

Consumers' Federation of Australia Consumer Representative Annual Reports 2018-2019

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Australian Banking Association Consumer Outcomes Group

Representatives: Rachna Bowman (South East Community Links, Victoria), Gerard Brody (Consumer Action Law Centre), Karen Cox (Financial Rights Legal Centre), Fiona Guthrie (Financial Counselling Australia), Paul Holmes (Legal Aid Queensland), Gemma Mitchell (Consumer Credit Legal Service WA) and Ian Yates (Council on the Ageing).

What is the Consumer Outcomes Group?

Set up by the Australian Banking Association, the Consumer Outcomes Group is a joint bank and consumer representative forum for discussing and responding to existing and emerging issues to improve consumer outcomes in retail banking. There are seven ABA member banks involved and seven consumer representatives. The group meets at least quarterly face to face. The group's first meeting was in August 2018.

What has been on the agenda?

It has been an extraordinary year in the banking industry, with the Financial Services Royal Commission shining a spotlight on the culture and practices of the banks, together with the products and services on offer that are poor value to consumers.

It was an intimidating experience for some of the newer consumer advocates to sit in a room with several members of each of the 7 banks, the members of the ABA, and be one of only 7 consumer advocates in the room, tasked with the job of calling out the banks' behaviour and holding them to account. However, it has been a fantastic opportunity to have robust discussions on topics the consumer advocates and member banks may be approaching from polar opposites.

The Consumer Outcomes Group agreed on an initial list of priorities as a way of focusing its efforts. These were:

- Credit reporting and open banking
- Credit cards – sales and marketing
- Hardship and proactive identification of vulnerable customers
- Family violence and elder abuse
- Debt Repayment Service (now established as a company – Way Forward Debt Solutions)

The group has also provided an avenue to raise other emerging or ongoing issues. Most of these have been placed on the agenda by us, but some have come via the banks. These included cancellation of direct debits and recurring payments, sale of debt, responses to the Royal Commission, customers retiring with large mortgages, gambling, young people and debt, the banking code (including basic bank accounts), the use of interpreters, income management and shortfall debts under Lenders Mortgage Insurance (when a person still has a debt to the bank after their property is sold).

It is staggering the amount of ground we have already covered in one year over 4 meetings.

What has been achieved?

Overall, there has been a willingness by the banks to engage in a constructive way and to report back, for example, about actions taken to identify customers with perennial credit card debt. It has also been useful to raise issues where a whole of industry response is needed, such as for shortfall debts.

The most positive outcome to date was the agreement by the industry to develop an industry guideline on the sale of debt to external debt collectors. This guideline has important commitments from the industry that will better protect people from being made bankrupt over relatively small debts.

The work of the ABA on a vulnerable customer guideline has also been useful.

Finally, while not an achievement as such, it is clear that we are not going to get much action on the long-standing issue of the cancellation of recurring payments (deductions from credit cards). When you get to the bottom of the problem, the banks would need to renegotiate agreements with Visa and Mastercard and the technical solutions are extremely costly. It seems that technological advances in payment mechanisms may eventually fix the issue, but they are a few years away.

Attending the meetings in person has provided us with opportunities to make connections with the banks and ABA. This has enabled us to raise discrete issues with individual banks, such as issues we have experienced with banks' non-acceptance of solicitor's authority documents, requests for documents, and customers retiring with large mortgages.

It has been a privilege for us to sit on this Group, to listen to the member banks, and hold them to account to change their behaviours so we do not get a repeat of the stories we heard at the Royal Commission. We are grateful to the CFA for having representatives on this Group and for providing a platform to raise issues at a national level.

Meeting Dates: 3 August 2018, 21 November 2018, 13 February 2019, 11 June 2019

Australian Federation of Travel Agents Travel Accreditation Scheme Complaint Appeal Committee (ACAC)

Representatives: Jill Toohey and Liza Newby

Twelve Months In.....

(Well, actually ten months.....!)

Report from Consumer Representatives on ACAC (ATAS¹ Complaints Appeal Committee)

Nominated by CFA to AFTA (Australian Federation of Travel Agents)

Travellers Tales. We all have them. That awful time when our longed for holiday or important work trip went completely off the rails because the travel arrangements didn't work out. The wrong flight number was on the itinerary and the airline had never heard of us. Or a totally full hotel didn't have our booking. Or our flight was cancelled and the replacement flight proposed by the airline or the travel agent meant we missed the wedding! And sorting it all out spoilt our trip, and cost us a fortune! What to do? Can we do anything?

