particular borrower);
  - 25.4 regulation 4AM(2) for failing to verify the amount of the expense with reliable evidence; and
  - 25.5 regulation 4AL by not correctly calculating relevant expenses in respect of revolving credit facilities.
26. Specific examples of the above are set out in **Attachment B**.
27. It is not recorded in the sample assessments provided by Aotea Finance whether benchmarks have been used, but we note that statistical information must be recent and there must be a low risk that the benchmark will be materially lower than the particular borrower's likely expenses (regulation 4AN). Given that the IRD Household Expenditure Guide is based on the Household Economic Survey carried out by Statistics New Zealand in 2019, we would expect Aotea Finance to have adjusted those figures for inflation.

### Changes made by Aotea Finance

28. Aotea Finance told the Commission that it has taken a number of steps to improve the standard of its affordability assessments. Specifically, Aotea Finance has:
  - 28.1 supplemented its existing practices and policies with an Affordability Assessment Guide;
  - 28.2 provided refresher training to staff;
  - 28.3 reviewed and updated its policies to enhance the quality control process; and
  - 28.4 started testing further IT automation to reduce manual errors.

### Warning

29. After weighing up the factors set out in our Enforcement Response Guidelines, including the seriousness of the conduct, extent of the harm and public interest the Commission has decided it is appropriate to conclude our investigation into Aotea Finance for its likely breaches of the CCCF Act and Regulations by issuing this warning letter.
30. The Commission has taken the following key factors into account:
  - 30.1 Aotea Finance has engaged with the Commission throughout the investigations.
  - 30.2 The likely breaches identified are not the result of a wholesale failure by Aotea Finance to comply with the responsible lending requirements. Some of the errors identified appear to be the result of inconsistent application of policies by staff.
  - 30.3 Aotea Finance has now introduced measures to improve its compliance and quality control processes, as set out at paragraph 28 above.
  - 30.4 We identified limited harm, with most of the borrowers paying off their loans with minimal defaults.
  - 30.5 There is public interest in the Commission outlining our approach and expectations relating to affordability assessments to Aotea Finance and the industry more generally.
31. This warning records our view that the conduct which Aotea Finance engaged in is likely to have breached the CCCF Act and that legal action remains available to the Commission in future if the conduct continues or is repeated.
32. We consider that the compliance issues outlined above are serious in totality, given the number of issues identified across the borrower files which raise concerns in relation to the application of Aotea's processes. We encourage you to regularly review your policies and procedures, and audit levels of staff adherence to them.

33. We intend to re-engage with you in three months' time in order to discuss any further changes you have made to your practice.

#### **Consequences of the warning**

34. This warning letter is public information and will be published on the Commission's case register on our website. We may also make public comment about our investigations and conclusions, including issuing a media release or making comment to media.
35. We may draw this warning letter to the attention of the Courts in any subsequent proceedings brought by the Commission against Aotea Finance.
36. This warning letter will be available to the Commission's certification team for its consideration. It will also form part of the information that the Commission's certification team considers should the directors of Aotea Finance make another application in the future for fit and proper person certification under section 131F of the CCCF Act.
37. You should be aware that our decision to issue this warning letter does not preclude any other person or entity from taking private action through the Courts.

#### **Penalties for breaching the CCCF Act**

38. Where a lender fails to comply with the responsible lending provisions under section 9C of the CCCF Act, the Commission may bring civil proceedings, seeking:
  - 38.1 a declaration that the lender has breached the responsible lending principles; and/or
  - 38.2 orders that the lender to pay statutory damages to affected borrowers in accordance with sections 88 to 92; and/or
  - 38.3 a refund or credit to affected borrowers in accordance with section 48; and/or
  - 38.4 a pecuniary penalty of up to \$200,000 in the case of an individual and \$600,000 in any other case, in accordance with section 107A.

#### **Further information**

39. We have published a series of fact sheets and other resources to help businesses comply with the CCCF Act and other legislation we enforce. These are available on our website at [www.comcom.govt.nz](http://www.comcom.govt.nz). We encourage Aotea Finance to visit our website to better understand its obligations and the Commission's role in enforcing the CCCF Act.
40. The CCCF Act and other legislation can be viewed at <http://www.legislation.govt.nz>.

