



29 May 2012

Chris Connolly
Independent Reviewer
Credit Reporting Code of Conduct
C/o Australasian Retail Credit Association
Level 24, 275 Kent Street
SYDNEY NSW 2000

By email: codeofconduct@arca.net.au

Dear Mr Connolly

Re: Australasian Retail Credit Association Issues Paper - Updating the 1996 Credit Reporting Code of Conduct (March 2012)

Thank you for the opportunity to comment on the Australasian Retail Credit Association's Issues Paper – Updating the 1996 Credit Reporting Code of Conduct (March 2012) (the Paper).

The Energy and Water Ombudsman (Victoria) (EWOV) is an industry-based external dispute resolution scheme that services Victorian energy and water customers by resolving complaints they have with their company. Our interest in providing comments is based on our extensive experience in handling customer complaints.

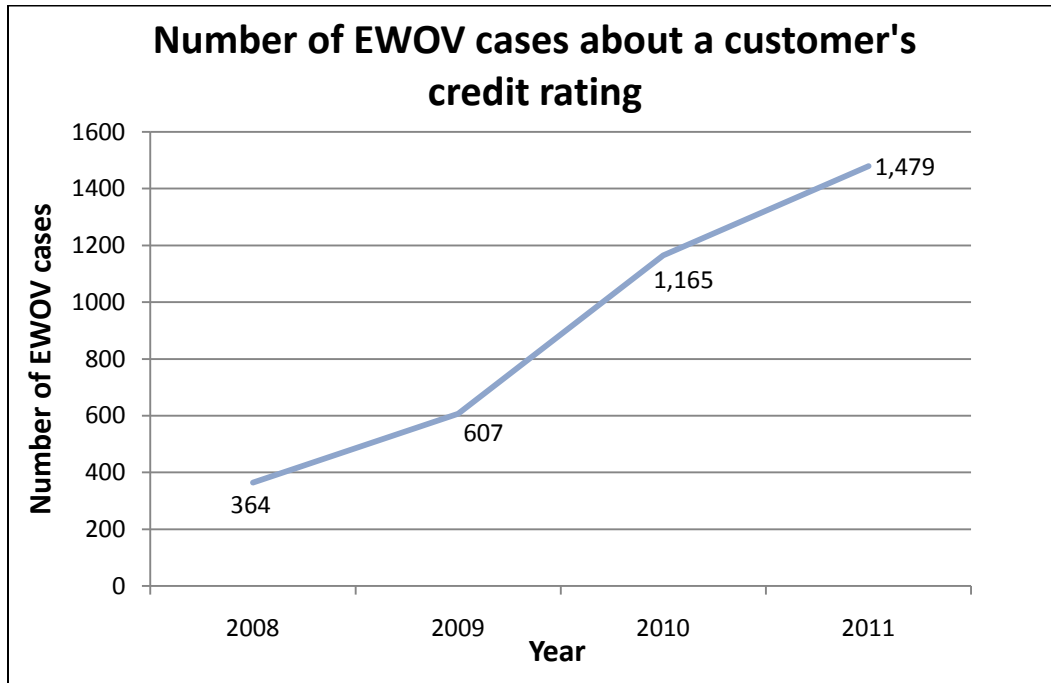
EWOV has not previously been involved in the consultation process for this Paper and we will not respond to the issues raised at this late stage. However, we welcome the opportunity to provide information about the number and type of cases EWOV receives about credit default listings and also to offer some customer case studies.

EWOV credit rating cases

The graph below shows the number of EWOV cases received each calendar year since 1 January 2008, from customers who were concerned about their credit rating¹. This includes situations

¹ The following qualifications need to be taken into account when reviewing EWOV case data:

where a customer believed that their credit rating may have been affected by a debt, however EWOV's investigation found that a default credit listing was not made.



This graph clearly illustrates a steady growth in the number of cases EWOV receives about credit ratings with a 27% case increase in this type of issue from 2010 to 2011. Additionally, from 1 January 2012 to 31 March 2012, EWOV received 391 cases about credit ratings, which is a 21% increase from the same period in 2011.

-
- Customers sometimes lodge more than one case. For example, if a customer states that they have two default listings – one for their electricity account and one for their gas account, EWOV will register two distinct cases for the same customer.
 - Customers sometimes re-contact EWOV. For example, customers sometimes re-contact EWOV because their concerns remain unresolved after previously being referred back to their company. This can result in EWOV registering an additional case for further investigation.

Customer stories

Case study 1

The customer was unhappy that the retailer referred his account to a debt collection agency and defaulted listed him while he was attempting to negotiate a payment arrangement. His electricity account was finalised on 8 July 2011, with a balance of \$690.77 owing. Several weeks later he contacted the retailer to discuss a payment arrangement. He said that it would not offer him an instalment arrangement and instead provided him with an extension of time to pay the debt. The retailer advised that on 3 October 2011, it provided the customer with a further payment extension until 20 November 2011.

The customer said that he received a phone call from the retailer explaining that he had been default listed and that the debt was required to be paid in full. The customer said that he had not received any debt collection notices or phone calls. He contacted a credit listing agency and was told that his credit rating had not been affected. He decided to contact EWOV for assistance.

EWOV's investigation determined that the customer was default listed on 26 October 2011 for an amount of \$690.77 for the debt on his electricity account. The retailer advised that, although it had agreed with the customer to a further payment extension, it failed to recall its collection activity and consequently a default listing was made.

To resolve the complaint, the retailer apologised for the inconvenience caused to the customer and waived the \$690.77 debt. The customer's electricity account was closed with a zero account balance and the default credit listing was removed as if it had never existed in the first place.

Case study 2

EWOV was contacted by Credit Repair Australia, who acted on behalf of the customer during EWOV's investigation of her complaint. The customer was dissatisfied because when she applied for a bank loan she discovered that there was a default listing on her credit file placed by an energy retailer on 20 November 2007 for \$337.00. She was refused the loan. She said that she was unaware of any monies owing to the retailer. Credit Repair Australia advised that it made several attempts to contact the retailer yet did not receive a satisfactory response, so contacted EWOV for assistance.

EWOV referred the complaint to a higher level contact at the retailer, however Credit Repair Australia and the customer did not receive any contact from the retailer. As a consequence, EWOV opened an investigation.

EWOV's investigation found that the default listing was made correctly. The customer paid the amount owing and the listing was updated to 'paid in full'. The retailer advised that as the default listing was properly made it would not remove it as if it had never existed. The retailer provided records that showed that before the listing was made, it had some discussions with the customer about paying the debt and made several reasonable attempts to contact her. The default listing will expire on 19 November 2012.

We trust that these comments are useful. Should you require further information or have any queries, please contact Justin Stokes, Senior Research and Communications Officer on (03) 8672 4272.

Yours sincerely



Cynthia Gebert
Energy and Water Ombudsman (Victoria)