Nearly a year ago, we were appointed to be consumer representatives on the Appeals Committee (ACAC) for the accreditation scheme for travel agents run by the Federation of Australian Travel Agents. We two are experienced travellers. But, over the last year, as the two consumer members of a five member Appeal Panel for travel agents, we have realised just how inexperienced we - and thousands of travel consumers like us - really are!

Had a problem with your travel that wasn't your fault? You may be able to lodge a complaint?

ACAC is the final port of call for travelling consumers with complaints about their travel agents. It was established by the travel agents industry association (AFTA) as the final point of appeal in the AFTA complaints resolution scheme. If travellers - travel consumers - feel that their travel agent has let them down in terms of travel arrangements not working out, and the travel agency they used to book their travel has not been willing to take responsibility for the problems the traveller experienced, the consumer can use this complaints scheme to try and resolve their complaint and achieve a satisfactory outcome. It is a voluntary scheme, established by the industry, and depends for its success on the willingness of travel agencies to participate - which they indicate by becoming accredited members of AFTA. It only applies to Australian based travel agents. Not airlines, or hotel chains, or agencies based overseas (even if they have an online presence in Australia). And it doesn't apply even to Australian travel agents, if they are *not* members of AFTA!

How does this work?

¹ ATAS - AFTA Travel Accreditation Scheme

A travel consumer with a complaint must first raise it with the travel agent that they used to book the travel. This may be a retail outlet like Flight Centre, or a web based travel agency such as FlyBuysTravel. If they can't get any satisfaction from the travel agent, *provided* the Agency is an ATAS accredited² Agency and a member of AFTA, the complaining travel consumer can then lodge a complaint with the Complaints Manager at AFTA³. Once the Complaints Manager determines that she has jurisdiction⁴ she contacts the travel agent and asks for the Agent's side of the story. Most complaints are resolved at this level, either because the Complaints Manager finds the full facts do not disclose a breach of the ATAS Code of Conduct, or she facilitates a negotiated settlement between the complainant and the travel agent. When they are not, or the complaints manager decides in favour of the travel agent rather than the travelling consumer, the consumer complainant has the option of *appealing* to ACAC - the ATAS Appeals Committee - of which we are the two consumer members.

What makes for a successful complaint?

Whether or not the complaint is able to be successfully resolved from the travelling consumer complainant point of view will generally depend on three things:

1) *They used an Australian travel agent who is a member of AFTA, & accredited by ATAS⁵:*

Travellers often book flights and hotel stays directly with the airline, or the hotel chain they are using. Airlines (whether domestic or international) and hotel chains are not travel agents and therefore are not members of AFTA. Which means they are not participants in the AFTA complaints resolution scheme. Nor are travel agents based outside Australia. A number of complaints have had to be rejected for this reason.

2) *The problems with the travel arrangements were something over which the travel agent had control:*

E.g. *Case Study 1* - two families went off on a long planned and longed for family holiday in a Pacific Island Resort. They had booked it through a local Australian travel agent, who booked their flights and hotel stay. They arrived at their Pacific island hotel exhausted after travelling all day with young children - only to find that the hotel had no record of their booking. And the hotel was full! ACAC finally determined that unfortunately, as the hotel was the one at fault - they had confirmed the booking with the travel agent but then 'lost' the booking in their booking system - we had no option but to reject the appeal and the complaint against the travel agent. The fact the booking was 'lost' in the hotel system was not something the travel agent could have known or was able to prevent, and therefore he was not in breach of the Code of Conduct (see below).

² The Travel agent accreditation scheme is managed by AFTA. Only travel agents which are accredited participate in this complaints resolution scheme.

³ Official Title - 'Compliance & Operations Manager'

⁴ That is, the travel agent is Australian based, a member of AFTA, & the breach alleged is, on the face of it, a breach of the Travel Agents Code of Conduct to which they agree by joining AFTA & becoming accredited.

