



Determination

Application for authorisation AA1000609
lodged by
the Customer Owned Banking Association
in respect of
certain provisions of its Code of Practice
Authorisation number: AA1000609

Date: 9 August 2022

Commissioners: Keogh
Rickard
Brakey

Erratum 19 August 2022 – substitution of the document at Annexure 3 to correct a publication error

Summary

The ACCC grants authorisation to enable the Customer Owned Banking Association and its current and future members implement certain provisions of its Customer Owned Banking Code of Practice. In broad terms, the provisions relate to commitments by signatories to limit fees and charges and enhance protections offered to customers and guarantors including in cases of financial hardship. COBA's members are mutual banks, credit unions and building societies that provide retail banking services and in some cases business banking services in competition with national and regional banks.

The ACCC has decided to grant authorisation until 19 August 2027.

The ACCC considers the relevant provisions of the Code of Practice are likely to result in public benefits by improving the accessibility and affordability of banking services, enhancing protection for customers and guarantors and enhancing competition by COBA members with other participants in the banking sector. The ACCC considers that there are unlikely to be public detriments.

1. The application for authorisation

- 1.1. On 20 April 2022, the Customer Owned Banking Association (**COBA**) lodged application for authorisation AA1000609 with the Australian Competition and Consumer Commission (the **ACCC**) on behalf of itself and its current and future members (see Annexure 1). COBA is seeking authorisation to enable it to implement certain provisions (the **Relevant Provisions**) of its Customer Owned Banking Code of Practice (the **2022 Code**) for five years (the **Proposed Conduct**).¹
- 1.2. This application for authorisation AA1000609 was made under subsection 88(1) of the *Competition and Consumer Act 2010* (Cth) (the **CCA**).² The ACCC may grant authorisation, which provides businesses with protection from legal action under the competition provisions in Part IV of the CCA for arrangements that may otherwise risk breaching those provisions in the CCA, but are not harmful to competition and/or are likely to result in overall public benefits.
- 1.3. COBA also requested interim authorisation to enable it and its current and future members to make arrangements for finalisation and promotion of the 2022 Code. On 27 May 2022, interim authorisation was granted under subsection 91(2) of the Act.³ Interim authorisation will remain in place until the date the ACCC's final determination comes into effect, the application for authorisation is withdrawn, or until the ACCC decides to revoke interim authorisation.

2. Background

COBA

- 2.1. COBA is the industry association for Australia's customer owned banking institutions (mutual banks, credit unions and building societies). COBA provides representation

¹ The Relevant Provisions are set out in full at Annexure 2 of this determination.

² This application is available on the ACCC public register at: <https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/customer-owned-banking-association>.

³ See ACCC decision of 27 May 2022 available at <https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/customer-owned-banking-association>.

and advocacy for its member institutions and provides advisory and support services such as in the area of fraud and financial crimes. COBA advises that it currently has 58 members.

The Code of Practice

- 2.2. COBA's Code of Practice is a voluntary industry code established in January 2014 and administered by a 3-member Code Compliance Committee. The existing version of the code (see Annexure 3) commenced in January 2018 and currently 55 of COBA's 58 members have subscribed and thus agree to comply with the code in the delivery of their banking services.
- 2.3. It is a requirement of the code of practice that it be reviewed at least every 5 years. COBA submits that the most recent review was independently conducted by Cameron Ralph Khoury, which also drafted a new version of the code. With some refinements to language, the COBA board has approved this version of the code of practice to form the 2022 Code. COBA intends for the 2022 Code to replace the existing version of the code of practice.
- 2.4. This recent review of the code coincided with the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (the **Royal Commission**). The Royal Commission was established on 14 December 2017 by the Australian government to inquire into and report on misconduct in the banking, superannuation, and financial services industry. The final report was tabled in Federal Parliament on 4 February 2019 and made 76 recommendations, for implementation by the Australian Government and parliament, regulators, and various industry bodies. The recommendations were in relation to banking, financial advice, superannuation, insurance, culture, governance and remuneration, and regulators.
- 2.5. COBA members are affected by the industry-wide legislative and executive responses to the Royal Commission's recommendations in areas such as home and small business lending and the provision of bank accounts. However, the Royal Commission did not have any specific recommendations for actions to be undertaken by COBA or the code of practice it administers.
- 2.6. Despite the lack of specific recommendations directed to it, COBA submits the review of its code of practice had close regard to the Royal Commission recommendations and the updated Australian Banking Association's Banking Code of Practice. COBA has chosen to maintain the 2022 Code as a voluntary code for its members rather than making it mandatory. COBA submits that this reflects the diverse nature of its membership as a small number of its members may have difficulty fully complying with the 2022 Code or require more time to achieve compliance. COBA has also chosen not to seek ASIC approval of the 2022 Code at this time on the basis that it is waiting for ASIC to identify any enforceable provisions of the Australian Banking Association's Banking Code of Practice.

Details of the 2022 Code

- 2.7. The provisions in the 2022 Code that are the subject of COBA's authorisation application (see Annexure 2) include commitments to:
 - not charge or only to charge at cost a fee, cost or interest (or rebate such fee or interest charged) in connection with the relevant products or services provided by COBA member institutions;
 - dishonour credit card transactions that would result in a customer exceeding their credit limit by more than 10%;

- not require customers experiencing financial difficulty to access their superannuation to meet their loan obligations;
- restrict the circumstances under which the customer's debt will be sold, particularly when the customer is experiencing financial difficulty or if the debt arose from violence or abuse;
- not take enforcement actions against the customer (including small businesses) or guarantor in connection with the customer's loan in certain circumstances; and
- not include a general material adverse change default clause in small business loan contracts.

2.8. Although COBA is not seeking authorisation for the enforcement mechanisms in the 2022 Code, the 2022 Code does include administration procedures for handling complaints about COBA members which have subscribed to the Code. Complaints are handled and determined by the Code Compliance Committee. The Code Compliance Committee may impose sanctions on a COBA member which has subscribed to the 2022 Code, including:

- formally warn the subscriber
- require the subscriber to undertake a compliance review
- require the subscriber to undertake a staff training program on the 2022 Code
- require the subscriber to undertake corrective advertising
- publicly name the subscriber as non-compliant with the 2022 Code
- advise COBA of the subscriber's non-compliant status and/or failure to undertake a required course of action.⁴

2.9. Prior to imposing a sanction, under its Charter, the Code Compliance Committee must be satisfied that the COBA member which has subscribed to the 2022 Code:

- is guilty of serious or systemic non-compliance with the 2022 Code, or
- has ignored a request from the committee to remedy a breach of the 2022 Code or has failed to remedy that breach within a reasonable time, or
- has breached an undertaking given to the committee, or
- has not taken reasonable steps to prevent a breach of the 2022 Code from continuing to occur or reoccurring after having been warned by the committee that a sanction might be imposed.⁵

2.10. The Code Compliance Committee also has referral protocols to the external dispute resolution scheme to which COBA members belong (the Australian Financial Complaints Authority – **AFCA**). Complaints or disputes about alleged breaches of the 2022 Code which relate to claims of loss or detriment will be recommended to be forwarded to AFCA for resolution.⁶

3. Consultation

3.1. A public consultation process informs the ACCC's assessment of the likely public benefits and detriments from the Proposed Conduct.

⁴ Part C, section 183 2022 Code

⁵ *Customer Owned Banking Code Compliance Committee Charter* section 12.3.

⁶ Part C, Section 183 2022 Code.

- 3.2. The ACCC invited submissions from a range of potentially interested parties including banking institutions, banking and consumer representative associations, and relevant state and federal government bodies.⁷ The ACCC received no submissions in relation to the application prior to the draft determination.
- 3.3. On 27 May 2022, the ACCC issued a draft determination proposing to grant authorisation for 5 years. A pre-decision conference was not requested following the draft determination and no submissions were received.

