



Draft Code of Practice

Mutual Building Societies and Credit Unions





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Preface

Abacus will insert a suitable preface once the Code is finalised.

NOTE: The formatting and layout of the Final Code will be determined once substantive provisions are finalised; this document is for consultation purposes only.

Introduction

This Code of Practice is the industry code of *Abacus Australian Mutuals*, the association of mutual building societies and credit unions. All credit unions and mutual building societies that belong to Abacus subscribe to the Code.¹

Credit unions and mutual building societies are owned by our members — this is what being a mutual means. As such, we are focused on member-benefit, community involvement, fairer fees and customer service.

Our Code of Practice gives practical expression to credit unions' and mutual building societies' commitment to high standards of practice, conduct and service.

Credit unions and building societies already comply with a range of regulatory requirements including:

- Responsible financial management requirements (under the *Banking Act 1959* and our regulation by the Australian Prudential Regulation Authority)
- Corporate and financial services' licensing and disclosure regulation (under the *Corporations Act 2001* and our regulation by the Australian Securities and Investments Commission), and
- Other State, Territory and Commonwealth legislation and regulation (including the *Consumer Credit Code*).

This Code goes beyond our legal obligations, offering our members and customers additional protections and benefits. It establishes higher standards than the law requires in a range of areas, and addresses issues not addressed by the law.

The Code sets out:

- Our Key Promises to You
- How, practically and in detail, we will *deliver on* these Key Promises in the way we provide banking services, and
- How the Code will be administered—publicised, put into practice, enforced and reviewed.

We also have consumer and member booklets summarising the Code's key commitments.

Commencement date

This Code of Practice commenced on **[DATE TO BE INSERTED]**. The commitments under the Code apply to building societies and credit unions affiliated with Abacus from this date.

¹ More information about Abacus, and a list of Abacus affiliated financial institutions, is available at: www.abacus.org.au

Coverage, Commitment to Comply, Other Matters

In this Code, “we”, “us” and “our” refers to your building society or credit union if it is affiliated with Abacus. “You” and “your” refers to you, the reader, if you are our individual or Small Business² member or customer.

Coverage of Code

This Code applies to:

- Our retail (individual and Small Business) members or customers
- Individuals and Small Businesses who give guarantees or indemnities securing loan facilities that we provide to another individual or Small Business³
- In the case of commitments about the provision of information, prospective customers.⁴

The Code covers:

- Deposit accounts, personal loans, home loans, credit and debit cards, cheques and other financial products and facilities that we issue
- Products and facilities issued by another organisation and introduced or distributed by us, but only in relation to our introduction or distribution of the product or facility⁵
- As well as our employees, our agents and representatives when they are acting on our behalf.

Commitment to comply with Code

We undertake to comply with this Code in our dealings with you. If you believe we have breached the Code, you complain to us. If we are not able to resolve the complaint to your satisfaction and the complaint involves a claim of financial loss, you may refer the matter to the External Dispute Resolution scheme to which we belong.⁶ If the complaint does not involve a financial loss, you can report it to the Code Compliance Manager.⁷

Relationship to law

We will comply with this Code to the extent that applicable Commonwealth and State and Territory laws permit. If we would have to breach our legal obligations to comply with an aspect of the Code, we will not be able to comply with it. This Code cannot, and does not purport to, limit any legal obligation we may have.

Relationship to EFT Code of Conduct

We subscribe to the *Electronic Funds Transfer (EFT) Code of Conduct*, which also deals with banking and payment issues.⁸ To the extent of any inconsistency, this Code should be read subject to the *EFT Code of Conduct*.

Credit Union Code of Practice replaced

From the Commencement Date, this Code replaces the *Credit Union Code of Practice*.

Code includes

This Code includes *Appendix – How this Code is administered*. Footnotes also form part of the Code.

² A Small Business means herein a business having fewer than: a) 100 full-time (or equivalent) people if it involves the manufacture of goods; or, b) in any other case, 20 full-time (or equivalent) people.

