

Wednesday, 28 November 2007

PUBLIC COMMENT SOUGHT ON FINANCE BROKERS BILL

Minister for Consumer Affairs, Jennifer Rankine, has today released proposed national reforms aimed at regulating the finance broking industry and is seeking feedback about its content from all interested parties including members of the public.

“The regulation of the finance broking industry, which sources personal credit, is fragmented in Australia and it’s important that we establish consistent national legislation,” Ms Rankine said.

“One key aspect of the proposed reforms is a stringent licensing regime that aims to rid the industry of those ‘fly by night’ finance brokers who are in the business of making a ‘quick buck’ and provide little or no service to their clients.”

Feedback is being sought on proposals that include:

- A licensing regime which requires brokers to undergo probity checks and to be a member of an approved dispute resolution scheme;
- A requirement that brokers acquire specific skills initially and on an ongoing basis as a condition of licensing;
- Prohibitions against charging up-front fees and lodging caveats over property to secure fees;
- A requirement that the broker provide specified disclosures about costs and services before negotiating a broking agreement with the client;
- The broking agreement will contain specified details of the client’s broking needs as well as a statement of reasons why the product recommended satisfies those credit needs; and
- A requirement that the broker has a reasonable basis for recommending or obtaining a particular product.

“These measures will also help provide protection for ethical and reputable brokers and prevent them from being put at a disadvantage by industry rogues,” Ms Rankine said.

A copy of the draft bill can be downloaded from www.ocba.sa.gov.au from today or by calling 8204 9516. Submissions close 15 Feb 2008.