4. ACCC assessment

- 4.1. The ACCC's assessment of the Proposed Conduct is carried out in accordance with the relevant authorisation test contained in the CCA.
- 4.2. COBA has sought authorisation for Proposed Conduct that would or might constitute a cartel provision within the meaning of Division 1 of Part IV of the CCA and may substantially lessen competition within the meaning of section 45 of the CCA. Consistent with subsection 90(7) and 90(8) of the CCA, the ACCC must not grant authorisation unless it is satisfied, in all the circumstances, that the conduct would result or be likely to result in a benefit to the public, and the benefit would outweigh the detriment to the public that would be likely to result (authorisation test).
- 4.3. The ACCC considers that the relevant areas of competition likely to be affected by the Proposed Conduct are:
 - the provision of retail transaction banking services to individuals in Australia,
 - the provision of credit cards in Australia,
 - the supply of loans to retail customers and small businesses in Australia, and
 - the wholesale acquisition of debt.
- 4.4. In applying the authorisation test, the ACCC compares the likely future with the Proposed Conduct that is the subject of the authorisation to the likely future in which the Proposed Conduct does not occur.
- 4.5. The ACCC considers that without the Proposed Conduct the status quo is likely to continue, that is COBA's members will continue to subscribe to the existing version of COBA's code of practice. COBA submits that some of its members may individually already adopt some features outlined in the Relevant Provisions. However, customers will not benefit from the certainty of the new minimum or benchmark standards that would be adopted by COBA members which have subscribed to the 2022 Code.
- 4.6. The ACCC notes that both in the future with the Proposed Conduct and the future without, COBA members will continue to be regulated as authorised deposit taking institutions under a variety of Commonwealth Acts (and their associated regulations), especially the: *Banking Act 1959*, *Reserve Bank Act 1959*, *Financial Sector (Shareholdings) Act 1998*, *Corporations Act 2001*, *Financial Sector (Collection of Data) Act 2001*, and *Financial Sector (Transfer and Restructure) Act 1999*. Although the recommendations of the Royal Commission were not specifically directed to the customer owned banking sector, legislative and regulatory changes resulting from the Royal Commission also apply to COBA members.

⁷ A list of the parties consulted and the public submissions received is available from the ACCC's public register www.accc.gov.au/authorisationsregister.

Public benefits

4.7. The CCA does not define what constitutes a public benefit. The ACCC adopts a broad approach. This is consistent with the Australian Competition Tribunal (the **Tribunal**) which has stated that in considering public benefits:

...we would not wish to rule out of consideration any argument coming within the widest possible conception of public benefit. This we see as anything of value to the community generally, any contribution to the aims pursued by society including as one of its principal elements ... the achievement of the economic goals of efficiency and progress.⁸

4.8. COBA has claimed the following public benefits:

- improving accessibility and affordability of banking services
- enhanced protection for customers and guarantors
- enhanced competition by COBA members with the traditional banking sector.

Improved accessibility and affordability of banking services

4.9. The 2022 Code includes commitments to eliminate or rebate certain fees including:

- rebate overdraft or interest fees for low or no fee transaction accounts for low-income customers (paragraph 35)
- lenders mortgage insurance to be charged at cost (paragraph 102)
- no fee for cancellation of direct debit facilities (paragraph 130)
- no late payment, default fees or interest for customers in financial difficulty while they are meeting any conditions of financial assistance (paragraph 154(d))
- no fee for making a complaint (paragraph 170).

4.10. COBA submits that these fee reductions will improve the affordability and accessibility of its members' products to customers, especially lower income customers. COBA submits that the new fee provisions in the 2022 Code are also consistent with the spirit of the recommendations from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry in relation to enhancing the accessibility of banking services.

4.11. The ACCC considers that the reduced fees will increase the affordability and access to basic banking services for the customers of COBA members who subscribe to the 2022 Code. The ACCC considers that this is a likely public benefit.

8 Queensland Co-operative Milling Association Ltd (1976) ATPR 40-012 at 17,242; cited with approval in Re 7-Eleven Stores (1994) ATPR 41-357 at 42,677.

Enhance protection for customers and guarantors

- 4.12. COBA submits that the remaining changes to the Relevant Provisions in the 2022 Code, other than those related to fees, are intended to enhance protections offered to customers and guarantors. These changes include:
- paragraph 57 of the 2022 Code provides that COBA members which subscribe to the code will dishonour credit card transactions that result in the customer exceeding their credit limit by 10%.
 - the 2022 Code removes provisions that allowed unsolicited offers to increase credit limits in limited circumstances and in paragraphs 55-59 introduced new commitments in relation to application of credit card repayments, dishonouring transactions and balance transfers
 - paragraph 153(c) specifies that there is no requirement for customers in financial difficulty to access their superannuation to meet loan obligations
 - paragraph 154(d) removes late payment and default fees or interest for customers in financial difficulty who are meeting any conditions of financial assistance
 - paragraph 153(f) and 154(e) specify that debt is not to be sold while financial difficulty assistance requests are being considered or customers meet conditions of financial assistance
 - paragraph 165 requires debt to be sold only to businesses that comply with the Debt Collection Guidelines and the Code of Operation and are AFCA members
 - paragraph 166 prohibits selling of debt if it arose from domestic violence or elder abuse
 - greater protections for guarantors⁹ including that a guarantor's security will not be enforced before a borrower's security (paragraphs 72, 74-80 and 84-85)
 - removal of general material adverse change clauses in small business loans and provision of more time to remedy breaches without action being taken by the lender (paragraph 49-52).¹⁰
- 4.13. The ACCC considers that the 2022 Code is likely to enhance protections on retail and small business loan customers and guarantors. By focusing the increased protections on people in financial difficulty or facing particularly vulnerable circumstances (particularly as reflected in the findings of the Royal Commission) the ACCC is satisfied that the Proposed Conduct will increase borrower protections and that this is likely to result in a public benefit.

Enhanced competition by COBA members with the traditional banking sector

- 4.14. COBA submits that collective implementation by COBA members of the 2022 Code will enhance the quality of its members' products and services and improve customer awareness, understanding and certainty of the new features and terms of its members' financial products. COBA submits that this will be reinforced by a publicity campaign to

⁹ A guarantor is a person who guarantees to repay a loan if the borrower is unable to do so. The security for a loan is a valuable asset which can be sold by the lender to recover the value of a loan if the borrower defaults. In some cases, a loan may be secured by the assets of a guarantor as well as the assets of the borrower. For example, a residential mortgage may be secured by the guarantor's house as well as the house of the borrower who entered the mortgage. This change means that the lender may not sell the guarantor's house before it sells the house of the borrower.

¹⁰ It is standard for small business commercial lending contracts (including for overdraft accounts used to provide operating liquidity) to include provisions allowing a lender to require immediate repayment if the business owner suffers a significant or material change in life circumstances, even if the business owner is meeting repayments and other loan terms as required.

promote the commitments. COBA submits that as a result its members will be more competitive with traditional banks.

- 4.15. The ACCC considers that to the extent that compliance with the 2022 Code enhances the product offering of COBA members, this is likely to increase competition between COBA members and non-COBA members and that this is a likely public benefit.

Public detriments

- 4.16. The CCA does not define what constitutes a public detriment. The ACCC adopts a broad approach. This is consistent with the Tribunal which has defined it as:

...any impairment to the community generally, any harm or damage to the aims pursued by the society including as one of its principal elements the achievement of the goal of economic efficiency.¹¹

- 4.17. COBA submits that the 2022 Code is unlikely to lead to any public detriment, including competitive detriment. COBA notes that its members as a whole constitute around 10% of Australian household deposits and also have a relatively small share of small business and mortgage lending.
- 4.18. Given COBA members' relatively low share of consumer transaction accounts, mortgage lending and small business lending in Australia the ACCC considers it unlikely that the 2022 Code will have a significant detrimental impact on competition. The ACCC further notes that the 2022 Code is voluntary and that COBA members may remain members without subscribing to the 2022 Code. The 2022 Code has a complaints handling and publicity related enforcement mechanism as described above at paragraph 2.8. It also has a mechanism to refer more serious complaints to appropriate dispute resolution channels and regulators.

Balance of public benefit and detriment

- 4.19. For the reasons outlined in this determination, the ACCC is satisfied that the Proposed Conduct is likely to result in a public benefit and that this public benefit would outweigh any likely detriment to the public from the Proposed Conduct.

Length of authorisation

- 4.20. The Act allows the ACCC to grant authorisation for a limited period of time.¹² This enables the ACCC to be in a position to be satisfied that the likely public benefits will outweigh the detriment for the period of authorisation. It also enables the ACCC to review the authorisation, and the public benefits and detriments that have resulted, after an appropriate period.
- 4.21. In this instance, COBA seeks authorisation for 5 years, in line with the 5-year review period incorporated in the code.
- 4.22. The ACCC grants authorisation until 19 August 2027.

¹¹ Re 7-Eleven Stores (1994) ATPR 41-357 at 42,683.

¹² Subsection 91(1)

5. Determination

The application

- 5.1. On 20 April 2022, COBA lodged application AA1000609 with the ACCC, seeking authorisation under subsection 88(1) of the CCA.
- 5.2. COBA seeks authorisation for the Proposed Conduct (defined at paragraph 1.1 with the Relevant Provisions in Attachment 2).

The authorisation test

- 5.3. Under subsections 90(7) and 90(8) of the CCA, the ACCC must not grant authorisation unless it is satisfied in all the circumstances that the Proposed Conduct is likely to result in a benefit to the public and the benefit would outweigh the detriment to the public that would be likely to result from the Proposed Conduct.
- 5.4. For the reasons outlined in this determination, the ACCC is satisfied, in all the circumstances, that the Proposed Conduct would be likely to result in a benefit to the public and the benefit to the public would outweigh the detriment to the public that would result or be likely to result from the Proposed Conduct, including any lessening of competition.
- 5.5. Accordingly, the ACCC grants authorisation.