41. Thank you for your assistance with this investigation. Please contact [REDACTED] on [REDACTED] or [REDACTED] or by email at [REDACTED] if you have any questions about this letter.

Yours sincerely

[REDACTED]

[REDACTED]

**Credit Investigations and Compliance Manager**

Copied by email to:

[REDACTED]



## Attachment A

### Relevant sections of the CCCF Act

#### *9C Lender responsibility principles*

- (1) Every lender must comply with the lender responsibility principles.
- (2) The lender responsibility principles are that every lender must, at all times,—
  - (a) exercise the care, diligence, and skill of a responsible lender—  
...
    - (ii) before entering into an agreement to provide credit or finance or a relevant insurance contract and before taking a relevant guarantee; and  
...  - (b) comply with all the lender responsibilities specified in subsections (3), (4), and (5).
- (3) The lender responsibilities are that a lender must, in relation to an agreement with a borrower,—
  - (a) make reasonable inquiries, before entering into the agreement, and before making a material change referred to in subsection (8), so as to be satisfied that it is likely that—
    - (i) the credit or finance provided under the agreement will meet the borrower's requirements and objectives; and
    - (ii) the borrower will make the payments under the agreement without suffering substantial hardship  
....
- (5A) In subsections (3)(a), (4)(a), and (5)(a), the requirement to make reasonable inquiries so as to be satisfied of a matter includes a requirement to comply with regulations made under section 138(1)(abd).

### Relevant sections of the CCCF Regulations (as at 1 December 2021)

#### *Assessment of likelihood of substantial hardship*

##### 4AC Purposes

Regulations 4AD to 4AO apply for the purposes of section 9C(3)(a)(ii) and (5A) of the Act.

##### 4AE Interpretation

In this regulation and regulations 4AC to 4AO, unless the context otherwise requires,—

...

**listed outgoings** means any of the following:

- (a) fixed financial commitments, including accommodation costs, insurance, rates, body corporate fees, school fees, and child support that is payable under the Child Support Act 1991:
- (b) payments of any debts (whether existing debts or payments under the agreement being entered into or materially changed):
- (c) living expenses, including utilities, food and groceries, personal expenses (including clothing and personal care), other costs associated with dependants if applicable (such as child care), medical expenses, and transport expenses:
- (d) any regular or frequently recurring outgoings (for example, savings, investments, gym memberships, entertainment costs, or tithing) that are material to the estimate of relevant expenses and that the borrower is unable or unwilling to cease after the agreement is entered into or materially changed

#### **4AF General rule: full income and expense estimates required in certain cases**

- (1) This regulation applies to—
  - (a) a high-cost consumer credit contract; and
  - (b) a consumer credit contract unless the lender knows that the borrower will rely wholly on means other than income to make payments under the contract.
- (2) The lender must—
  - (a) make reasonable inquiries to enable the lender to estimate over the relevant period—
    - (i) the borrower's likely income on a weekly, fortnightly, or monthly basis (see regulation 4AJ); and
    - (ii) the borrower's likely relevant expenses on a corresponding basis (see regulations 4AK to 4AN); and
  - (b) be satisfied on reasonable grounds that it is likely the borrower will make the payments under the agreement without suffering substantial hardship, because the borrower's likely income exceeds their likely relevant expenses and 1 or both of the following applies:
    - (i) there is a reasonable surplus to adequately address the risk that likely income may be overestimated, that likely relevant expenses may be underestimated, or that the borrower may need to incur other expenses that cause them to suffer substantial hardship;
    - (ii) the lender's estimates of likely income and likely relevant expenses include reasonable buffers or adjustments to adequately address the risk that likely income may be overestimated, that likely relevant expenses may be underestimated, or that the borrower may need to incur other expenses that cause them to suffer substantial hardship

