

BUSINESS PRACTICES – CREDIT ACTIVITY or NOT?

For most Credit Representatives, regulated credit activities will be credit assistance or acting as an intermediary relating to credit regulated by the National Credit Code. Credit assistance is dealing with a customer in the course of your business to:

- suggest that customer apply, or assist that customer to apply, for a particular regulated loan or lease from a particular credit provider or lessor;
- suggest that customer remain in a particular regulated credit contract or lease; or
- suggest that customer apply, or assist that customer to apply, for an increase to the credit limit of a particular regulated loan.

Being an intermediary means you are dealing directly or indirectly between a customer, a credit provider or lessor to secure the provision of regulated credit or a lease.

This is intended to be a general guide to some situations you may encounter in the course of your finance and mortgage broking business. It will not cover all circumstances which may be credit activities.

Situation	Credit Activity
A client is given credit assistance by the broker, who is a credit representative of NewCo/NLG. While the client is completing the application form, the broker asks their assistant (who is not a credit rep) to help the customer. <i>The assistant helps by taking photocopies of the supporting documents, collecting any fees required and taking the completed loan application form from the customer.</i>	NO
While the customer is completing the form, they ask the assistant where they need to sign. <i>The assistant shows them where to sign.</i>	NO
While the customer is completing the application form, they ask the assistant what information they should include about their current liabilities and living expenses. <i>The assistant assists them with determining a figure to include for living expenses</i>	YES
The assistant sends the completed application form and the supporting documents to the lender.	NO
The lender calls the assistant and says the payslip for a customer is out of date. <i>The assistant calls the customer to get an updated payslip.</i>	NO
While on the phone the customer asks the assistant what are the interest rates for fixed loans with that lender. <i>The assistant advises of the current fixed interest rates.</i>	NO
The customer then asks if it's a good time at present to fix loans. <i>The assistant advises rates are low at the moment and it's a good idea to fix</i>	YES
A customer calls the assistant to find out if their loan has been approved. The assistant advises it has not been approved as yet.	NO
The customer asks the assistant if she can increase the loan by another \$5000. <i>The assistant tells her she has plenty of equity, so it won't be a problem.</i>	YES
The lender does not require any new documents from the customer to increase the loan. The bank's requirement is an email advising the new amount. <i>The assistant just sends an email to the assessor at the bank requesting an increase in the loan amount and attaches the new servicing calculator.</i>	YES
The broker has a referral agreement in place with a Real Estate agent. <i>The referrer calls the office and asks the assistant to email a copy of the latest interest rates for a particular lender.</i>	NO
The customer then asks the Real Estate Agent/referrer if he/she thinks this lender has good rates and has products which would suit them. <i>The Agent/referrer tells them that this particular lender has great rates at the moment and would be a good lender for them to use.</i>	YES
A customer has been made redundant and seeks advice on managing their debts. <i>No advice is given as to whether they remain in their current contracts or not, but they are told, in general, it is best to pay off the debts with the highest interest rates first.</i>	NO
The customer is also advised they could approach their current lenders to see if they can renegotiate their loans on the basis of hardship.	NO
You recommend that the customer remain in their current loan contracts.	YES
You recommend that the customer consolidate their credit cards into one account. The specific card with the lowest interest rate is named as the best one for that consolidation.	YES

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