Conduct which the ACCC authorises

- 5.6. The ACCC grants authorisation AA1000609 to enable COBA and its current and future members to implement the Relevant Provisions of the 2022 Code and defined as the Proposed Conduct.
- 5.7. The Proposed Conduct may involve a cartel provision within the meaning of Division 1 of Part IV of the CCA or may have the purpose or effect of substantially lessening competition within the meaning of section 45 of the CCA.
- 5.8. The ACCC has decided to grant authorisation AA1000609 until 19 August 2027.
- 5.9. The authorisation is in respect of the Relevant Provisions as attached at annexure 2. Any changes to these provisions during the term of the authorisation would not be covered by the authorisation.

6. Date authorisation comes into effect

- 6.1. This determination is made on 9 August 2022. If no application for review of the determination is made to the Australian Competition Tribunal it will come into force on 31 August 2022.

Annexure 1 COBA Member Institutions

1. Australian Central Credit Union Limited (trading as People's Choice Credit Union Limited)
2. Australian Military Bank Limited
3. Australian Mutual Bank Limited
4. Australian Unity Bank Limited
5. B & E Limited (trading as Bank of us)
6. Bank Australia Limited
7. Beyond Bank Australia Limited (trading as Beyond Bank Australia and Nexus Mutual)
8. Central Murray Credit Union Limited
9. Central West Credit Union Limited
10. Coastline Credit Union Limited
11. Community First Credit Union Limited (trading as Community First Credit Union and Easy Street)
12. Credit Union Australia Limited (trading as Great Southern Bank)
13. Credit Union SA Limited
14. Defence Bank Limited
15. Dnister Ukrainian Credit Co-operative Limited
16. Family First Credit Union Limited (trading as Family First Bank)
17. Fire Service Credit Union Limited
18. First Choice Credit Union Limited
19. First Option Bank Limited
20. Ford Co-Operative Credit Society Limited (trading as Geelong Bank)
21. G&C Mutual Bank Limited
22. Gateway Bank Limited
23. Goulburn Murray Credit Union Co-Operative Limited
24. Greater Bank Limited
25. Heritage Bank Limited
26. Horizon Credit Union Limited (trading as Horizon Bank)
27. Hume Bank Limited

28. Illawarra Credit Union Limited
29. IMB Limited (trading as IMB Bank and Hunter United)
30. Laboratories Credit Union Limited
31. Macarthur Credit Union Limited (trading as The Mac)
32. Macquarie Credit Union Limited
33. Maitland Mutual Limited (trading as The Mutual Bank)
34. Members Banking Group Limited (trading as RACQ Bank)
35. Newcastle Permanent Building Society Limited
36. Northern Inland Credit Union Limited
37. Orange Credit Union Limited
38. Police Bank Limited (trading as Police Bank, Border Bank and Bank of Heritage Isle)
39. Police & Nurses Limited (trading as P&N Bank and BCU)
40. Police Credit Union Limited
41. QPCU Limited (trading as QBANK)
42. Qudos Mutual Limited (trading as Qudos Bank)
43. Queensland Country Bank Limited
44. Railways Credit Union Limited (trading as MOVE)
45. Regional Australia Bank Limited
46. South West Slopes Credit Union Limited
47. South-West Credit Union Co-Operative Limited
48. Summerland Financial Services Limited (trading as Summerland Credit Union)
49. Teachers Mutual Bank Limited (trading as Teachers Mutual Bank, UniBank, Firefighters Mutual Bank, Health Professionals Bank, Hiver Bank).
50. The Broken Hill Community Credit Union Limited
51. The Capricornian Limited
52. Traditional Credit Union Limited
53. Transport Mutual Credit Union Limited
54. Unity Bank Limited (trading as Unity Bank, Reliance Bank, Bankstown City Unity Bank and Central Coast Unity Bank)
55. Victoria Teachers Limited (trading as Bank First)

56. Warwick Credit Union Limited (trading Warwick Credit Union, Gympie Credit Union and Dalby Credit Union)
57. WAW Credit Union Co-Operative Limited
58. Woolworths Team Bank Limited

Specific provisions of the 2022 Customer Owned Banking Code of Practice that are the subject of this authorisation application

Commitments
Low and no fee transaction accounts for eligible customers
<p>If:</p> <ul style="list-style-type: none"> a. we establish an account of this type for you, and b. we process a transaction that causes your account to be overdrawn, and charge you an overdrawn fee or any interest on the overdrawn amount, <p>we will rebate this fee or interest to you within 30 days. We will state this rebate commitment clearly in the account Terms and Conditions.</p>
Additional commitments for Small Business customers
We will not include a general material adverse change default clause in our Small Business loan contracts.
If we give you notice of a breach of your Small Business loan, we will not require you to repay the full amount of the loan, or take proceedings to enforce the loan, unless you fail to remedy the breach during the notice period.
Credit cards
We will dishonour a credit card transaction that would result in you exceeding your credit limit by more than 10%. (This commitment does not restrict us from dishonouring a credit card transaction that would result in any exceeding of your credit limit. We may consider that to do so would be consistent with our prudential obligations).
Safeguards for loan guarantors
<p>We will not enforce a guarantee against you if we fail to comply with any of paragraphs 78, 79 and 80.</p> <p style="text-align: center;">(Paragraphs 78, 79 and 80 state:</p> <ul style="list-style-type: none"> 78. We will ensure that a warning notice appears directly above the place you sign the guarantee. The warning notice will be substantially in the format required for a guarantee regulated by the National Credit Code. 79. We will not give the guarantee to the borrower, or someone acting on behalf of the borrower to arrange the signing, unless the person acting on behalf of the borrower is also your solicitor. In that case, we may give the guarantee to that person to arrange the signing. 80. Where we attend the signing of the guarantee, we will ensure that you sign the guarantee in the absence of the borrower.)
Unless we agree otherwise with you, we will not enforce any mortgage or other security you have given us in connection with your guarantee without first enforcing any mortgage or other security provided by the borrower. This does not apply if we reasonably believe that

Commitments
the borrower's mortgage or other security will not be sufficient to repay a substantial portion of the guaranteed liability.
We will not enforce a judgement against you under a guarantee unless: <ul style="list-style-type: none"> a. we have first enforced any mortgage or other security provided by the borrower, and b. we have obtained judgement against the borrower, and the judgement debt remains unpaid 30 days after we demand payment from the borrower in writing.
Lenders mortgage insurance
We will not charge you more than the actual cost we incur for lenders mortgage insurance. We will not receive a commission from the issuer of the lenders mortgage insurance policy.
Direct debit arrangements and recurring payments arrangements
We will not charge you a fee for cancelling a direct debit facility.
If you are in financial difficulty
If you request financial difficulty assistance, we will: not require you to access your superannuation to meet your loan obligations (unless you are borrowing for a self-managed superannuation fund)
If you request financial difficulty assistance, we will: not sell your debt while we are still considering your request
If we reach agreement about assistance to help you with your financial difficulty, we will: not charge you late payment or default fees, or default interest while you are meeting any conditions of that assistance (unless you are a Small Business customer)
If we reach agreement about assistance to help you with your financial difficulty, we will: not sell your debt while you are meeting any conditions of that assistance
Debt collection and legal action
We will only sell debt to businesses that: <ul style="list-style-type: none"> a. have agreed to comply with both the Debt Collection Guidelines and the Code of Operation: Recovery of Debts from Department of Human Services Income Support Payments and Veterans' Affairs Payments, or any successor Code, and b. are a member of AFCA.
We will not sell your debt if we are aware that your debt arose from domestic violence or elder abuse.
Prompt, fair resolution of complaints
We will not charge you a fee for making a complaint.
Definitions
<ul style="list-style-type: none"> • "AFCA" – the Australian Financial Complaints Authority, an independent complaints handling authority overseen by ASIC (i.e. that is able to review our handling of your complaints, subject to its Rules).

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- **“ASIC”** – the Australian Securities and Investments Commission.
- **“Complaint”** – Any expression of dissatisfaction made to us relating to our products, services, staff or handling of a complaint, where a response or resolution is explicitly or implicitly expected or legally required.
- **“Customer”** – means a member or a customer of a Code Subscriber.
- **“Sell”** – **A reference to us selling debts does not include a securitisation arrangement where we remain the lender of record for those debts.**
- **“Small Business”** – A business or group having fewer than 100 full-time (or equivalent) employees.
- **“Small Business loan”** – A loan to a Small Business with total debt to all credit providers (including any undrawn credit under an existing loan plus the loan applied for) of less than \$5 million.
- **“We”, “us” and “our”** – Refers to your customer owned banking institution being a subscriber to the Customer Owned Banking Code of Practice. Where the Code refers to information that you tell “us” or information that “we” are aware of, “us” or “we” refers to the particular staff of your customer owned banking institution who are assisting you at the relevant time.
- **“You”, “Your”** – Refers to an individual or Small Business who is our customer and, where relevant, a prospective customer or guarantor, or prospective guarantor of a customer who is an individual or Small Business.



