

Media Release

The Hon Melissa Horne MP

Minister for Consumer Affairs, Gaming and Liquor Regulation

Minister for Ports and Freight

Minister for Fishing and Boating



Friday, 13 November 2020

CALLS FOR TOUGHER PAYDAY LENDING LAWS

The Victorian Government is calling on the Commonwealth to crack down on dodgy lenders who prey on vulnerable consumers by offering loans that can easily lead to a cycle of debt.

Minister for Consumer Affairs Melissa Horne, joined by her state and territory counterparts, has called on the Commonwealth Government to improve consumer protections by strengthening national responsible lending laws which fall within their jurisdiction.

The economic impacts of coronavirus have meant more Victorians are likely to seek out loans than ever before, highlighting the importance of protecting people from falling victim to predatory loan schemes, such as payday lending.

Payday loans are typically short-term, high-interest loans that can be appealing to those with poor credit history and few savings. However, people who take out a payday loan can quickly find themselves owing far more than they borrowed, and with a debt they struggle to pay.

Victorians are being urged to do their research before signing on to a short-term loan, and to remember that other, more cost-effective options are available.

Free options are available to help Victorians with financial literacy, with the Victorian Government committing \$44 million to the Victorian Financial Counselling Program for 2017-2021.

Financial counsellors can provide advice about rights and responsibilities, negotiating with a creditor, or working out a realistic payment plan for debts.

More information about Consumer Affairs Victoria's Financial Counselling Program can be found at consumer.vic.gov.au/financialcounselling.

Quotes attributable to Minister for Consumer Affairs Melissa Horne

"We're calling on the Commonwealth to help us protect vulnerable consumers, particularly those struggling financially due to the coronavirus pandemic."

"Reckless payday lenders pose a serious risk of people being pushed into a dangerous debt cycle and we want to see this stopped."

"We stand ready to work with the Commonwealth Government to ensure that all appropriate consumer protections are in place."