

6 March 2014

Manager
Intermediaries and Regulatory Powers Unit
Retail Investor Division
The Treasury
Langton Crescent
PARKES ACT 2600

Email: consumercredit@treasury.gov.au

Dear Mr Mikula

Consumer credit regulations - Exposure Draft

The Credit Ombudsman Service Limited (COSL) appreciates the opportunity to comment on the draft *National Consumer Credit Protection Amendment (Small Amount Credit Contracts) Regulation 2014*.

Since the introduction of credit licensing in July 2010, about 6.5% of all complaints we receive relate to small amount loans.

Our post 1 July 2013 experience of lenders engaging in the kind of avoidance activity discussed in the Explanatory Statement is, at this time, limited. However, we have had particular experience in dealing with the very issues addressed in the draft regulation in relation to small amount credit contracts entered into before this date.

An example of a lender seeking to rely on a narrower interpretation of the section 6 exemption provided for under the National Credit Code can be found in a recent Determination by the Credit Ombudsman:

<http://www.cosl.com.au/cases/determinations-made/determination-021/>.

We consider that the draft Regulations are a positive step and, if enacted, would limit if not eliminate attempts by certain lenders to circumvent the cap on what can be charged on these loans.

Please feel free to contact me should you have any queries.

Sincerely



Raj Venga
Chief Executive Officer and Ombudsman