

Tuesday, 11 March 2008

NEW CAMPAIGN TO AVOID TROUBLESOME CREDIT TRAPS

Minister for Consumer Affairs, Jennifer Rankine, is today launching a campaign to help regional consumers avoid the pitfalls of high cost, short-term loans.

Payday lending is when small amounts of cash are made available to people for a short period of time. Loans are typically in the range of \$100 to \$500 for a period of two to four weeks.

“It’s important to understand that these small, short term loans can sometimes turn into long term, unmanageable debts,” Ms Rankine said.

“Usually there is a flat fee charged when taking out a loan, but these fees and charges can equate to an interest rate of up to 1900%, and if the loan isn’t paid off on the due date the additional fees and charges can see the debt spiral out of control.”

The Minister will be in Port Augusta today to launch an education campaign for regional South Australians. The campaign includes a new information brochure, which outlines potential pitfalls of payday loans, and offers alternative options for people who are strapped for cash.

“The brochure is being distributed with the help of Service SA and Centrelink staff. Advertisements will also air on local radio, particularly stations that target a youth audience, given credit is often popular with young ones.”

“People who feel they’re in financial strife should read this information. They need to know there are alternatives to payday loans and that there are reputable community organisations who can offer assistance with budgeting, restructuring debts or changing repayment arrangements.”

“Don’t let a payday loan cause a long term headache,” Ms Rankine said.

For copies of the payday lending brochure, consumers can contact the Office of Consumer and Business Affairs on 131 882 (local call cost), visit Service SA at 9 Mackay Street Pt Augusta, or Centrelink at 99 Commercial Road Port Augusta.