³ While section 9 (*Protecting guarantors*) of *Delivering on our key promises* is addressed to loan guarantors specifically (see 9.1), other aspects of the Code (e.g., sections 26-28 relating to complaint handling and dispute resolution) apply to loan guarantors to the extent they are applicable.

⁴ See no. 3, *Our key promises to you*; sections 1-3 and sections 6-7 of *Delivering on our key promises*

⁵ For example, we may distribute insurance products on behalf of another organisation; in which case, this Code does not apply to the terms of policies, product documentation, claims handling etc.

⁶ See section 27, *Delivering on Our Key Promises*

⁷ See section 28, *Delivering on Our Key Promises*, and *Appendix – How the Code is Administered*

⁸ The Australian Securities and Investments Commission administers the EFT Code. Copies of the EFT Code and related information are available at www.fido.gov.au and see under Codes of Conduct.

Our 10 Key Promises to You

This section of the Code contains our key promises to our members and customers. The next section (*Delivering on our key promises*) provides more information on these promises and how we will put them into practice.

1. We will put our members' interests first

Because we are mutual organisations, our members come first. We will place a high priority on service, competitiveness and member focus. We will provide friendly and reliable service to our members and customers.

2. We will be fair and ethical in our dealings with you

We will always act honestly and with integrity, and will treat you fairly and reasonably in all our dealings with you.

3. We will give you clear information about our products and services

We will provide clear and accessible information about our products and services, so you can choose the right product for you. We will disclose interest rates, fees and charges in an accessible and clear format and provide you with regular statements. We will give you information on how to minimise fees and charges. Our advertising and promotional material will not be misleading.

4. We will be responsible lenders

We will lend responsibly, and not promote over-commitment. We will try to assist you if you find yourself in financial difficulties.

5. We will deliver high customer service and standards

We will issue and/or distribute useful, high quality products and services, and will make sure our staff and agents or representatives are well trained. We will promote secure and reliable banking and financial services, and keep you up to date on any changes to the products and services we provide to you. We will treat your personal information as private and confidential.





6. We will deal fairly with any complaints

We will handle complaints promptly and fairly and provide you with information on avenues for resolving disputes if we are not able to reach agreement with you.

7. We will recognise member rights as owners

As mutual institutions our members are our owners. We will ensure that you receive information on the benefits, costs and impacts of any proposal to change our mutual structure. As far as possible, we will ensure that any information provided to you by other parties is fair and not misleading.

8. We will comply with our legal and industry obligations

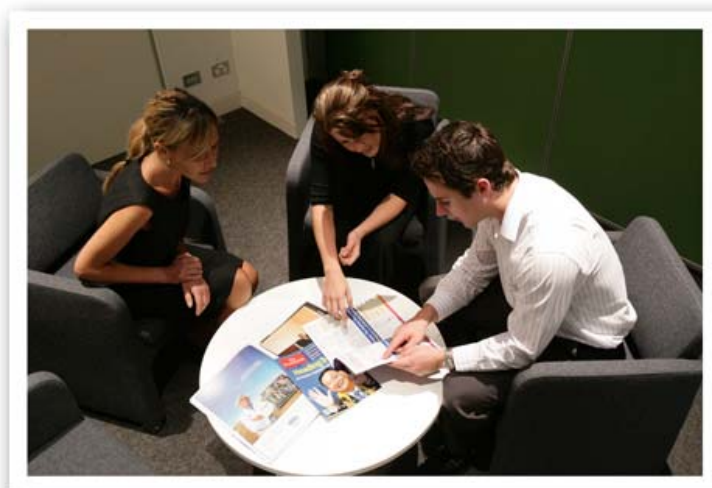
We will be responsible, prudent managers of our institution, and comply with all our obligations under the law and relevant codes of practice. We will act consistently with good banking and financial service industry practice.