CUSTOMER OWNED BANKING CODE OF PRACTICE

Credit Unions, Mutual Building Societies and
Mutual Banks
January 2018



The Customer Owned Banking Code of Practice is the code of practice for Australia's customer-owned banking institutions (mutual building societies, credit unions, mutual banks and other mutual Authorised Deposit Taking Institutions). The Code has been developed in close consultation with a wide range of stakeholders, including government, consumer groups and our members. It replaces the previous Mutual Banking Code of Practice, and applies from 1 January 2014.

Customer-owned banking institutions are a vital competitive force in Australia, offering fair and responsible financial solutions. Credit unions, mutual building societies and mutual banks are committed to putting their customers first, and to helping their customers gain financial independence.

Around four and a half million Australians are customers of a credit union, mutual building society, or mutual bank. We meet the same regulatory standards as the banks and are prudent and strong financial service providers. The difference between customer-owned banking institutions and the banks is our guarantee to serve our customers first.

Our Code is an important public expression of the value we place on improving the financial wellbeing of our individual members and their communities.

The Customer Owned Banking Association and its members believe that the Code establishes a strong benchmark for industry and is a clear statement of the commitment customer-owned banking institutions make to their customers. Customers of Code subscribers can have confidence in knowing they are covered by a market leading, plain English commitment to fair and responsible banking.

Michael Lawrence

Chief Executive Officer

Customer Owned Banking Association

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Part A - Introduction

This Customer Owned Banking Code of Practice is the industry code of the Customer Owned Banking Association (COBA), the association of mutual building societies, credit unions, mutual banks and other mutual Authorised Deposit-Taking Institutions (ADIs).¹ As customer owned banking institutions, we are owned by our customers, and not by profit-seeking shareholders. This allows us to focus on customer benefits, community involvement, fairer fees and quality service.

The customer owned banking sector already complies with a range of regulatory requirements including:

- responsible financial management requirements (under the *Banking Act 1959* and our regulation by the Australian Prudential Regulation Authority)
- corporate and financial services' licensing, advice and training, and disclosure regulation (under the *Corporations Act 2001* and our regulation by the Australian Securities and Investments Commission)
- consumer credit laws and credit licensing obligations
- privacy, fair trading and other Commonwealth, State and Territory legislation.

This Code establishes higher standards than the law requires in a range of areas, and addresses issues not addressed by the law. In adopting this Code, mutual building societies, credit unions, mutual banks and other mutual ADIs agree to abide by the higher standards and additional requirements set out in the Code.

Who subscribes to the Code?

Most credit unions, mutual building societies, mutual banks and other mutual ADIs subscribe to the Code — that is, they formally agree to be bound by the Code in their dealings with their customers. To find out if your customer owned banking institution is a Code Subscriber, refer to the COBA website or visit <http://www.cobccc.org.au/>

Structure of the Code

- Part A – Introduction
- Part B – Coverage, Commitment to comply, Relation to other laws and regulation
- Part C – Our 10 Key Promises to you
- Part D – Delivering on our Promises
- Part E – How the Code is administered
- Appendix: Definitions

We can also provide you with a booklet that summarises our promises to you.

COMMENCEMENT DATE

This revision of the Code commenced on 1 January 2018, and applied to existing Code Subscribers from that date. This revision applies to new Code Subscribers from the date they subscribe to the Code.

This revision replaces the first version of the Customer Owned Banking Code of Practice, which commenced on 1 January 2014 replacing the predecessor Mutual Banking Code of Practice.

¹ More information about COBA, and a list of COBA member financial institutions, is available at: www.customerownedbanking.asn.au



Customer Owned Banking Code of Practice

Part B – Coverage, Commitment to comply, Relation to other laws and regulation

In this Code, “we”, “us” and “our” refers to your customer owned banking institution if it subscribes to the Customer Owned Banking Code of Practice. “You” and “your” refers to you, the reader, if you are our individual or Small Business customer. See *Appendix: Definitions* for other terms used in this Code.

Coverage of Code

This Code applies to our dealings with:

- our individual and Small Business² customers
- individuals and Small Businesses who give guarantees or indemnities securing loan facilities that we provide to our customers
- in the case of commitments about the provision of information, prospective customers, and
- any other of our customers to whom we may voluntarily apply the Code.

For the purposes of this Code, an entity is a “Small Business” if the entity comes within the definition of a Small Business set out in *Appendix: Definitions* when it applies for, or guarantees, a product or facility with us.

The Code covers:

- deposit accounts, personal loans, home loans, credit and debit cards, cheques and other financial products and facilities that we issue
- products and facilities issued by another organisation and introduced, arranged or otherwise distributed by us, but only in relation to our selection and distribution of the product or facility³
- our employees, and our agents and representatives when they are acting on our behalf.

Commitment to comply with Code

We undertake to comply with this Code in our dealings with you. We will incorporate this Code by reference in our written Terms and Conditions for products and facilities to which the Code applies. We will ensure we do this within six months of the commencement date of this Code; or, if we subscribe to this Code after its commencement, within six months of the date on which we first subscribe.

² See *Appendix: Definitions* for a definition of Small Business for the purposes of this Code

³ For example, we may distribute insurance products on behalf of another organisation; in which case, this Code does not apply to the terms of policies, product documentation, claims handling etc. Part D, section 13 (*Third party products*) sets out our positive commitments in relation to these products.

Customer Owned Banking Code of Practice



Relationship to law

We will comply with this Code to the extent that applicable Commonwealth and State and Territory laws permit. If we would have to breach our statutory or common law obligations to comply with an aspect of the Code, we will not be able to comply with it. This Code cannot, and does not purport to, limit any statutory or common law obligation we may have.

Relationship to other Codes

We subscribe to the *ePayments Code*, administered by the Australian Securities and Investments Commission, which also deals with banking and payment issues. To the extent of any inconsistency, this Code should be read subject to the *ePayments Code* (and its predecessor the *Electronic Funds Transfer (EFT) Code of Conduct*), as revised from time to time.

Mutual Banking Code of Practice replaced

From the date this Code commences it replaces the *Mutual Banking Code of Practice*.



Customer Owned Banking Code of Practice

Part C – Our 10 Key Promises to you

This Part of the Code contains general principles or values applying to our customers, as well as the broader community. Where they overlap, these principles should be interpreted by reference to the more specific and detailed commitments of *Part D – Delivering on our promises*.

1 We will be fair and ethical in our dealings with you

We will always act honestly and with integrity, and will treat you fairly and reasonably in all our dealings with you.

2 We will focus on our customers

We will place a high priority on service, competitiveness and customer focus. We will provide friendly and reliable service to our customers. Our customer service standards will be appropriately tailored where we are aware that you have special needs (for example, because of your age or a disability, because you are an indigenous person, because English is not your first language, or because you are unfamiliar with financial products and services).

3 We will give you clear information about our products and services

We will provide clear and accessible information about our products and services, so you can make an informed decision about the product you want. We will disclose interest rates, fees and charges in an accessible and clear format and provide you with regular account statements. We will give you information on how to minimise fees and charges. Our advertising and promotional material will not be misleading.

4 We will be responsible lenders

We will lend responsibly, and will try to assist you if you find yourself in financial difficulties.

5 We will deliver high customer service and standards

We will issue and distribute products and provide services that are useful, reliable and of value to our customers. We will make sure our staff and agents or representatives are well trained. We will promote secure and reliable banking and financial services, and keep you up to date on any changes to the products and services we provide to you. We will treat your personal information as private and confidential.



10 KEY PROMISES TO YOU

6

We will deal fairly with any complaints

We will handle complaints promptly and fairly and provide you with information on avenues for resolving disputes if we are not able to reach agreement with you.

7

We will recognise our customers' rights as owners

As customer owned banking institutions our customers are our owners. We will ensure that you receive information that is balanced and adequate on the benefits, costs and impacts of any reasonable proposal to change our ownership structure. As far as possible, we will ensure that any information on proposals to change our ownership structure provided to you by other parties is fair and not misleading.

8

We will comply with our legal and industry obligations

We will be responsible, prudent managers of our institution, and will comply with all our obligations under the law and relevant codes of practice. We will act fairly and consistently with good banking and financial service industry practice.

9

We will recognise our impact on the wider community

The customer owned banking sector has a strong community focus. We will take account of the impact of our operations on staff, the communities we serve and our customers. We will promote community engagement and will contribute to community activities and projects.