⁵ There were 2800 accredited travel locations, & 1400 accredited entities in 2018

3) *The travel agency in their handling of the booking process and travel arrangements, and in their dealings with the complainant traveller, had not provided a service which reached acceptable standards - as set out in the Code of Conduct⁶.*

E.g. Case Study 2 - a couple booked a holiday to New York from Sydney. Because they could only spare 10 days or so from work, they decided to fly straight through from Sydney to New York. They booked through travel agent X - who booked them on a Virgin Australia ticket direct to New York. Because Virgin Australia doesn't fly within America, they were in fact booked to connect to a Delta domestic flight from Los Angeles to New York. The Delta flight number for the onward connection was clearly marked on the itinerary Travel Agent X gave them, and they got to New York without incident. The trouble started on the return journey. Although they were in fact booked on a Delta domestic flight back to LA from NY, the itinerary only gave the Virgin Australia - "VA123" Code Share flight number, not the Delta flight number. When they got to the international terminal (some hours before the due departure time) at John Kennedy airport, the only 'VA' flights they could see were Virgin America or Virgin Atlantic. These airlines had, unsurprisingly, no bookings for them for flights to Sydney via LA. It took some hours (plus trips to a couple of terminals & phone calls to Australia) to sort out exactly which flight from what terminal they were supposed to be on - by which time they had missed their flight and their connection in LA. They had to book into a hotel for the night, and then rebook their flights all the way back to Australia, which cost some thousands of dollars. The travel agent declined to accept responsibility and the AFTA complaints manager agreed with the travel agent. The couple appealed to ACAC, who found Travel Agency X had breached the *Code of Conduct* in that they had failed to provide proper clear flight information in the itinerary, and recommended that Travel Agency X reimburse them the full amount of the extra expenses incurred.

When the Terms & Conditions of the booked travel doesn't allow changes, or imposes a financial penalty for changes that the traveller wants.....

One of the main problems we see in complaints to ACAC, particularly regarding flight or cruise bookings, are when passengers haven't realised that the 'flight / cruise change or cancellation' conditions of the particular fare or trip they have booked are very limited or impossible. This may be because the Agent hasn't explained it to them (which could be a breach of the Code), or (if using an on line agency) the traveller hasn't read the terms and conditions properly.

E.g. Case Study 3 - One complainant flew to India because a relative was very sick. He asked his travel agent to book the cheapest fare he could find, and included a return ticket to fly back to Australia after 2 weeks in India. In fact his relative got very much sicker and needed his help in caring for her; but when he tried to change his flight home, he discovered that the (cheap) fare between Australia and India was not able to be cancelled, or changed without financial penalty. The passenger had not read the Terms and Conditions carefully. The complainant appealed to ACAC when the Complaints Manager found that the Travel Agent was not in breach of the Code. ACAC had to reject the appeal because the terms and conditions clearly stated that the flight date could not be cancelled; it could only be changed, and any change would involve a 'change fee', which the complainant declined to pay. ACAC

⁶ ATAS Code of Conduct - available on the AFTA Website

found that although it was not clear as to whether the Travel Agent had explained this condition to the passenger, it was so clearly set out in the Terms and Conditions, and, that if the passenger hadn't realised it, it was his failure to have informed himself properly or pay the fee that caused the difficulty, and the Travel Agent was not in breach of the Code.

Our experience as Consumer Representatives on ACAC

Our first year as consumer members of ACAC has been very interesting, and we have learned a lot about the travel industry and how it works. Most complaints are dealt with long before they get to the appeal stage - either because there is no breach of the Code when the full facts are known, or the consumer complainant and the travel agent are able to reach a settlement with the assistance of AFTA. But, if the complainant is unhappy with the outcome of this process, they can appeal to ACAC

ACAC is administratively supported by the AFTA Office, but it's independence is highly valued by all participants. The Chair and the consumer panel members are experienced in complaints resolution and as adjudicators⁷. All members of the panel are able to approach decision making objectively and independently, regardless of their background, and decision making has almost always proceeded by consensus.

Nevertheless, we consider having two consumer members of ACAC has been very important to the fairness and independence of the ACAC Panel. There always are some issues for which it takes a consumer advocacy background, and the ability to put oneself in the traveller's shoes, to fully understand the impact of the travel agency's alleged failure to comply with the Code of Conduct. For example - in the *Case Study 2* above - the couple who went to New York - the travel industry members initially thought that the fact there would be a 'Code Share' situation with a domestic American airline for the domestic leg of the trip from New York to Australia via LA would be completely obvious to anyone, and all one had to do was check the Departure Board, and eventually the flight showing the domestic airline Code Share would display. Even though the flight number printed on the itinerary only showed the Virgin Code Share flight number. However, to us, as experienced travellers, it was not obvious at all, and we were able to persuade them by showing that we would have had exactly the same problems as did the complainant in this situation.

There have been a number of recurring themes in the complaints which have been appealed to ACAC. We don't have space here to enumerate them all; we have attempted to summarise below the 'gist' of them in Advice Tips, which, had our complainants been aware of them, might have avoided for them some of the problems they encountered.