9. We will recognise our impact on the wider community

Credit unions and mutual building societies have a strong community focus. We will take account of the impact of our operations on staff, the communities we serve and our members. We will promote community engagement and will contribute to community activities and projects.

10. We will support and promote this Code of Practice

We will promote this Code of Practice, ensure that our staff are trained to put it into practice, and support its monitoring and effectiveness.



Delivering on Our Key Promises

1. Advertising

(1.1) We will ensure our advertising and promotional material is not misleading. We will not mislead you either by what we say or represent, or by omission (or what we fail to say).

2. Information about our products

(2.1) We will make general information about our products and facilities readily available to anyone who wants it. This information will be:

- Clear, concise and accurate
- Written in plain language
- Generally sufficient to allow you to make an informed decision about the product or facility, and
- Consistent with any applicable legal requirements.

(2.2) We will explain the features of our products and how they work, if you ask us.

(2.3) We will make a copy of the standard Terms and Conditions/ standard Agreement applying to a product or facility available to you, if you ask us. We will not require you to apply for the product or facility first.⁹

3. Information on interests rates, fees and charges

(3.1) Interest rates (where applicable) and fees and charges applying to our products and facilities will be readily available to anyone who wants this information. The information will be clear, concise and up to date.

(3.2) In the case of products with variable interest rates, we will tell you what the current rate is if you ask us. We will also use a range of methods to publicise our rates. We will provide you with information on how interest on a product is calculated, and how and when it is applied.

(3.3) Our information about fees and charges will cover all applicable fees and charges, including non-standard fees that only apply in particular situations (for example, default fees if you overdraw your account or are late in making your payments). We will also provide general information to our members and customers on how to avoid or minimise fees and charges. We will explain the fees applying to a product or facility if you ask us.

(3.4) We will inform you of any fee for a one-off service (e.g., issue of a bank cheque), before you become liable to pay it.

⁹ If we offer a range of variant Terms & Conditions or are able to tailor loan or other products to individual customers, we may not be able to provide you with a copy of the Terms and Conditions for a product until these have been agreed between us.

4. Fair products and fees

Standard terms¹⁰

(4.1) The standard Terms and Conditions/ Standard Agreements (“Terms and Conditions”) applying to our products and facilities will be consistent with this Code and will strike a fair balance between:

- Your legitimate needs and interests as our member or customer, and
- Our interests and obligations, including our prudential obligations.

(4.2) We will not adopt Terms and Conditions that are not reasonably necessary to protect our legitimate interests, or that you are unlikely to be able to comply with.

(4.3) Our Terms and Conditions will also be:

- Clear, unambiguous, and not misleading
- Distinct from our advertising and promotional material, and
- Written in a plain language style, and legibly presented.

Fees and charges

(4.4) We will regularly review any fees and charges on our products and services, including their level, and the effectiveness of our disclosure to members.

(4.5) We will make sure any exception fees we charge (including credit card late payment fees, account overdrawn or dishonour fees, direct debit dishonour fees, cheque dishonour fees, and ATM failed transaction fees) are:

- Reasonable, having regard to our costs¹¹
- Clearly disclosed, and
- Fairly applied.

5. Responsible lending practices

(5.1) We will always act as responsible lenders. We will base our lending decisions, including decisions to extend existing credit facilities, on a careful and prudent assessment of your financial position and capacity to repay.¹² We will periodically review our credit assessment procedures and criteria.

(5.2) We will only lend amounts to you that we believe, on the information available to us, you can reasonably afford to repay. In making this commitment, we are entitled to rely on your honesty and the accuracy of the information you provide to us (although we may undertake our own independent checks as well).

(5.3) If we issue a credit card or other revolving credit facility, we will act responsibly in setting and increasing the amount of credit we make available to you. We will not send you an unsolicited offer to increase your credit limit if you have a recent poor repayment history, or regularly make only minimum monthly repayments on the facility.