#### **4AJ Lenders must estimate borrower's likely income**

- (1) This regulation applies for the purposes of regulation 4AF.
- (2) The lender, when estimating the borrower's likely income under that regulation, must—
  - (a) make an estimate of the borrower's likely income in accordance with subclause (3); and
  - (b) ask the borrower about any likely changes to their income.
- (3) An estimate of the borrower's likely income under subclause (2)(a) must be based on either or both of the following:
  - (a) asking the borrower about each source of income and then—
    - (i) verifying this based on reliable evidence; or
    - (ii) if verification is not reasonably practicable, considering whether the source and amount are realistic; or
  - (iii) if the borrower will not rely, wholly or in part, on that income to make the payments under the agreement, disregarding that income; or
  - (b) recent and reliable information that the lender holds about the borrower's income, and confirming with the borrower that the amounts reflect the borrower's income.
- (4) The lender must estimate the borrower's likely income after taking into account the results of complying with the obligations in this regulation and other reasonable inquiries required by section 9C(3)(a)(ii) of the Act.

#### **4AK Lenders must do initial estimate of borrower's likely relevant expenses**

- (1) This regulation sets out the first stage of an estimate of likely relevant expenses under regulation 4AF(2)(a)(ii).
- (2) The lender, when estimating a borrower's likely relevant expenses under that regulation, must—
  - (a) make an initial estimate of the borrower's likely relevant expenses based on 1 or more of the following:
    - (i) asking the borrower about their relevant expenses;
    - (ii) obtaining from the borrower recent transaction records, for a period of at least 90 days, from the bank account or accounts from which those expenses have been paid, and confirming with the borrower that the amounts reflect the borrower's likely relevant expenses;
    - (iii) recent and reliable information that the lender holds about the borrower's relevant expenses, and confirming with the borrower that the amounts reflect the borrower's likely relevant expenses; and

(b) ensure that the information used to make the initial estimate is obtained in sufficient detail to minimise the risk of relevant expenses being missed or underestimated to an extent that is material to the estimate; and

(c) make reasonable inquiries, in accordance with subclause (3), about whether any financial commitments may have been omitted from the initial estimate.

(3) **Reasonable inquiries** under subclause (2)(c) must include...

(b) in the case of any other consumer credit contract, either or both of the following:

(i) in the case of a borrower who has an existing consumer credit contract with the lender, asking the borrower whether they have taken on any additional financial commitments since the most recent consumer credit contract with that lender was entered into or materially changed:

(ii) obtaining a credit report, unless the lender has already obtained a credit report within the preceding 60 days or, since obtaining the last credit report, has been continuously subscribed to a service that sends notifications to the lender that are relevant to identifying the borrower's financial commitments.

(4) In this regulation, unless the context otherwise requires, obtain a credit report means to obtain from a credit reporter (within the meaning of the Credit Reporting Privacy Code 2020) credit information that is relevant to identifying the borrower's financial commitments.

#### **4AL How to calculate certain relevant expenses**

(1) This regulation is part of an estimate of likely relevant expenses under regulation 4AF(2)(a)(ii).

*Revolving credit contracts*

(2) Relevant expenses in respect of a payment under any revolving credit contract that has a credit limit must be determined as if—

(a) the borrower will make regular monthly payments calculated as if the credit limit is borrowed (and, for a credit card, as if those borrowings are at the relevant purchase interest rate); and

(b) in the case of a credit card, the borrower will make payments equal to—

(i) the minimum required payment or an amount sufficient to repay the credit contract within no more than 3 years, whichever is greater; or

(ii) if the information required to make either calculation in subparagraph (i) is not readily accessible to the lender, at least 3.8% of the credit limit...

#### **4AM Lenders must adjust initial estimate of borrower's likely relevant expenses**

(1) This regulation is the second stage of an estimate of likely relevant expenses under regulation 4AF(2)(a)(ii).