Advice to Travellers:

⁷ They include a former AAT judge, a former State Health Complaints Commissioner, and a former CEO of the ACCC. As well as 2 experienced independent senior members of the travel industry. To access the ACAC panel membership, go to the AFTA website.

- Always check to see your travel agent is ATAS accredited. If not - you do not have access to this complaints process run by AFTA. Nor does AFTA cover you if you are booking directly with the airline or the hotel.
 - Always ask your travel agent about anything you are not sure about, particularly cancelling or changing arrangements.
 - Always read the terms and conditions carefully, especially if booking flights or packages through an on line travel agency.
-

Australian Securities and Investment's Commission Consumer Advisory Panel

Representative: Gail Pearson

The ASIC Consumer Advisory Panel (CAP) is distinctive as all members represent consumer interests and bring a consumer perspective. The Panel operates in a consultative fashion in which both specific issues and general matters are raised for discussion and in which the CAP receives briefings from ASIC. The discussion typically ranges across all the consumer interest groups represented encompassing, for example, the vulnerable, the aged, superannuants and small investors and borrowers. The nature of CAP means there are issues that intersect with the interests of many of the Members so that issues raised by one Member may be directly relevant to others.

The CAP meetings in the last year were in November 2018, March 2019 and July 2019. I attended the July meeting in person and was unable to attend the others, and notified my inability to attend. Others from groups associated with CFA were present. Following my usual practice, I continued to ask for input from the CFA Executive to provide a report from CFA to CAP. Some issues below are a direct result of that input.

Issues and questions raised

Issues raised by CFA with ASIC over the year included:

- ASIC's consultation on the ePayments Code. The CFA subsequently coordinated a joint consumer submission to an initial consultation paper on the review of the ePayments Code.
- Issues relating to financial advice and information provided by advisers to people looking at aged care.
- The publication of, and transparency about, complaints made to ASIC by consumers.
- The operation of the comparison rate advertising requirements for consumer credit, which can be confusing.
- Gift cards, particularly gift cards with ASIC oversight and the interaction with state and Federal consumer law changes with respect to gift cards generally.

Effectiveness

ASIC is responsive to issues raised by all consumer representatives. It is useful to have a person from CFA as it has a broad remit in comparison with some others and can raise issues of general applicability as well as specific matters. It should be noted that under the current Chair CAP is adopting a focused approach. It is noteworthy that the seriousness with which ASIC takes CAP is indicated by the presence of the Commissioners and senior officials.

Banking Code Compliance Committee

Representative: Gordon Renouf

The [BCCC](#) (formerly the Code Monitoring and Compliance Committee) monitors compliance with the [Banking Code of Practice](#).

The BCCC has authority to sanction banks where it identifies instances of serious or systemic non-compliance with the Code. The BCCC may:

- publicly name banks that breach the Code
- report serious and systemic ongoing issues to ASIC, and
- require a bank to rectify or take corrective action for serious breaches of the Code.

The 2019 version of the Code came into force from 1 July 2019. It includes coverage of small business and various improvements which are summarised [here](#).

Over the past few years the BCCC has placed less focus on responding to individual complaints of a code breach and putting more energy into focussed inquiries into specific, potentially systemic, issues in addition to reporting annually on overall compliance.

These reports have been, and likely will continue to be the key area where the BCCC can influence banks to improve consumer outcomes. The BCCC has increased resources and will be able to undertake more inquiries than in the past (where 1-2 per year was typical).

Recent reports by the CCMC (BCCC predecessor) are available [here](#) and include

- Financial Difficulty
- Breach Reporting
- Direct Debits
- Access to Banking Services by Indigenous Customers

In November/December 2019 the BCCC will publish reports on Overall Compliance with the code during FY 2019 based on banks' Annual Compliance Statements, a report on banks' transition to compliance with the new code and its Annual Report.

Reports to follow in 2020 will include

- Direct Debit follow up
- Vulnerable consumers
- A report on the role of training, culture and systems in fostering compliance
- Guarantees
- Small business

The report on Compliance with the Code Obligations in relation to vulnerable consumers is likely to be of particular interest. It's clear that different banks do some things well and some things less well and that practices vary across banks. The report will share examples of best practice as well as identify areas where banks are not, or are unlikely to be meeting

their code obligations. Input from consumer advocates on their expectations of what banks need to do to meet their obligations will be particularly important. Expect an invitation for input early in 2020.

The Committee has repeatedly found that banks routinely fail to comply with their direct debit and will be conducting follow up research in 2020.