10

We will support and promote the Customer Owned Banking Code of Practice

We will promote the Customer Owned Banking Code of Practice, ensure that our staff is trained to put it into practice, and support its monitoring and effectiveness.



Customer Owned Banking Code of Practice

Part D – Delivering on our Promises

1. Advertising

1.1. We will ensure our advertising and promotional material is not misleading or deceptive. We will not mislead or deceive you either by what we say or represent, or by omission (what we fail to say or represent). We will have regard to ASIC regulatory guidance about advertising financial products and services including credit when developing and reviewing our advertising and promotional material.

2. Information about our products

2.1. We will make general information about our products and facilities readily available to anyone who wants it. This information will be:

- clear, concise and accurate
- written in plain language
- generally sufficient to allow you to make an informed decision about the product or facility, and
- consistent with any applicable legal requirements.

2.2. We will make a copy of the standard Terms and Conditions applying to a product or facility available to you, if you ask us. We will not require you to apply for the product or facility first. However, depending on our product range and systems, we may need to ascertain the features or characteristics of the product you are considering before we are able to generate a copy of standard Terms and Conditions for that product.

2.3. We will answer any questions you have about the features of our products and facilities and how they work.

3. Information on interest rates, fees and charges

3.1. Interest rates and fees and charges applying to our products and facilities will be readily available to anyone who wants this information. The information will be clear, concise and up-to-date.

3.2. In the case of products with variable interest rates, we will tell you what the current rate is when you apply for the product. We will also use a range of methods to publicise our rates. We will answer any questions you have about our interest rates and how they are calculated and applied.

3.3. Our information about fees and charges will cover all applicable fees and charges, including non-standard fees that only apply in particular situations (e.g. fees if you overdraw your account or are late in making your payments). We will also make general information available on how to avoid or minimise fees and charges. We will answer any questions you have about the fees applying to a product or facility. We will regularly review the effectiveness of our disclosure of fees and charges to customers.

3.4. We will inform you of any fee for a one-off service (e.g. issue of a bank cheque), before you become liable to pay it.



4. Fair terms and conditions

4.1. The standard Terms and Conditions applying to our products and facilities will be:

- clear, unambiguous, and not misleading
- distinct from our advertising and promotional material
- written in a plain language style, and legibly presented.

4.2. Our standard Terms and Conditions will be consistent with this Code and will strike a fair balance between:

- your legitimate needs and interests as our customer, and
- our interests and obligations, including our prudential obligations.

4.3. We will not adopt standard Terms and Conditions that you are unlikely to be able to comply with.

4.4. This section:

- is not intended to limit our right to determine the pricing of our products and facilities on a commercial basis
- only applies to standard Terms and Conditions entered into after the Commencement Date of this Code (see Part A - Introduction).

5. Reviewing fees and charges

5.1. We will regularly review any fees and charges on our products and services, including their level.

5.2. We will make sure any exception fees we charge (including credit card late payment fees, account overdrawn or dishonour fees, direct debit dishonour fees, cheque dishonour fees, and ATM failed transaction fees) are reasonable having regard to our costs. Our costs include charges imposed by our service providers, where applicable.

6. Responsible lending practices

6.1. We will always act as a responsible lender and will comply with responsible lending laws.

6.2. We will base our lending decisions, including decisions to extend existing credit facilities, on a careful and prudent assessment of your financial position and requirements and objectives as indicated to us. We will periodically review our credit assessment procedures and criteria for the products we issue.

6.3. We will generally only lend amounts to you that we believe, on the information available to us, you can reasonably afford to repay. However, different criteria will apply in the case of some products, such as bridging finance arrangements and reverse mortgage loans (if we offer these).

6.4. We expect you to provide honest and accurate information to us when applying for a loan or the extension of a credit facility. We will also take reasonable steps to verify your financial situation.

6.5. We will promote the responsible use of credit to our customers using a range of approaches.



Customer Owned Banking Code of Practice

7. Credit limit increase offers

- 7.1. If we issue a credit card or other revolving credit facility, we will act responsibly in setting and increasing the amount of credit we make available to you. We will not send you an unsolicited offer to increase your credit limit if this is not permitted by consumer credit laws, if you have a recent poor repayment history with us, or we are aware of other circumstances that make it imprudent for us to extend further credit to you.
- 7.2. We will ensure any unsolicited offer we make to you to increase your credit limit on a credit card or other revolving credit facility that we issue includes information on:
- the new minimum payment required
 - options for lowering existing or new credit limits
 - not accepting the offer if you: cannot afford further credit; you are currently having difficulties meeting your repayments; or your financial circumstances are likely to deteriorate in the near future, and
 - how to tell us if you do not wish to receive offers to increase your credit limit in the future.

8. Reverse mortgage loans⁴

- 8.1. We are committed to responsible lending practices in relation to reverse mortgage loans (if we issue, introduce or arrange these products).
- 8.2. As an issuer, introducer or arranger of reverse mortgage loans, we will:
- comply with all applicable National Credit Act requirements regardless of the purpose for which the loan proceeds are used
 - strongly encourage you to discuss a reverse mortgage loan with family members and Centrelink (so that you understand any impact on Centrelink entitlements)
 - strongly encourage you to seek financial advice from an independent qualified financial adviser, and to consider seeking independent legal advice (we may require this)
 - ensure the reverse mortgage loan:
 - limits your repayment obligations to the market value of the property (or lesser amount if owed), except in the circumstances permitted by the National Credit Act; and
 - allows you to discharge your obligations under the loan at any time
 - comply, where they apply, with National Credit Act restrictions and requirements in relation to enforcement proceedings.
- 8.3. We will ensure that our staff and agents who introduce, arrange or otherwise deal with reverse mortgage loans are properly trained to undertake the functions or role they perform in relation to these products. This training will be consistent with generally accepted industry standards, and will comprehensively address the steps prospective borrowers should take to ensure they make a fully informed decision about a reverse mortgage loan.

9. Joint accounts

- 9.1. If you are opening a joint account, we will make general information about your rights and responsibilities as a joint account holder available to you. This will include information on how to change the authorisations to operate a joint account. We will explain this information if you ask us.

⁴ See Appendix: Definitions for a definition of reverse mortgage loan.



10. Subsidiary cards

- 10.1. When issuing a subsidiary credit or debit card at your (the primary cardholder's) request, we will provide you with general information on your liability for debts incurred by the subsidiary cardholder when using their card. This information will also set out our procedures for stopping or cancelling a subsidiary card.
- 10.2. If you instruct us to cancel a subsidiary card, you will not be liable for any losses resulting from continuing (unauthorised) use of the subsidiary card following cancellation, provided you:
- take all reasonable steps to ensure the card is destroyed or returned to us; and
 - do not act fraudulently or otherwise cause the loss.

11. Safeguards for co-borrowers

- 11.1. We will not accept you as a co-borrower if we are aware, or ought to be aware, that you will not receive a benefit from the loan or other credit facility.
- 11.2. Before we accept you as a co-borrower under a loan or other credit facility, we will provide you with general information on your liability to repay the full amount of the debt.
- 11.3. If you are jointly and severally liable for a loan or other credit facility, we will allow you to terminate your liability for future financial accommodation if you give us written notice. However, this right only applies when we can terminate any obligation we have to provide further credit to another borrower under the same credit facility.

12. Safeguards for loan guarantors

Application of this section

- 12.1. In this section only, "you" refers to an individual or Small Business⁵ that gives a guarantee that secures a loan or other credit facility that we provide to our customer. So, in this section, "you" may not be our customer.
- 12.2. We may require a director of a Small Business to provide a personal guarantee for a proposed or existing loan facility. Only paragraphs (12.3), (12.4), (12.12), and (12.15) of this section apply in this situation. Where we obtain a new guarantee from such a director we will follow the procedures in (12.3), (12.4), (12.12) and (12.15).

No unlimited liability

- 12.3. Subject to (12.12), we will only accept a guarantee from you if your liability under the guarantee is limited to:
- a specific amount, plus interest and enforcement costs, and/or
 - the value of a specified security at the time of recovery.

The specific amount of your liability under the guarantee may be increased with your written consent, subject to law.

⁵ See Appendix: Definitions for a definition of Small Business for the purposes of this Code.



Customer Owned Banking Code of Practice

Before we obtain a guarantee from you

12.4. Before we obtain a guarantee from you, we will give you a prominent notice that:

- you can refuse to enter into the guarantee
- you have a right to limit your liability in accordance with this Code and as allowed by law
- there are financial risks involved
- you should consider the information and documents we provide to you, and seek further information or clarification if required
- you should seek independent legal and financial advice before entering into the guarantee (in some circumstances, we may require that you obtain such advice as a condition of accepting your guarantee).