¹⁰ This section:

- Does not apply to terms specific to individual contractual arrangements, or to terms specifying the cost or price of a product or facility (including interest rates, applicable fees and charges, repayment amounts and periods, available credit, credit limit or overdraft amount, etc).
- Only applies to standard Terms and Conditions/ standard Agreement of contracts entered into after the Commencement Date of this Code (see Introduction).

¹¹ This includes charges imposed by our service providers, where applicable.

¹² The commitments in this section do not apply to:

- Bridging finance arrangements
- Equity release products (see section 12 below), and
- Your use of a redraw facility associated with a product that we issue.

(5.4) We will ensure any unsolicited offer to increase your credit limit on a credit card or other revolving credit facility that we issue includes information on:

- The new minimum payment required
- Options for lowering existing or new credit limits, and
- Rejecting the offer if you are currently having difficulties meeting your repayments, or your financial circumstances are likely to deteriorate in the near future.

(5.5) We will promote the responsible use of credit to our members and customers using a range of methods and strategies.

6. Joint accounts

(6.1) If you are opening a joint account, we will provide you with general information about your rights and responsibilities as a joint account holder. We will explain this information if you ask us.

(6.2) We will require you to positively choose whether a single account holder can access funds in the account, or whether the authorisation of both account holders is required.¹³ The information we provide will tell you how you can change account access arrangements, if you wish to.

7. Subsidiary cards

(7.1) When issuing a subsidiary credit or debit card at your (the primary cardholder's) request, we will provide you with general information on your liability for debts incurred by the subsidiary cardholder when using their card. This information will also set out our procedures for stopping or cancelling a subsidiary card.

(7.2) If you cancel a subsidiary card, you should take all reasonable steps to ensure the card is destroyed or returned to us. If you do this, we will not make you liable for any losses resulting from continuing (unauthorised) use of the subsidiary card following cancellation, as long as you do not act fraudulently or otherwise contribute to those losses.

8. Safeguards for co-borrowers

(8.1) Before we accept you as a co-borrower under a loan or other credit facility, we will provide you with general information on your liability to repay the full amount of the debt.

(8.2) We will not accept you as a co-borrower if, on the facts known to us, it appears that you will not receive a direct benefit from the loan or facility.

(8.3) If you are jointly and severally liable for a loan or other credit facility, we will allow you to terminate your liability for future advances or financial accommodation if you give us written notice. However, this right only applies when we can terminate any obligation we have to provide further credit to another debtor under the same credit facility.

9. Safeguards for loan guarantors

Application of this section

(9.1) In this section only, "you" refers to an individual or Small Business that gives a guarantee or indemnity that secures a loan or other credit facility that we provide to another individual or Small Business. So, in this section, "you" may not be our member or customer.

(9.2) We may require a director of a Small Business to provide a personal guarantee for a proposed or existing loan facility. Only clauses (9.3), (9.4), (9.5), (9.10), (9.11) and (9.13) of this section apply in this situation.

¹³ In other words, we will not make access by one account holder the default option. Similarly, if there are more than two account holders, we will require you to positively choose the account access arrangements to apply.

No unlimited liability

(9.3) Subject to (9.10), we will only accept a guarantee from you if your liability under the guarantee is limited to:

- A specific amount, plus interest and enforcement costs, and/ or
- The value of a specified security at the time of recovery.

Before we obtain a guarantee from you

(9.4) We will take reasonable steps to make you aware of:

- Your legal obligations under the proposed guarantee, and
- The financial risks associated with providing the guarantee.

(9.5) Without limiting (9.4), we will give you a prominent notice that:

- You can refuse to enter into the guarantee
- You have a right to limit your liability in accordance with this Code and as allowed by law
- There are financial risks involved
- You should seek independent legal and financial advice before entering into the guarantee. (In some circumstances, we may require that you obtain such advice as a condition of accepting your guarantee.)