The proposed report on training, culture and systems is of a different type to previous reports and may provide insights into structural factors that favour or militate against good consumer outcomes.

Customer Owned Banking Code of Practice Code Compliance Committee

Representative: Carolyn Bond

Customer owned banks add-on insurance

The Customer Owned Banking Code Compliance Committee ('the Committee') has recently published a [report about the sale of CCI insurance](#) by customer owned banks which subscribe to the [Code](#). The Committee's investigation shows that some subscribers don't do enough to ensure that these products are "useful, reliable and of value to ...customers" or to "regularly review the third party service providers and third party products" as required by the Customer Owned Banking Code of Practice ('the Code')(Clause 13).

Do you have any suggestions for future investigations?

The Committee is interested in hearing any ideas consumer advocates have for future 'own motion investigations' (for example in the past issues have included privacy, financial difficulty and direct debit cancellation requests). [See past investigations here](#). As well as considering new issues, the Committee sometimes returns to previous issues where there have been compliance issues (for example we have reviewed direct debit cancellation request obligations a number of times). Please contact me if you have any suggestions.

What is the Customer Owned Banking Code Compliance Committee??

The Committee monitors compliance with the Code, which applies to customer owned banks (credit unions and mutual banks). [See here](#) for a list of subscribers. The Committee comprises an independent chair, and industry representative and a consumer representative.

Consumer representative.

My term on the Committee comes to an end in February 2020. The consumer representative on the Committee is appointed by Consumers Federation of Australia.

Food Standards Australia and New Zealand: Consumer and Public Health Dialogue

Representative: Ian Jarratt

The CPHD met in Canberra twice during 2018-19 and I attended both meetings.

CPHD's members come from a wide range of organisations and have a wide range of interests.

This allows CFA to be aware of and get involved with work on important issues for consumers not with the other consumer organisations on the CPHD (CHOICE and Consumers NZ), and with bodies, academics etc. primarily interested in public health matters, including diet.

Many important topics and issues relevant to FSANZ and the CPHD were considered at the meetings including:

- Challenges for Food Regulators
- Internet selling
- Blockchains
- Dietary Guidelines and Regulatory Decision making
- Smart Packaging
- The Food –Medicine Interface

In addition, I continued to raise problems with the labelling of consumer information on many alcoholic drinks, especially the % alcohol and the standard drinks content.

Prior to both meetings I sought input from other CFA members interested in FSANZ's roles and activities and in food/health issues generally and provided feedback after meetings.

National Disability Insurance Agency: Industry Reference Group

Representative: Gerard Brody

National Disability Insurance Agency (NDIA) Industry Reference Group (IRG)

This group met three times in 2018/19, in Adelaide (December 2018); Brisbane (April 2019); and Perth (August 2019 – attendance via teleconference).

The Group's purpose is to guide improvements in an advisory capacity to support development of a market for provision of services under the NDIS.

Items discussed included:

- The availability and level of market data published by the NDIA, including metrics around providers and participants to inform the operation of the market.
- Various reviews of pricing, including the Annual Price Review. The price guide sets maximum prices for NDIS services but service providers can charge less. In some areas, such as therapeutic services, there are now instances of providers charging less indicating some level of competition.
- The NDIA will be requiring providers to publish their prices, and this will become mandatory.
- Specialist disability accommodation has been identified as an area that needs market development and is a high priority area.
- The role of new providers coming into the marketplace. While many service providers are not-for-profit, there are increasingly businesses backed by private equity. This needs to be monitored.
- The role of intermediaries such as plan managers and support coordinators. There appears to be a lack of policy and confusion about the purpose of intermediaries and the roles they play. There are also issues about conflicts of interest, i.e. support coordinators requiring participants to use the same provider for a suite of services.

The group is a useful one for CFA to be involved in given CFA's understanding of consumer issues in developing and competitive markets. CFA has also recently been invited to a new consultative group with the NDIS Safeguards & Quality Commission, the remit of which is more related to consumer protection, complaints, standards and quality.

National Measurement Institute: Consumer and Industry Liaison Committee

Representative: John Furbank

NMI Consumer and Industry Liaison Committee – April 2019

NMI has established a Consumer and Industry Liaison Committee (CILC) which holds meetings where NMI provides updates on its activities and CILC members provide feedback and raises issues. There are three consumer representatives (QCA, Choice and CFA). Industry representatives include the weighing and measuring industries, Food and Grocery Council, seafood importers and cosmetic industry

Travel for attendance by consumer representatives was initially funded by Treasury but this was stopped when the new NMI General Manager, Bill Loizides took up office. NMI now provide teleconferencing facilities at NMI state offices. The last meeting was held in April 2019.