12.5. We will give you a copy of:

- the credit contract or proposed credit contract to which the proposed guarantee relates, and
- details of any security to be provided by the borrower in support of the loan.

12.6. In addition, we will provide you with all the information available to us that, in our reasonable view, a careful and prudent prospective guarantor might wish to consider regarding:

- the financial position of the borrower, and
- the borrower's credit history for the previous twelve months (including details of any notices of demand, defaults, overdrawn accounts or other evidence of borrower distress known to us)
- this commitment does not include providing records of our opinions regarding the borrower, the proposed loan or related matters. We will also provide you with copies of relevant account statements and other documents on request.

12.7. We will tell you if any existing loan or other facility we have given the borrower will be cancelled, or if the loan or other facility will not be provided, if the guarantee is not provided.

12.8. We will not accept a guarantee from you unless the borrower agrees to the release of the information and documents referred to in this section to you⁶.

12.9. We will not ask you to sign a guarantee, or accept it, unless we have:

- provided you with the information referred to in paragraphs (12.4) to (12.7), and
- given you until at least the next business day to consider that information. However, we are not obliged to do this if you have previously obtained independent legal advice about the guarantee, having received the information referred to in paragraphs (12.4) to (12.7).

Execution of guarantee

12.10. We will not give the guarantee to the borrower, or someone acting on behalf of the borrower, to arrange the signing, unless the person acting on behalf of the borrower is also your solicitor. In this case, we may give the guarantee to that person to arrange the signing.

12.11. Where we attend the signing of the guarantee, we will ensure that you sign the guarantee in the absence of the borrower.

⁶ Where security is provided by a third party who is not the borrower, we will give you full details of any security if the third party agrees to our doing so.



Extensions of guarantees and new guarantees

12.12. A guarantee may contain a provision allowing the guarantee to be extended to cover another loan in the future. However, we will not make you liable for any amount under a future loan unless we have:

- given you a copy of the credit contract or proposed credit contract
- provided you with any updated information available to us on the financial position of the borrower, being information that a careful and prudent guarantor may wish to consider before allowing a guarantee to be extended, and
- obtained your written acceptance of the extension of the guarantee.

We will not accept an extension of a guarantee from you unless the borrower agrees to the release of information and documents referred to in this paragraph to you.

12.13. We will follow the procedures set out in paragraphs (12.4) to (12.11) above before we obtain new guarantees from you.

Ongoing information

12.14. After entering into a guarantee agreement with you, we will send you a copy of:

- any formal demand or default notice we send to the borrower, and
- if you ask us, a copy of the latest account statement (if any) provided to the borrower.

Extinguishing liability under a guarantee

12.15. You may at any time extinguish your liability to us under a guarantee by:

- paying the outstanding liability of the borrower (including any future or contingent liability)
- paying any lesser amount to which the liability of the guarantor is limited by the terms of the guarantee, or
- making other arrangements satisfactory to us for the release of the guarantee.

Enforcement of judgement

12.16. We will not enforce a judgement against you under a guarantee unless we have obtained judgement against the borrower, and the judgement debt remains unpaid 30 days after we demand payment from the borrower in writing. However, this commitment does not apply if:

- any delay in enforcement against you is likely to prejudice our interests
- we have made reasonable attempts to locate the borrower without success
- the borrower is insolvent, or
- recovery of the debt from the borrower is otherwise untenable.



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13. Third party products and services⁷

- 13.1. We may introduce third party service providers or introduce, arrange or distribute products and facilities issued by other organisations. We will take steps to ensure that third party service providers we introduce are reputable; and that the third party products and facilities we distribute are useful, reliable and of value to our customers. We will regularly review the third party service providers and third party products and services we introduce and distribute.
- 13.2. We will only distribute financial products and facilities (including credit products) of issuers that belong to an External Dispute Resolution scheme, approved by the Australian Securities and Investments Commission (ASIC), that covers the product in question.

14. Use of finance brokers

- 14.1. If we engage mortgage or finance brokers to distribute our products, we will require that these brokers:
- hold an Australian Credit Licence [ACL], or are the representative of an ACL holder; and
 - are members of an ASIC-approved External Dispute Resolution scheme consistent with their legislative obligation.

15. Timely, clear and effective communication

- 15.1. We are committed to timely communication with our customers. We will generally respond to telephone and electronic messages within 3 business days. If you write to or fax us, we will generally respond within 7 business days of receipt of your communication. (Timeframes for responding to complaints are set out in section 28 below⁸).
- 15.2. We will adopt the same timeframes when communicating with a person who is acting as your duly authorised representative.
- 15.3. We are committed to clear and effective communication with our customers. We will write our letters, notices, brochures, telephone scripts, website messages and other communications in plain language, avoiding legal and technical jargon as far as possible.

16. Account statements and balances

- 16.1. We will provide you with regular account statements clearly setting out all transactions relating to your deposit and loan accounts with us. Where you elect to have your account statements sent by post, we will send your statements to the last address you have given us, unless we reasonably believe that this is no longer your correct address. (The provision of account statements electronically is considered in section 18).
- 16.2. Account statements will be sent or made available at least every 6 months. We will provide you with more frequent periodic account statements if you request these. We will also comply with our obligations in relation to account statements under consumer credit and other applicable laws.

⁷ See Coverage of Code, Part B, on this Code's coverage of products, facilities and services issued or provided by another organisation and introduced, arranged or otherwise distributed by us.

⁸ Separate timeframes also apply for our commitments under section 19 (in relation to provision of documents) and section 22 (in relation to provision of payout figures).



- 16.3. Account statements will include clear information about our fees and charges incurred on your account during the statement period. Fee amounts will not be bundled, but will be broken down by transaction type and channel. The impact of any applicable fee-free limit or rebate scheme will also be indicated.
- 16.4. We will provide a simple method(s) of access for you to find out the balance on your account. We will not impose any fees for using this access method.
- 16.5. This section does not apply to:
- passbook accounts, and
 - accounts that are dormant.

17. Notifying changes to your account

- 17.1. Unless a longer period is required by law, we will give you at least 20 days advance notice before we do any of the following in relation to your account:
- introduce a new fee or charge
 - increase a fee or charge
 - reduce the number of fee-free transactions permitted on the account
 - vary the minimum balance to which an account keeping fee applies
 - vary the method by which interest on your account is calculated, or
 - vary the circumstances when interest is credited or debited to your account.
- 17.2. We will notify you of an increase in the interest we charge on your loan or credit facility no later than the day on which the change takes effect. We will also advise you of any new minimum repayment amount.
- 17.3. We will notify you of other changes to your account when we next communicate with you (subject to any applicable laws).
- 17.4. We may use various methods to notify you of changes to your account referred to in this section. Subject to applicable laws, these may include one or more of: notification on or with your account statement; notification by letter or other direct communication, including electronic communication; announcement via our newsletter or website; or advertisement in the local media or national media. In deciding the method of notification, we will consider the nature and extent of the account change, as well as the cost and effectiveness of different methods of notification.
- 17.5. Any commitment we may make to notify you at your postal or electronic address of changes to your account is subject to your keeping us informed of, as applicable, your current postal or electronic address.

18. Electronic communications

- 18.1. We are required to communicate a range of information to you about your products and facilities with us. This includes disclosure information, copies of terms and conditions, notices when we change our terms and conditions, account statements and other information.



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- 18.2. When the law permits us to do so, we may communicate information about your products and facilities with us electronically rather than in paper form. We may do this:
- a) by sending the information using a form of electronic communication you nominate, or
 - b) by notifying you that we have made the information available electronically (e.g. on a website) and how you may retrieve the information, or
 - c) in another manner agreed with you.
- 18.3. In communicating information to you electronically, we will ensure that:
- You can readily access, read, print and store the information
 - The information is available for a reasonable period, if it is required to be retrieved
 - We have an effective and convenient process should you need to update your electronic address with us.
- 18.4. In communicating information to you electronically, we will adopt practices that take appropriate account of online security risks and that are consistent with ASIC regulatory guidance on online disclosure. (Also see section 23.)

19. Copies of documents, statements and other information

- 19.1. At your request, we will send you, or make available to you, a copy of any of the following documents relating to a product or facility you have, or have had, with us:
- a loan application
 - a contract (including standard Terms and Conditions, and details of interest rates and fees and charges)
 - a mortgage or other security document
 - an account statement, and
 - a notice we have previously given you about us exercising our rights (unless the request is for a notice issued more than two years before the discharge or termination of the contract to which the notice is related).

This section does not apply to documents we are no longer legally required to retain.

- 19.2. If a copy of a document is requested, we will provide it, or make it available, to you:
- within 14 days, if the original came into existence 1 year or less before you make the request, and
 - within 30 days, if the original came into existence more than 1 year but less than 7 years before you make the request.

If for some reason we are unable to provide a document within these timeframes, we will advise you in writing, together with the expected timeframe for providing the document.

