

August 3 2018

Consumer Safeguards Review
Department of Communications and the Arts
GPO Box 2154
CANBERRA ACT 2601

By email: consumersafeguardsreview@communications.gov.au

Dear Sir/ Madam

**Letter of support to the FCA Submission – Consumer Safeguards Review
Part A – Redress and Complaints Handling**

The South Australian Financial Counsellors Association represents some 200 members in South Australia and the Northern Territory. We advocate on behalf of the clients of our members, the financially vulnerable people in both SA and NT.

We welcome the opportunity to comment on the Consumer Safeguards Review paper, and in conjunction with our peak body, Financial Counselling Australia and other State and Territory financial counselling associations, have provided a full response.

We would like to add weight to the issue of telecommunications industry retailers who, in our opinion, are indulging in unconscionable practices in selling devices and plans to aboriginal people in both SA and NT.

Some of our members work with ATSI clients in the Territory and in the Anangu Pitjantjatjara Yankunytjatjara (APY) Land in SA. They are reporting many instances of clients receiving multiple devices and inappropriate plans, often when they have gone into a telco shop to buy or renew a prepaid phone or plan. Huge bills are then accrued.

Our members have managed, generally through the Telecommunications Industry Ombudsman (TIO) to have some of these bills rectified. This EDR service is vital as usually little is achieved by going to the telcos themselves.

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The practices of the telco retail outlets that our members see includes:

- Misleading conduct about products and services
- Sale of unsuitable plans and services
- Selling people multiple phones and tablets
- The product is not fit for purpose, for example, no reception
- Unaffordable plans and services

I highlight the following two case studies provided to us by one of our members working with clients who have come in from their Communities to live at the Nightcliff Renal Unit in Darwin. They are particularly vulnerable people, and our member has many other cases like these.

Case Study 1

Client was referred by Nightcliff Renal Unit. Kevin (name changed) is totally dependent on dialysis to survive.

He is on a disability pension with no possible ability to work again unless he receives a kidney transplant. He was referred with a Telstra debt of \$6,800, which consisted of multiple phones and accessories, with one phone worth \$1,200.

The financial counsellor had a really trying time with Telstra, was not able to get a case manager and had to speak with different operators every time she made contact on behalf of the client. She then contacted the TIO after exhausting all avenues just to get a case manager.

Outcome: A month later Telstra waived the entire debt of \$6,800

Case Study 2

Client was referred by Nightcliff Renal Unit. Janet (name changed) is totally dependent on dialysis to survive.

Janet is on a disability pension with a \$5,907 debt and no ability to pay such large bill.

After months of negotiations the financial counsellor managed to get a partial waiver but had to approach the TIO to assist.

Outcome: Janet still has a \$1,175 bill which she will pay over six months.

There are many cases like this in both SA and NT, which take up an inordinate amount of the time of our members. The TIO provides the assistance needed, but these cases should not have occurred in the first place.

SAFCA firmly supports the following statement from the FCA submission on this issue (page 3):

Telcos need to take responsibility and acknowledge these systemic problems. This means when considering complaints where there may be misconduct at the point of sale this also needs to be investigated and considered. It is not acceptable to turn all complaints into a negotiation for a repayment arrangement.

SAFCA believes that fundamentally altering the TIO so that it only responded to so-called "complex" disputes and have the telco industry responsible for responding to everything else would be a complete disaster. Telco franchise outlets seeking to meet sales targets and hiding behind "we must not discriminate against anyone wanting these products" – a statement we often hear, is hard selling to customers who cannot afford and mostly do not want or need the number and level of devices and plans with which they walk out of the retail outlet.

Financial counsellors need the assistance of the TIO with these cases which are not complex – they are simply the result of inappropriate selling and should not be allowed to happen. We have no confidence in the industry providing dispute resolution in these cases.

Yours sincerely



Wendy Shirley
Executive Officer