

A guide to responsible lending and credit cards



For consumer advocates



What can go wrong?

Banks, credit unions and other lenders are required to lend responsibly. In other words, they should not lend someone more money than they can afford to pay back.



You might have a credit card debt that you can't pay off. The important question to consider is: could you afford the repayments when you were granted the credit card or when your credit limit was increased?

If not, then we may consider if the lender has acted responsibly when making the decision to lend.



What is FOS's approach?

A lender should provide you with credit only if you can afford to make the repayments. We will look at what your financial position was at the time the credit was approved, to see what the appropriate limit should have been.

If the lender did not act responsibly, the lender will need to reimburse the interest and fees charged on any credit advanced beyond the appropriate credit limit. You will usually still need to pay back the principal.

Further information on how FOS handles disputes about responsible lending is available on our website www.fos.org.au.



What should I do if I am unhappy with my lender?

If you think you have been given a credit card (or a limit increase) that you cannot afford the repayments on, your first step should be to complain to the lender. Most disputes are resolved this way. To find your lender's complaint contact details, go to www.fos.org.au/members or call us.

If you are not happy with the response or you don't get a response, you should lodge a dispute with FOS. You can lodge a dispute on our website or by calling 1800 367 287.



What if...?

You were able to make your repayments for a while but then your circumstances changed (e.g. you lost your job) and you couldn't keep up the repayments?

You should contact your lender and explain you are in financial difficulty. Ask if you can make a new repayment arrangement to allow for your financial hardship. If you are unable to reach an agreement with your lender, you should lodge a dispute with FOS.

Your bank has offered to waive all interest and fees charged on the account but you want them to write off the full balance?

FOS can check the bank's calculations, but because you have had the benefit of the funds, FOS would expect you to repay the principal amount borrowed.

Who are we?

The Financial Ombudsman Service (FOS) Australia offers fair, independent and accessible dispute resolution for consumers who are unable to resolve complaints with member financial services providers.

Our members include banks, insurers, credit providers, financial advisers and planners, debt collection agencies and other businesses that provide financial products and services.

A not-for-profit, non-government organisation, FOS resolves disputes quickly and efficiently, providing a cheaper alternative than going to court. Our service is free of charge for applicants, with the costs of running the service being met by our members.

How we help

We resolve disputes between consumers and Financial Services Providers:

- in a cooperative, efficient, timely and fair manner
- with minimum formality and technicality, and
- as transparently as possible, taking into account our obligations for confidentiality and privacy.

This involves understanding all aspects of a dispute without taking sides, and making decisions based on the specific facts and circumstances of each dispute.



What sorts of dispute does FOS handle?

We can handle disputes about a range of financial issues including:

- Banking and finance
- Credit
- Home, contents, travel and life insurance
- Insurance broking
- Financial planning
- Investments
- Managed funds
- Mortgage and finance broking
- Pooled superannuation funds
- Stockbroking
- Timeshares
- Estate planning and management
- Traditional trustee services



Useful information

Are there time limits?

There are time limits for lodging a dispute with FOS. In most cases, you have two years to lodge a dispute with us from the date of the financial services provider's final response to your complaint with them.

If you have not contacted your financial services provider's complaints area, you must lodge your dispute with FOS within six years of the date you became aware of the loss you suffered.

We may still consider a dispute lodged after either of these time limits if we believe exceptional circumstances apply.

What if we can't help with your dispute?

If we can't manage your dispute, we can often suggest other organisations that may be able to help. You can call the Australian Securities and Investment Commission hotline on 1300 300 630 or visit www.asic.gov.au for advice on who else you can ask for help.

Will you need help lodging your dispute?

Our service is free to consumers and you do not need to pay someone to help you lodge a dispute with FOS. If you think you may need help, you might qualify for free legal aid or financial counselling assistance. Visit nationallegalaid.org or financialcounselingaustralia.org.au for more information.

If English is not your first language, information on the FOS website is available in a range of languages. We can also arrange access to a free interpreter service.

Interpreter service

Call the free interpreter service on 131 450 or call us on 1800 367 287 (9am to 5pm Melbourne time from Monday to Friday) and we will organise an interpreter for you.

Accessibility

We are tailoring our website to be as accessible as possible. We have added descriptive terms to images to help visually impaired consumers access information on the FOS website and we provide phone services for consumers with a hearing or speech impairment.

National Relay Service

For the hearing and speech impaired
www.relayservice.gov.au

TTY / Voice call 133 677 (local)

Speak & Listen 1300 555 727 (local)

Internet Relay Call

Go to www.relayservice.gov.au, select the type of call and enter our number 1800 367 287.

Please note that we do not provide legal or financial advice. Details of consumer advocacy and legal services are provided on our website.



Before contacting FOS

We recommend that you collect the following information before lodging a dispute with FOS:

- Details of your income and expenses on the date the credit card or the credit card limit increase was granted.
- Details of your current financial position – a template for a statement of financial position is available on our website at www.fos.org.au/financialposition.
- An affordable repayment proposal for the balance of the debt that is likely to be left over after any adjustment for refundable interest and charges.



Other useful information

See other FOS brochures at publications@fos.org.au or www.fos.org.au:

- *A guide to dealing with financial difficulty*
- *How to resolve a dispute*
- *A guide to conciliation conferences*



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Contact us

The following options are available when lodging a dispute with FOS:

Online

Disputes can be lodged online at www.fos.org.au or by sending an email to info@fos.org.au

Phone

Disputes can be lodged by calling us on **1800 367 287 (1800 FOS AUS)** (9am to 5pm from Monday to Friday)

Mail

Dispute forms can be sent to:

Financial Ombudsman Service Limited
GPO Box 3
Melbourne 3001