- 19.3. Documents may be provided in electronic form, in the form of a computer-generated record, or in any other form as mutually agreed.
- 19.4. We may charge a reasonable fee, reflecting our costs, for providing a document.
- 19.5. Access to your personal information is considered more generally in section 23.

20. Direct debit arrangements

- 20.1. We will act promptly to cancel a direct debit facility linked to your transaction account if you ask us to do so, and we will give you an estimate of how long cancellation will take. We will not tell you to try to cancel the facility with the biller or other direct debit user first (but we may suggest that you also contact the direct debit user).



20.2. If you tell us you wish to cancel only one of multiple payment arrangements associated with a single direct debit, we will advise you to establish a new facility for the payment arrangements you wish to maintain.

20.3. We will accept and process your complaint that a direct debit was not authorised or is otherwise irregular. However, we may request that you endeavour to resolve the complaint with the merchant or supplier first.

21. Seeking a chargeback on your behalf

21.1. If you have a scheme credit or debit card (e.g. a MasterCard, AMEX or VISA card) issued by us, we may be able to claim a chargeback on your behalf if a problem (such as unauthorised use, or non-delivery of goods ordered) arises.

21.2. If you dispute a transaction with us within the required timeframe and we can seek a chargeback on your behalf, we will do so without delay. We will also:

- ensure we claim the chargeback for the most appropriate reason, and
- not accept a refusal to chargeback by the merchant's financial institution unless it is consistent with the relevant card scheme rules.

21.3. Where possible, we will assist you to seek a chargeback of any unauthorised payments debited to your scheme credit or debit card account (e.g. MasterCard, AMEX or VISA card) pursuant to a recurring payment arrangement – for instance, where payments continue to be debited to your account even though you have cancelled the recurring payment arrangement.

21.4. We will make general information about the chargeback mechanism readily available to our customers, emphasising the need to promptly report problems to ensure a claim can be made within relevant chargeback periods. We will make this general information on the chargeback mechanism available in our product information and on our website (if we have one).

21.5. Whether through our standard Terms and Conditions or otherwise, we will not seek to reduce the period or circumstances in which we can seek a chargeback on your behalf under the card scheme rules applying to your scheme credit or debit card.

22. Closing your account

22.1. If you ask us to close your account, we will do so as long as you have discharged all of your obligations under the applicable Terms and Conditions and any mortgage or other similar arrangements relating to the account. We may require that you put your request in writing.

22.2. We will provide you with a payout figure for your loan or credit facility within 7 business days, if you request this.

22.3. Unless there are exceptional circumstances, we will give you at least 14 days advance notice before closing your account when the standard Terms and Conditions of the account permit us to do so (i.e. in circumstances where you have not sought to close the account yourself).⁹ We will notify you at the last postal or electronic address you have given us, or by other legally permissible means.

23. Information privacy and security

23.1. We will comply with the Privacy Act 1988 and the Australian Privacy Principles, including with respect to credit reporting and the collection, storage, use and disclosure of your personal and financial information.

⁹ "Exceptional circumstances" would include circumstances where we reasonably suspect fraud or criminal activity involving the account.



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23.2. We will treat your personal and financial information as private and confidential. We will not disclose that information to any other organisation unless:

- we are required to by law (for example, under anti-money laundering laws)
- there is a duty to the public to disclose the information
- our interests require disclosure (for example, to prevent fraud)
- you ask us to disclose the information, or
- we have your permission to do so.

23.3. We will take reasonable steps to protect your personal and financial information from misuse or loss, and from unauthorised access, modification or disclosure. We will regularly review the security and reliability of our banking and payment services.

23.4. We will give you access to the information we hold on you if you ask us to, subject to certain exceptions. These are set out in our Privacy Policy and are consistent with the Australian Privacy Principles. We will correct any error that you bring to our attention. If your details change, tell us as soon as possible — we will update our records promptly.

23.5. We will make a copy of our Privacy Policy available to you on request and will publish it on our website, if we have one. We will tell you about our Privacy Policy if you ask us.

23.6. Subject to applicable laws, the commitments made in this section do not prevent us from disclosing personal and financial information to other companies in a group of companies that we belong to (where applicable).

23.7. We will comply with all applicable laws relating to the retention of your personal and financial information.

Raising awareness of security issues

23.8. We will actively seek to promote awareness of security issues, including Internet security, to our customers, using a range of approaches.

23.9. We will provide, or make available, information on topics including:

- protecting your payment methods (e.g. payment cards and cheque books) and equipment (e.g. your computer if you bank online) from unauthorised use
- what to do if you believe a security breach of your account or unauthorised transaction has occurred, and
- the possible consequences of not reporting security breaches on your account promptly.

23.10. We will avoid communications practices that are inconsistent with our messages about avoiding fraud. For instance, we will not:

- use unsolicited email or telephone contact to ask you to disclose your personal banking information or secure code or password to us, or
- send you unsolicited emails that include attachments.

23.11. If you receive such communications, delete them immediately or hang up on the caller. If a message includes our brand or name or makes reference to your banking details, contact us to report the incident.

23.12. We will provide you with options to report security breaches at any time.

24. If you are in financial difficulties

24.1. We will work with you in a constructive way if you experience genuine difficulties meeting your financial commitments to us. With your agreement and commitment, we will try to assist you to overcome those

difficulties. We will do this whether or not you have a right to seek a hardship variation or change under consumer credit laws.

24.2. Without limiting (24.1), we will have procedures in place to ensure we:

- adhere to hardship variation or change provisions of consumer credit laws
- respond promptly to any request or application made to us (we may also initiate contact to discuss your financial situation)
- genuinely consider your application or request, taking account of your situation. However, we will only be able to do this if you provide us with the financial information and documents we may reasonably need to assess your situation for ourselves
- encourage you to keep making whatever payments you can while we are considering your request
- consider longer term as well as short-term financial issues when they are relevant. If you are experiencing longer term difficulties, we will try to develop an appropriate solution with you to allow you to meet your obligations
- do not list your default on your credit reference file while we are considering your application or request, unless legally required to do so
- when you have made an application or request in respect of a debt, not sell that debt to a debt buy-out business while we are still considering the application or request
- suggest other options or avenues that may be available to you, if we are unable to agree to your application or request
- advise you promptly in writing if we are unable to assist you, and
- refer you to a financial counselling or similar service in appropriate cases (subject to availability).

25. Working with your representative

25.1. You may choose to be represented or assisted by another person whom you authorise to act on your behalf in negotiations with us. For instance, you may be represented by a financial counsellor, community worker, solicitor, family member or carer. We respect your right to be represented, and will work with your duly authorised representative if you have one.

26. Debt collection and legal action

26.1. We and our agents will comply with Debt collection guideline: for collectors and creditors (October 2005) of the Australian Competition and Consumer Commission and the Australian Securities and Investments Commission (as amended from time to time).¹⁰

26.2. If you fall behind with your payments, we will contact you and seek to negotiate a mutually acceptable repayment arrangement with you, having regard to your financial circumstances as a whole as well as your obligations to us. If you cooperate with us and commit to dealing with the debt, we will work with you (or your representative if you have one). Where relevant, we will draw your attention to our procedures covering customers in financial difficulties (see section 24).

26.3. We will send a written default notice to the last address you have given us (unless we reasonably believe that this is no longer your correct address), and will give you an opportunity to pay any amount outstanding on an account with us, before we commence legal action against you.¹¹ The default notice will specify the date

¹⁰ Copies of the Debt collection guideline and related consumer publications can be obtained from either ASIC or the ACCC (available at www.asic.gov.au and www.accc.gov.au).

¹¹ In some cases, we are required to provide such notice by law.



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after which we are lawfully entitled to commence legal proceedings to recover the debt. The notice, or an accompanying letter, will invite you to contact us to discuss your options.

26.4. Should we exercise our right to combine your accounts, we will inform you promptly after doing so.¹²

26.5. We will comply with any applicable requirements of the *Code of Operation: Recovery of Debts from Department of Human Services Income Support Payments or Department of Veterans' Affairs Payments* (both when enforcing indebtedness owed to us and, to the extent the law permits, when facilitating enforcement by a third party judgment creditor).

26.6. We will not seek recovery of, nor will we sell, statute-barred debts. We will only sell debts to debt buy-out businesses that belong to an External Dispute Resolution scheme approved by the Australian Securities and Investments Commission.

27. Prompt, fair resolution of complaints

27.1. The terms "complaint" and "dispute" as used in this Code are defined in Appendix: Definitions.

27.2. We have an internal process for handling complaints of our customers in relation to the products and facilities we issue. We also belong to one or more External Dispute Resolution schemes, approved by the Australian Securities and Investments Commission, to which you can take any unresolved complaint against us (if the dispute is within the scheme's terms of reference). Complaints and disputes about products or facilities distributed by us that other financial institutions have issued should normally be referred to the complaints handling and/or External Dispute Resolution scheme of the issuing institution.