(2) The lender must, to the extent that the initial estimate was based on asking the borrower about relevant expenses under regulation 4AK(2)(a)(i), or if there is a significant risk that the initial estimate materially underestimates relevant expenses, do 1 or more of the following for the affected expenses:

(a) verify the amount of the expense with reliable evidence, which may include all or any of the following:

(i) recent transaction records, for a period of at least 90 days, from a bank account from which those expenses have been paid:

(ii) a copy of a contract or invoice:

(iii) any other reliable evidence:

(b) for benchmarkable expenses, use the higher of the initial estimate and the benchmark: (c) if neither of the steps in paragraphs (a) and (b) is reasonably practicable, adjust the expense by estimating a reasonable cost for the expense.

(3) The lender must consider whether the relevant expenses are at a level that would be below a reasonable minimum cost of living for a person in similar circumstances to those of the borrower and, if so, increase the amount of the expense to a reasonable minimum cost. (4) See regulation 4AN for benchmarkable expenses.

(5) The lender must estimate the likely relevant expenses after taking into account the results of complying with the obligations in regulations 4AK and 4AL and this regulation and other reasonable inquiries required by section 9C(3)(a)(ii) of the Act.

#### **4AN Benchmarkable expenses**

- (1) An expense is a **benchmarkable expense** if it, individually or as a group of expenses, is an expense for which the lender may use statistical information about household expenditure, including utilities, food and groceries, and transport expenses (including fuel, warrant of fitness, vehicle registration, vehicle repairs, and vehicle maintenance).
- (2) Statistical information can be used only if it meets the following requirements:
  - (a) it must be based on statistical information about individual or household expenses that has been collected and analysed using a robust statistical methodology (for example, based on the Statistics New Zealand House-hold Economic Survey):
  - (b) it must be recent:
  - (c) it must be reasonable to use in the circumstances, including that there must be a low risk that the benchmark will be materially lower than the particular borrower's likely relevant expenses

## Attachment B

Borrower/s	Regulation 4AJ Income assessment Overestimation of likely income	Regulation 4AF(2)(a)(ii) Relevant expenses evident from bank statements in Aotea Finance's possession but omitted by Aotea Finance without discussions with the borrower/s. <sup>2</sup>	Regulation 4AK/4AM(2) Estimates for relevant expenses materially lower than the amounts indicated by bank statements in Aotea Finance's possession. <sup>3</sup>	Other non-compliance with the regulations
[REDACTED]	The estimate of [REDACTED]'s income was significantly more than her average wage over 90 days, particularly if an anomalous payment of \$3,028.81 is excluded.	<p><b>Fixed financial commitments:</b> On my road insurance plan</p> <p><b>Debt payments:</b> Zip, Afterpay, Purple Visa</p>	Food, mobile, transport	<p><b>Regulation 4AL:</b> Two credit cards with a total limit of \$13,000 were allocated a monthly repayment amount of \$200.</p> <p>Applying regulation 4AL, Aotea Finance needed to apply at minimum 3.8% of the credit limit (which would amount to monthly payments of \$494).</p> <p>The estimate included weekly Gem Visa payments of \$43.85. It is unclear how this was calculated, but the credit limit was not recorded.</p>
[REDACTED]	The estimate of [REDACTED]'s income was significantly more than his average wage over 90 days, particularly if an anomalous payment is \$1,100.99 is excluded.	<b>Regular outgoings:</b> alcohol, gambling	Food, petrol	

<sup>2</sup> Note that the regular outgoings in this column have only been included where we consider there is a risk that they could materially change the affordability of the loan for the particular borrower/s.

<sup>3</sup> For the purposes of assessing materiality, the Commission applied a minimum threshold of \$10 per week. We note that for many of the expenses, particularly food expenditure, the differences were well in excess of \$10.