(9.6) We will give you a copy of the loan contract to which the proposed guarantee relates. We will also give you details of any security to be provided by the borrower in support of the loan. We will not accept a guarantee from you unless the borrower agrees to the release of this information.¹⁴

(9.7) In addition, we will provide you with all the information available to us that, in our reasonable view, a careful and prudent prospective guarantor might wish to consider regarding:

- The financial position of the borrower
- The borrower's credit history for the previous two years (including details of any notices of demand, defaults, overdrawn accounts or other evidence of borrower distress known to us), and
- Any other matter relevant to the borrower or loan facility to be secured.

This commitment does not include providing records of our *opinions* regarding the borrower, the proposed loan or related matters. We will also provide you with copies of relevant account statements and other documents on request. We will not accept a guarantee from you unless the borrower agrees to the release of the information referred to in this section to you.

(9.8) We will tell you if any existing facility we have given the borrower will be cancelled, or if the facility will not be provided, if the guarantee is not provided.

(9.9) We will ensure you have a minimum of 24 hours before signing the documentation to consider and/or obtain advice on the documents and information we provide to you. At our discretion, we may agree to a shorter period if you (the guarantor) request this.

Extension of guarantees

(9.10) A guarantee may contain a provision allowing the guarantee to be extended to cover another loan in the future. However, we will not make you liable for any amount under a future loan unless we have:

- Obtained your written acceptance of the extension of the guarantee, and
- Given you a copy of the loan contract.

(9.11) We will follow the procedures set out in paragraphs (9.4) to (9.9) above before we obtain additional or further guarantees from you.

¹⁴ Where security is provided by a third party who is not the borrower, we will give you full details of any security if the third party agrees to our doing so.

Ongoing information

(9.12) After entering into a guarantee agreement with you, we will send you a copy of:

- Any formal demand or default notice we send to the borrower, and
- If you ask us, a copy of the latest statement of account (if any) provided to the borrower.

(9.13) You may at any time extinguish your liability to us under a guarantee by:

- Paying the outstanding liability of the borrower (including any future or contingent liability)
- Paying any lesser amount to which the liability of the guarantor is limited by the terms of the guarantee, or
- Making other arrangements satisfactory to us for the release of the guarantee.

Enforcement of judgment

(9.14) We will not enforce a judgment against you under a guarantee unless:

- We have obtained judgment against the borrower, and the judgment debt remains unpaid 30 days after we demand payment from the borrower in writing, or
- We have made reasonable attempts to locate the borrower without success, or
- The borrower is insolvent, and/or recovery of the debt from the borrower is otherwise untenable.

10. Use of finance brokers

(10.1) If we engage mortgage or finance brokers to distribute our products, we will require that the brokers we engage belong to the Mortgage and Finance Association of Australia and are members of an ASIC-approved external dispute resolution scheme.

11. Equity release products

(11.1) If we distribute equity release products,¹⁵ we will only distribute the products of issuers that subscribe to the SEQUAL Code of Conduct (as amended from time to time). We will only refer our members or customers to a broker, aggregator or other intermediary service arranging equity release loans if that service subscribes to the SEQUAL Code.

(11.2) If we issue equity release products ourselves, we will subscribe to the SEQUAL Code.¹⁶

12. Clear, timely, effective communication

(12.1) We are committed to timely and effective communication with our members and customers. We will generally respond to phone and electronic messages within 3 working days. If you write to or fax us, we will generally respond within 7 days of receipt of your communication. (Timeframes for responding to complaints are set out in section 26 below).

(12.2) We will write our letters, notices, brochures, telephone scripts, website messages and other communications in plain language, avoiding legal and technical jargon as far as possible.

13. Account statements and balances

(13.1) We will provide you with regular account statements clearly setting out all transactions relating to your deposit and loan accounts with us.¹⁷ We will send these statements to the last address you have given us. (In some cases, you may agree to the provision of statements electronically).¹⁸

¹⁵ These include reverse mortgages, home reversion schemes and shared appreciation mortgages. More information about these products can be obtained from www.fido.gov.au, the ASIC consumer website.

