

**Submission to:**

Privacy Commission

Subject: Credit Reporting Privacy Code Amendment No. 14

Date: 30/08/18

Contact Person:

Dr Andrew Hubbard

04 471 2735

andrew.hubbard@cab.org.nz

Background

Citizens Advice Bureau New Zealand (CABNZ) Ngā Pou Whakawhirinaki o Aotearoa welcomes the opportunity to comment on the Credit Reporting Privacy Code.

The purpose of our organisation is to:

- Ensure that individuals do not suffer through ignorance of their rights and responsibilities or of the services available; or through an inability to express their needs effectively — Me noho mataara kia kua te tangata e mate i tōna kore mōhio ki ngā āhuatanga e āhei atu ana ia, ki ngā mahi rānei e tika ana kia mahia e ia, ki ngā ratonga rānei e āhei atu ana ia; i te kore rānei e āhei āna ki te whakaputa i ōna hiahia kia mārama mai ai te tangata.
- Exert a responsible influence on the development of social policies and services, both locally and nationally — Kia tino whai wāhi atu ki te auahatanga o ngā kaupapa ā-iwi me ngā ratonga ā-rohe, puta noa hoki i te motu.

We support the principle of partnership reflected in the Treaty of Waitangi - e tautoko ana Ngā Pou Whakawhirinaki o Aotearoa i te mātāpono o te pātuitanga e ai ki Te Tiriti o Waitangi.

We work to empower individuals to resolve their problems and to strengthen communities. The person-to-person service provided by over 2,300 Citizens Advice Bureau (CAB) volunteers is unique in New Zealand. From 84 locations around New Zealand, the CAB provides individuals with a free, impartial and confidential service of information, advice, advocacy and referral. Ka mahi mātou ki te whakakaha i ngā tāngata takitahi ki te whakatika i ā rātou ake raruraru, ki te whakakaha hoki i ngā hapori. He mea ahurei i roto o Aotearoa te ratonga kanohi-ki-te-kanohi e whakaratohia e ngā kaitūao 2,300 o Citizens Advice Bureau (CAB). Mai i ngā takiwā e 84 puta noa i Aotearoa, e whakaratohia ana e te CAB ki ngā

tāngata takitahi he ratonga koreutu, tōkeke, matatapu hoki e pā ana ki te mōhiohio, te tohutohu, te tautoko me te tukunga.

In the 2017/2018 financial year we had over 500,000 interactions with clients, including over 200,000 in-depth enquiries where we offered information, advice and support across the gamut of issues that affect people in their daily lives.

We use our experience with clients to seek socially just policies and services in Aotearoa New Zealand.

1.0 Submission

- 1 In the submission below we focus on some key areas which we consider are particularly important amendments to the Code.
- 2 In the 2017/18 financial year we dealt with over 13,000 client enquiries relating to consumer financial matters and general financial difficulties.
- 3 Given the importance that people's credit records can play in their ability to access credit we consider there should be as few barriers as possible in relation to people accessing their own credit information, including financial barriers.
- 4 Most of the clients that we see only seek information about their credit record because they have either been denied access to credit or have been required to take extra steps to obtain credit. A very common scenario is clients who have trouble setting up a utilities account, such as electricity or phone account, because of their credit record. In these situations clients want to get access to their credit information as quickly as they can, and they should be able to access this information in a quick and easy manner.

Client applied to sign up with a new electricity company, but was refused service for credit reasons and is very concerned why this has happened. The client wanted to understand why she was being rejected and what she could do.

- 5 Unfortunately our experience is that historically credit reporting companies have not made it as easy as they should to enable clients to access their own credit information. This was reflected in the Commission's own inquiry into credit reporters' charging practices and subsequent changes to the charging regime.
- 6 Ultimately we consider that enabling free access by consumers to their own information is a core role of the Code, particularly as the Code effectively allows commercial entities to make extensive use of that information.

- 7 We therefore support the proposed amendments to the Code which aim to ensure free and easy access of people to their own information.
- 8 In particular we strongly support the proposed amendment to Rule 6 clarifying that individuals should have free and easy access to any credit score where a credit reporter creates such a rating.
- 9 We also support the Amendment to Rule 6 to reduce the outer time limit to provide access to credit information. Timely access to credit information is very important for many of the clients we see as this is often driven by their credit report having prevented them accessing credit or a service. Given that most of the information is easily available digitally we question whether even ten days is too long an outer time limit. If there are delays relating to verifying the identity of the client they are more appropriately dealt with by section 45 of the Act rather than a rationale for providing a longer outer time limit. We support the shortest feasible outer time limit.
- 10 One significant barrier for consumers relates to the fact that there are three different credit reporting companies that a consumer needs to interact with in order to either understand their credit information or to place a credit freeze if they have been subject to fraud.

Client came in regarding credit ratings. She has been turned down by a power company that she wanted to change to, because she has a bad credit rating. She claimed never to have an account with the company which had registered a debt against her. When she contacted the debt collection agency they told her that she would need to get a credit check done by 3 agencies and that would show who she owed money to. If there is anything on the list that is not her debt, she needs to send them the credit check plus photo ID and proof of her address at the time of the debt.

Client had applied for a Visa credit card with one bank but they have declined it because has a red flagged credit rating - they have told him he has a personal loan and credit card with another bank. He has called in at the other bank and they also state that he hasn't got a loan or credit card. They advised him that he needed to contact each credit reporting agency separately to see who was holding incorrect information and then follow their process for correcting the information. Client wanted to know if this is correct.

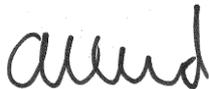
- 11 We consider that this is a significant impediment to consumers easily accessing the information and services they need. Having to interact with three different credit reporting companies is particularly problematic in relation to credit freezes.

Client has been a victim of identity fraud. Her bank has advised to apply for credit suppression. She contacted the CAB because she was very confused by having to contact three different companies and was having trouble contacting them by phone.

- 12 We therefore support the proposed Amendment to Rule 11 to facilitate credit suppression across all national credit reporters.
- 13 We note that it is not appropriate for small debts to have a disproportionate impact on consumers and therefore support the threshold for debts to be listed on credit reports increasing. We note that even in the proposed amendment this threshold is relatively small at \$125, compared to the Australian equivalent and this might be an opportunity to reconsider what a reasonable threshold is.

Thank you for this opportunity to comment. Please contact me if you have any questions, or want any clarification about our submission.

Yours sincerely



Dr Andrew Hubbard
Deputy Chief Executive
Citizens Advice Bureau New Zealand
Ngā Pou Whakawhirinaki o Aotearoa