	The estimated boarder income was significantly more than what the borrowers' 90-day transaction history indicated.			
██████		<b>Debt payments:</b> Better Cars loan <b>Regular outgoings:</b> Christmas Club payments  No inquiries into school expenses for the borrower's three children.	Phone	
██████		<b>Fixed financial commitments:</b> Life insurance <b>Regular outgoings:</b> ATM transactions, bank transfers to third parties	Mobile, internet, gym	<b>Regulation 4AM(2):</b> Board payments not verified  <b>Regulation 4AK/4AM(2):</b> Only one set of borrower bank statements were obtained for the period preceding the loan.
██████		<b>Regular outgoings:</b> alcohol	Food, medical expenses	
██████	The estimate of the borrower's wages was significantly more than what the borrower's 90-day transaction history indicated.	<b>Debts:</b> Afterpay, ZIP <b>Living expenses:</b> daycare <b>Regular outgoings:</b> gambling		<b>Regulation 4AM(2):</b> Board payments not verified, and the estimate was materially lower than the amount stated in the broker's form.
██████	The estimate of likely income included Winter Energy Payments, which are only paid from 1 May to 1 October.	<b>Fixed financial commitments:</b> Life insurance plan (only one plan was included when the borrowers had two plans)	School, Blue Horizon payments	

[REDACTED]	The estimate of likely income included Winter Energy Payments, which are only paid from 1 May to 1 October.			
[REDACTED]		<b>Fixed financial commitments:</b> Funeral plan premium <b>Debt payments:</b> ZIP, Laybuy, Humm <b>Regular outgoings:</b> Baywide money transfers	Food	<b>Regulation 4AM(2):</b> Board payments not verified
[REDACTED]	The estimate of the borrowers' income included contributions from their adult children; however, there was no evidence that the borrowers had received money from their children in the preceding six months.	<b>Debt payments:</b> additional LINSAs loan payments, Ministry of Justice overdue fines, Finance Now loan <b>Regular outgoings:</b> ATM withdrawals	Rent (less than amount on rental agreement)	<b>Regulation 4AK/4AM(2):</b> There was not sufficient overlap in time between the borrowers' bank statements; nor was there 90 days' transaction history for one of the coborrowers.  No verification of Instant Loan repayments
[REDACTED]		<b>Debt payments:</b> credit card payments	Food, clothing, two sets of AIA insurance	
[REDACTED]		<b>Debt payments:</b> Afterpay and ZIP <b>Regular outgoings:</b> ATM withdrawals, gambling, Apple purchases	Food, mobile	
[REDACTED]		<b>Regular outgoings:</b> gym, gambling, alcohol, golf	Food	
[REDACTED]		<b>Debt payments:</b> Zip <b>Regular outgoings:</b>		<b>Regulation 4AK/4AM(2):</b>

		gambling, ATM withdrawals, bank transfers to third parties		Only one set of borrower bank statements was obtained.  No verification of loan repayments to Thorn Group and Avanti Finance
██████	The estimate of the borrower's likely income included irregular overtime payments.	<b>Regular outgoings:</b> gambling	Food	
██████████		<b>Regular outgoings:</b> mobile apps, gambling, alcohol	Food, power	
██████	The estimate of likely income included Winter Energy Payments, which are only paid from 1 May to 1 October.	<b>Regular outgoings:</b> gambling, ATM withdrawals		<b>Regulation 4AM(2):</b> Board payments not verified
██████		Aotea Finance used the pre-deduction amount when assessing the borrower's likely income from WINZ but did not include the deductions for the following in its estimate of the borrower's likely relevant expenses:  <b>Fixed financial commitments:</b> Child support <b>Debt payments:</b> WINZ advance repayments	Power, mobile	
██████			Food, petrol, clothing, footwear	<b>Regulation 4AM(2):</b> Board payments not verified
██████████		<b>Debt payments:</b> Afterpay, Ministry of Justice fines, WINZ debt		<b>Regulation 4AM(2):</b> No verification of life insurance payments and Cash Converters loan repayments



		<b>Regular outgoings:</b> bank transfers to third parties, ATM withdrawals		
██████	The estimate of likely income for the coborrowers was significantly more than what their 90-day transaction history indicated.	<b>Regular outgoings:</b> bank transfers to third parties, ATM withdrawals		<b>Regulation 4AM(2):</b> No verification of Finance4U loan repayments
██████		<b>Regular outgoings:</b> alcohol, gambling, ATM withdrawals		
██████		<b>Regular outgoings:</b> ATM withdrawals		<b>Regulation 4AK/4AM(2):</b> The period covered by the bank statements for the coborrowers did not overlap; nor were they for a period of at least 90 days.