¹⁶ For more information see www.sequal.com.au

¹⁷ This section does not apply to passbook accounts, if we offer these. In addition, this section does not apply to accounts that are dormant.

¹⁸ See section 15 (*Provision of statements and notices electronically*)

(13.2) Statements will be sent or made available at least every 6 months; and can be provided more frequently on request.¹⁹

(13.3) Statements will include clear information about our fees and charges incurred on your account during the statement period. Fee amounts will not be bundled, but will be broken down by transaction type and channel. The impact of any applicable fee-free limit or rebate scheme will also be indicated.

(13.4) We will provide a simple, method(s) of access for you to find out what the balance on your account is. We will not impose any fees for using this access method.

14. Notifying changes to your account

(14.1) We will give you at least 30-days advance notice before we do any of the following in relation to your account:

- Introduce a new fee or charge
- Increase a fee or charge
- Vary the minimum balance to which an account keeping fee applies
- Vary the method by which interest on your account is calculated, or
- Vary the circumstances when interest is credited or debited to your account.

(14.2) We will notify you of a change in the interest we charge on your loan or credit facility no later than the day on which the change takes effect.

(14.3) We will notify you of other changes to your account when we next communicate with you (subject to any applicable laws).

(14.4) We may use various methods to notify you of changes to your account referred to in this section. Subject to applicable laws, these may include one or more of: notification on or with your account statement; notification by letter or other direct communication; announcement via our newsletter or website; or advertisement in the local media or national media. In deciding the method of notification, we will consider the nature and extent of the account change, as well as the cost and effectiveness of different methods of notification.

(14.5) Any commitment we may make to notify you individually of changes to your account is subject to your keeping us informed of your current contact address.

15. Provision of statements and notices electronically

(15.1) We may have a facility for providing account statements, notices and/or other account information by electronic means. If so, and if the law permits us to do so, we may invite you to consider accessing this information electronically rather than receiving it in paper form. We will always obtain your specific, positive agreement before we provide account information electronically.²⁰

(15.2) If we offer a product on the basis that statements and other account information will *only* be provided electronically, we will:

- Clearly disclose this to you, and
- Obtain your specific positive acknowledgement of the arrangement

before we issue or distribute the product to you.

(15.3) We will provide information to you electronically in a form that allows you to retain the information (for example by printing and saving it). Our electronic communications will be comparable with equivalent paper documents in terms of the clarity and content of the information provided.

¹⁹ We will also comply with all obligations in relation to statements under the consumer credit and other laws.

²⁰ In some cases, we may be required to obtain your consent in writing.

16. Additional copies of documents and statements

(16.1) At your request, we will send you a copy of any of the following documents relating to a product or facility you have, or have had, with us:

- A contract (including terms and conditions, and details of interest rates and fees and charges)
- A mortgage or other security document
- A statement of account, and
- A notice we have previously given you about us exercising our rights.²¹

This section does not apply to documents we are no longer legally required to retain.

(16.2) If a copy of a document is requested, we will provide it to you:

- Within 14 days, if the original came into existence 1 year or less before you make the request, and
- Within 30 days, if the original came into existence more than 1 year but less than 7 years before you make the request.

If for some reason we are unable to provide a document within these timeframes, we will advise you in writing, together with the expected timeframe for providing the document.

(16.3) Documents may be provided in the form of a computer-generated record. We may charge a reasonable fee, reflecting our costs, for providing a document.

17. Account security and security breaches

(17.1) We will actively seek to promote awareness of security issues, including Internet security, to our members and customers, using a range of strategies and channels.

(17.2) We will provide information on topics including:

- Protecting your payment methods (e.g., payment cards and cheque books) and equipment (e.g., your computer if you bank online) from unauthorised use
- What to do if you believe a security breach of your account or unauthorised transaction has occurred, and
- The possible consequences of not reporting breaches of your account promptly.