The main items discussed were:

Inaccurate fuel dispensers: the proportion of incorrect fuel dispensers to consumer disadvantage had doubled with 5% being incorrect.

Labelling of cosmetics: Extension of grace periods for non-compliant labelling of some cosmetic products (mainly the location of the quantity statement) while Treasury undertakes the wider measurement law review.

Seafood: seafood importers said they were generally pleased with results from NMI's regulatory response to non-compliant labelling of frozen seafood stating there may be some issues of awareness of regulatory responsibilities in the industry and problems with 'gaming' of the partial thaw test, with water being injected into some products as opposed to excessive ice glazes.

Tobacco Plain Packaging (TPP) and Country of Origin Labelling (CoOL) Inspections: In the small window I had available I enquired about the important TPP and CoOL programs and asked whether these programs would continue in 2019-20. The General Manager advised that while NMI undertook investigations and market surveillance under these programs, the information gathered was passed back to Department of Health and ACCC respectively which had responsibility for making determinations about compliance and enforcement. He said NMI's current MOU with Health was for TPP inspections to continue up to the end of 2021-22; and NMI's existing MOU with the ACCC only covers the current financial year but discussions were underway to potentially extend that to cover 2019-20.

Measurement Law Review update: Three further consultation papers had been released covering: traceable measurement; measuring instruments; and measurement-based transactions, noting that submissions close on 31 May. It was claimed that the measurement law review team was proceeding without any pre-conceived ideas about outcomes for the review. The NMI had engaged Ernst & Young to undertake a cost/benefit

analysis of Australia measurement law framework and CILC members would likely be contacted directly by Ernst & Young.

Trade Measurement Complaint Handling Policy: NMI has introduced a risk-based approach to prioritising the handling of trade measurement complaints. The Policy has been endorsed by the Minister and published on the NMI website. The NMI take a conservative approach to providing information back to consumers who make complaints even to the extent of developing a template for traders to provide permission for releasing information on results of a complaint investigation. The NMI claim the privacy provisions of section 19H of the National Measurement Act currently prevent the release of such information. I have always thought the intention section 19H was to prevent inspectors disclosing personal information, not to create a blanket on general information about complaint results where suitable wording could always be found.

Way Forward Debt Solutions

Representatives: Karen Cox, Fiona Guthrie, Paul Holmes and Catriona Lowe.

What is Way Forward?

Way Forward is a not for profit social enterprise set up to help people who can pay some of their debts but not all of them. Way Forward helps people in these situations by negotiating an affordable payment amount with creditors. A person then makes a single, reduced payment to Way Forward which distributes it to creditors on a pro rata basis. The service is free for clients, with creditors making a voluntary donation.

Way Forward is a very new entity: it was incorporated in September 2018 and took on the first client in early 2019. Enormous effort has been put into making sure that the policies and procedures underpinning Way Forward result in outcomes that are in the best interests of clients.

Why is the consumer movement involved?

There are large numbers of Australians in financial difficulty, and at least a portion of these could benefit from access to a free service like Way Forward. It is modelled partly on a UK charity called [StepChange](#).

As well, consumer groups involved in financial services have watched with alarm as for-profit financial difficulty businesses have entered the market, charging people thousands of dollars for services such as “debt negotiation” or for a financial product called a debt agreement (which is marketed as an alternative to bankruptcy, but has similar impacts). Way Forward will provide a free alternative.

How is the organisation structured and funded?

The organisation has the same governance structure as the external dispute resolution schemes,⁸ with an independent chair (Prof the Hon Michael Lavarch AO), four industry directors and four consumer directors. The seed funding for Way Forward came from donations from each of the major banks.

What has happened since it was set up?

The organisation has been operating in pilot mode, with referrals coming from the banks and more recently from some financial counsellors. This means that client numbers are still relatively small.

For financial counsellors, Way Forward is an additional option that may be suitable for some clients. Way Forward also refers a number of people to financial counsellors because their financial or personal situation means that financial counselling is a more appropriate option.

⁸ For example, the Australian Financial Complaints Authority, the Telecommunications Industry Ombudsman, the various Energy and Water Ombudsman schemes.

As the consumer directors on the board, our assessment is that Way Forward is running well and that it is filling a gap in the marketplace for a free and ethical service to help people to repay their debts.