27.3. We are committed to responding to complaints and disputes in a way that is:

- prompt and efficient
- consistent with the law, applicable industry codes (including this Code), and good industry practice, and
- fair to everyone involved.

27.4. We will only be able to deal effectively with your complaint if you continue to communicate with us, and respond to our reasonable requests for information, while we are considering the complaint.

28. Our complaints handling process

28.1. Our complaints-handling process is consistent with 5 Guiding Principles of the Australian Standard AS/NZS 10002:2014 – *Guidelines for complaint management in organizations*.

28.2. Features of our complaints-handling process include:

- we provide information on how we deal with complaints, including your right to take unresolved complaints to our External Dispute Resolution scheme, in our product information, through our branches and on our website (if we have one). We will provide this information, or make it available, to you if you ask us; or if you raise a concern that we are not able to resolve immediately. We will also explain how our complaints-handling process works
- our complaints-handling process covers all customer complaints, including complaints about breaches of this Code (see section 30 for further information). We ensure that our process is adequately resourced

¹² Under the law, a financial institution may have a right to combine two or more of its customer's accounts, or in effect to treat the accounts as a single sum. This right may exist when one of the accounts is in arrears.



- our complaints-handling process is free to you and accessible. We will be flexible about how complaints can be made and will not require that initial complaints be made in writing (however, some complaints may subsequently need to be put in written form to be progressed)
- we will try to resolve your complaint as soon as possible - “on the spot” if we can. If this is not possible, we will adhere to timeframes set out in clauses (28.3) and (28.4) in dealing with the complaint
- if your complaint is not resolved immediately, we will give you the name and contact details of a person in our organisation nominated as responsible for dealing with your complaint. As far as possible, this person will not be someone to whom your complaint relates (however, if we are a small organisation, this may not be possible)
- we will have a straightforward process for determining your complaint. We will not make you go through multiple internal complaints-handling personnel or processes
- if we are not able to resolve your complaint to your satisfaction we will advise you of this in writing, giving our reasons.¹³ In our communication of our reasons, we will tell you how to contact our External Dispute Resolution scheme, should you wish to take the complaint further. We will take this action within the time frames set out below.

28.3. We will do our best to ensure that our investigation is completed, and a decision on your complaint is communicated to you, within 21 days of our being advised of the complaint. We will inform you if we need more time.

28.4. If we are not able to resolve your complaint to your satisfaction within 30 days you may take the complaint to our External Dispute Resolution scheme, even if we are still considering it (assuming the complaint is within the scheme’s terms of reference). We will inform you that you have this right within 5 business days after the end of the 30-day period.

29. External Dispute Resolution (EDR) schemes

29.1. Financial services EDR schemes are independent bodies with the power to investigate disputes against scheme members, and to make decisions that are binding on their members (including requiring us to make a monetary payment to the person bringing the dispute). They must act in a way that is fair to all the parties. The schemes are free to our customers.

29.2. We belong to one or more EDR schemes approved by the Australian Securities and Investments Commission. We will tell you which scheme(s) we belong to if you ask us, and we will prominently disclose this in our information about complaints and disputes, and on our website (if we have one).

29.3. Our EDR scheme(s) cannot deal with your dispute unless you have attempted to resolve the problem with us first; and either:

- we have made a formal proposal to resolve the complaint, and you have told us that the proposal is not acceptable to you; or
- at least 30 days has elapsed since you made your complaint whichever occurs sooner.¹⁴

¹³ The requirement to provide reasons does not apply in the case of immediately resolved complaints.

¹⁴ There are also various limits on EDR scheme jurisdictions (e.g. monetary and time limits on claims)—EDR scheme staff will be able to tell you about these.



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30. Complaints about breaches of this Code

30.1. If you believe we have breached the Code, you can make a complaint to us. If we are not able to resolve the complaint to your satisfaction and the complaint involves a claim that you have suffered loss or detriment, you may then refer the matter to the External Dispute Resolution scheme to which we belong (see sections 27 - 29). If the complaint does not involve a claim that you have suffered loss or detriment, you can report it to the Compliance Manager (details below).¹⁵

Compliance Manager

Code Compliance Committee

Ph: 1800 367 287

www.cobccc.org.au

¹⁵ Also see Part E – How the Code is administered.



Part E – How the Code is administered

Publicising the Code

1. In conjunction with the Customer Owned Banking Association (COBA), we will publicise this Code and promote our adoption of it, including in our branches. We will make copies of the Code available in our branches and will give, send electronically or post you a copy on request. We will publish the Code (or a link to it) on our website, if we have one.

Training our staff

2. We will ensure that our employees, agents and representatives receive training on the Code, and that they apply it in their dealings with you.

Administration of the Code by an independent Committee

3. The Code is administered by the Code Compliance Committee, an independent committee established by COBA. The Committee consists of an industry representative, a consumer representative, and an independent Chair.

Role of Code Compliance Committee and Compliance Manager

4. The responsibilities of the Code Compliance Committee are set out in the Code Compliance Committee Charter, which is a publicly available document¹⁶. In summary, the responsibilities of the Committee include monitoring and reporting on compliance with the Code, and determining Code breach issues that have been referred to it. The Committee will publish an Annual Report on Code Subscribers' compliance with the Code and the Committee's compliance activities.
5. The Code Compliance Committee Charter also sets out the processes for appointing Committee members.
6. The Code Compliance Committee may appoint a Compliance Manager to undertake compliance functions on behalf of the Committee. The Compliance Manager will report to and be directed by the Committee. Functions of the Compliance Manager may include: receiving compliance reports from Code Subscribers; receiving and investigating Code breach allegations; undertaking own motion compliance inquiries; preparing reports and recommendations; and supporting the Committee.
7. The activities of the Code Compliance Committee and the Compliance Manager are funded by COBA.

Making a complaint

8. Any person may make a complaint about an alleged breach of the Code to the Compliance Manager. This includes: representatives of government and consumer organisations; representatives of customer owned banking institutions; customers of customer owned banking institutions; and other interested organisations and individuals.
9. Complaints about alleged breaches of the Code may relate to an individual incident or practice and/or to an individual Code Subscriber (subject to the limitation set out in Part D, section 30 of this Code). Complaints may also

¹⁶ The Code Compliance Committee Charter is available at: www.cobccc.org.au



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relate to wide-ranging or systemic issues and/or issues potentially involving several or many Code Subscribers.

Code administration procedures

10. Consistent with the Code Compliance Committee Charter, the Compliance Manager and the Code Compliance Committee will ensure that all parties to a complaint are accorded procedural fairness. As part of this, all parties will be given a reasonable opportunity to make submissions about the complaint, and a further opportunity to make submissions before any proposed or draft determination is finalised.
11. Consistent with the Code Compliance Committee Charter, all determinations of the Code Compliance Committee will be in writing, and will include a description of the complaint, a summary of the Committee's findings and conclusions, the Committee's decision, and a brief statement of the Committee's reasons.
12. The Code Compliance Committee may (but is not required to) impose one or more of the following Sanctions on a Code Subscriber:
 - formally warn the subscriber
 - require the subscriber to undertake a compliance review
 - require the subscriber to undertake a staff training program on the Code
 - require the subscriber to undertake corrective advertising
 - publicly name the subscriber as non-compliant with the Code
 - advise COBA of the subscriber's non-compliant status and/or failure to undertake a required course of action.
13. Consistent with the Code Compliance Committee Charter, the Code Compliance Committee may only impose a Sanction on a Code Subscriber if it is satisfied that the Code Subscriber:
 - is guilty of serious or systemic non-compliance with the Code, or
 - has ignored a request from the Committee to remedy a breach of the Code or has failed to remedy that breach within a reasonable time, or
 - has breached an undertaking given to the Committee, or
 - has not taken reasonable steps to prevent a breach of the Code from continuing to occur or reoccurring after having been warned by the Committee that a Sanction might be imposed.

Relation to External Dispute Resolution

14. The Code Compliance Committee will establish referral protocols with the External Dispute Resolution schemes to which Code Subscribers belong. These protocols will ensure that complaints/ disputes about alleged breaches of the Code are directed to the appropriate body in an efficient and timely manner. Consistent with Part D, section 30 of this Code, complaints received by the Compliance Manager or Code Compliance Committee that relate to claims of loss or detriment will be forwarded to the applicable External Dispute Resolution scheme for resolution.
15. The Code Compliance Committee will also establish reporting protocols with the External Dispute Resolution schemes to which Code Subscribers belong. Through these protocols, the Committee will facilitate the regular provision to the Compliance Manager of aggregated and de-identified information about Code-related complaints/ disputes considered by the External Dispute Resolution schemes.