

**Consumer Credit Legal Centre (NSW) Inc.**

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Company: <b>ACCC</b>	From: <b>Agnes Chang</b>
Attention: <b>General Manager Adjudication Branch</b>	Position: <b>Legal Policy + Education Officer</b>
Position:	Date: <b>11 November 2005</b>
Fax number: <b>02 6243 1211</b>	Phone number:

URGENT     REPLY ASAP     PLEASE COMMENT     PLEASE REVIEW     FOR YOUR INFORMATION

TOTAL PAGES, INCLUDING COVER: **3**

Comments:

Dear General Manager,  
 Please find enclosed CCLC's  
 submission in relation to  
 Third Line Forcing Notifications  
 N70435 lodged by Cash  
 Converters Pty Ltd.  
 An electronic version will also be sent  
 by e-mail.

Agnes Chang  
 02 8204 1360

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The General Manager  
Adjudication Branch  
Australian Competition and Consumer Commission  
PO Box 1199  
DICKSON ACT 2602

By e-mail: [adjudication@accc.gov.au](mailto:adjudication@accc.gov.au) and  
By facsimile: 02 6243 1211

Dear General Manager,

**Re: Third Line Forcing notifications N70435 lodged by Cash Converts Pty Ltd ("CCPL").**

We refer to your letter dated 25/10/05.

We wish to lodge a strong objection to CCPL being given immunity from legal action by the ACCC in relation to third line forcing.

The Consumer Credit Legal Centre (NSW) Inc ("CCLC") is an independent community legal centre providing information, legal advice, legal representation, and education to NSW consumers in relation to credit, debt and banking matters. We provide legal advice and assistance to low-income or otherwise disadvantaged clients, and represent clients in disputes with credit providers and debt collectors, including matters in courts, tribunals and alternative dispute resolution schemes.

CCLC also operates the Credit and Debt Hotline, which provides financial counselling information and referral to NSW residents. This is a telephone service and is the central point of contact for people requesting assistance in relation to credit, debt and financial hardship.

We contend that it is not in the public interest, and in fact is likely to cause public detriment if the notification is granted. Our reasons appear below:

### *Consumer Confusion*

Consumers expect to be provided credit from the business advertising that credit may be provided. This would not be the case here. This would cause confusion and legal obstacles for consumers in the event of a dispute.

### *CCPL as a payday lender*

We have evidence that CCPL is not complying with the existing credit laws in NSW. We have a client who borrowed \$260 for 26 days and was charged \$91.00 in fees. The

amount of fees charged is in contravention of the Consumer Credit (NSW) Act 1995. In this Act there is 48% p.a. cap (which includes fees and charges in the calculation of interest). The interest rate charged by Cash Converters is the equivalent of around 500%p.a., which is clearly in breach of the interest rate cap.

We contend that if Cash Converters is unable to comply with existing legislation then there is a reasonable concern that the proposed arrangement will continue to contravene the credit laws in NSW.

Payday lending is an exploitative practice involving usually excessive fees. It cannot be in the public interest to expand that exploitation.

**Public Benefit**

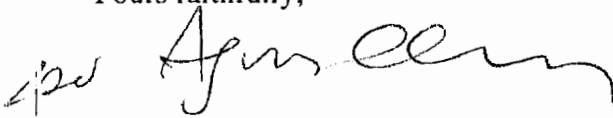
CCPL has not made any case of public benefit in its submissions to the ACCC. The CCPL submissions mention uniformity, quality control, competition and viable fees. These are all benefits for CCPL not the public. None of the matters mentioned would lead to favourable outcomes for the public.

In summary, there are no likely benefits in relation to the notified conduct and there is a real risk of public detriment.

Please immediately issue a notice revoking the immunity.

Should you require further information or comments please do not hesitate to contact Agnes Chong, Policy Officer on 02 82041360.

Yours faithfully,



Katherine Lane  
Solicitor  
**Consumer Credit Legal Centre (NSW) Inc.**  
Direct Line: (02) 8204 1350

Winner of the 2001 NSW Consumer Protection Award for Community Organisations



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