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**RE: Discussion Paper Changes to Disclosure Requirement – April 2013**

We refer to your Paper for discussion received by us for comment.

Rent the Roo is a national rental company but our business model varies from that of other rental companies within Australia in so far as we offer consumer leases as an alternative to credit contracts and other such similar arrangements. The majority of the customers that we deal with on a daily basis are presenting to us as an alternative, or in many cases a last resort. Our typical customer is one who has been unable to obtain finance through a sale by instalments, credit contracts, personal loans, bankcards etc. due to many factors:

- Low income
- Income is derived from Centrelink payments only
- Unemployment or illness
- Poor credit history
- No savings and no active savings plan
- Inability to obtain credit in any other form

In all cases the customer has individual circumstances which influence their decision to enter into a consumer lease, rather than enter into a credit contract or similar offer. We offer a genuine consumer lease, where the consumer does not have an option to purchase the goods at the end of the rental term.

Ultimately the choice must always remain with the customer on whether they wish to enter into a consumer lease or another form of available credit. By making the proposed changes Treasury is essentially making consumer leases

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the same as credit contracts and therefore removing the ability of the customer - to have a choice. -

Rent the Roo has incorporated a response to the issues raised in the Discussion - paper. -

### **ISSUE 1 - Removing the requirement to provide the Information Statement**

We agree with removal of this requirement.

### **ISSUE 2 - Changes to disclosure requirements in Section 17**

We have no comment on this issue.

### **ISSUE 3 - Timing of Pre-contractual disclosure**

We see no reason to change the current disclosure requirements. The additional costs associated with producing and distributing more paper work to a customer would far outweigh any benefit to that customer. The current disclosure requirements are such that the customer is already aware of this information prior to signing any contract.

Further the concept of a greater period of time to comprehend an offer may be valid for a substantial and long term purchase such as a home or car. When viewed for a household item like a bed or a washing machine where our customer is generally the party having the urgency, then extending the time of pre-contractual disclosure may only create angst for the very person that the legislation was designed to assist (the customer).

The concept that “changes in technology” will facilitate this may apply broadly across all consumers, but only if the customer is able to access this technology. The phrase “a reasonable period of time before the contract is entered” and “as soon as practicable” is too subjective and totally open to interpretation.

In most cases where the customer is seeking the use of an essential item ie fridge , washing machine etc the customer needs the goods as soon as possible and delays only cause unnecessary stress.

### **ATTACHMENT A, B, C, D, & E**

We have no comment on these issues.



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## ATTACHMENT F

This form if introduced will add a significant amount of work to an already regulated industry. When renting an item we already disclose the total cost. What information does it give to the consumer in assisting them in their decision, if we disclose that we were able to gain an additional discount at the point of sale.

The relevance applies if the consumer will eventually own the item but in a true Rental arrangement this is not the case.

### **48% comparative rate**

The purpose of this paper is to provide a prospective lease agreement applicant with a summary of information so that they might know exactly how much more it is going to cost them in comparison with a Credit Contract.

This is a major contradiction as 95% of lease agreement holders do not qualify for a Credit Contract under the NCCP as they are excluded given that they receive more than 50% of their income in social benefits.

The scope of the point requiring a statement of a comparative interest rate does not include other options to the applicant such as Non Termed Agreements which Mr Rentals and other companies offer which are not covered within the NCCP or personal loans.

A comparative interest is too complicated for consumers to understand and only confuses the choice.

### **SUMMARY**

We have been a strong supporter of the NCCP from the very beginning however what we are seeing is change for the sake of change rather than change for the benefit of the very consumers that the legislation was designed to protect.

It is therefore our submission that no further changes be introduced till at least the end of 2016. This will give all consumers and credit providers the chance to see how the legislation is working over a reasonable time and in turn would allow for a full evaluation of the NCCP and its effect on not only small businesses like ours but consumers alike.



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Should you require any additional information please contact the writer.

Regards



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