(17.3) We will provide you with options to report security breaches at any time.

(17.4) We subscribe to the *Electronic Funds Transfer Code of Conduct*, and (when the EFT Code applies) will determine liability for unauthorised transactions in accordance with that Code.

(17.5) If a security breach involving your account occurs or is alleged, we will promptly seek to:

- Determine responsibility for any resulting losses, and
- Advise you of our determination or response.

18. Disputed transactions - seeking a chargeback on your behalf

(18.1) If you have a scheme credit or debit card (e.g., a MasterCard, AMEX or VISA card) issued by us, we may be able to claim a chargeback on your behalf if a problem (such as unauthorised use, or non-delivery of goods ordered) arises.

(18.2) If you dispute a transaction with us within the required timeframe and we can seek a chargeback on your behalf, we will do so without delay. We will also:

- Ensure we claim the chargeback for the most appropriate reason, and
- Not accept a refusal to chargeback by the merchant's financial institution unless it is consistent with the relevant card scheme rules.

²¹ However, we do not have to give you a copy of a notice which requires you to take action if we receive the request more than 2 years after discharge or termination of the original contract to which the notice is related.

(18.3) We will make information about the chargeback mechanism readily available to our members, emphasising the need to promptly report problems to ensure a claim can be made within relevant chargeback periods. We will also make general information on the chargeback mechanism available in our product information and on our web site (if we have one).

19. Cancelling direct debit facilities if you ask us

(19.1) We will promptly stop a direct debit facility linked to your account with us if you ask us to do so.

(19.2) We will accept and process your complaint that a direct debit facility was not authorised or is otherwise irregular. We will not tell you that you must resolve the complaint with the merchant or supplier first. (However, we may recommend that you also contact the merchant or supplier.)

(19.3) This section does not apply to a payment service relating to a scheme credit or debit card account (e.g. MasterCard, AMEX or VISA card). In the case of such accounts, we will assist you to seek a chargeback (see section 18 above).

20. Closing your account

(20.1) If you ask us to close your account, we will do so as long as you have discharged all of your obligations under the applicable terms and conditions and any security arrangements relating to the account. We may require that you put your request in writing.

(20.2) We will promptly provide you with a payout figure for your loan or credit facility, if you request this.

(20.3) Unless there are exceptional circumstances, we will give you at least 14 days advance notice before closing your account when the terms and conditions of the account permit us to do so (i.e., in circumstances where you have not sought to close the account yourself). We will notify you at the last address you have given us, or by other legally permissible means.

21. Privacy and confidentiality

(21.1) We will comply with the Privacy Act 1998 and the *National Privacy Principles*, including with respect to credit reporting and the collection, storage, use and disclosure of your personal and financial information.

(21.2) We will treat your personal and financial information as private and confidential. We will not disclose that information to any other organisation unless:

- We are required to by law (for example, under anti-money laundering laws)
- There is a duty to the public to disclose the information
- Our interests require disclosure (for example, to prevent fraud)
- You ask us to disclose the information, or
- We have your permission to do so.

(21.3) We will provide access to the information we hold on you if you ask us to, subject to certain exceptions. These are set out in our Privacy Policy (see below) and are consistent with the National Privacy Principles. We will correct any error that you bring to our attention. If your details change, tell us as soon as possible—we will update our records promptly.

(21.4) We will take reasonable steps to keep your personal and financial information private and secure, and to prevent unauthorised access to it. We will regularly review the security of our banking and payment services.

(21.5) We will make a copy of our Privacy Policy available to you on request and will publish it on our web site, if we have one. We will tell you about the Policy if you ask us.

22. If you are in financial difficulties

(22.1) We will work with you in a constructive way if you experience genuine difficulties meeting your financial commitments to us. With your agreement and commitment, we will try to assist you to overcome those difficulties. We will do this whether or not you have a right to seek a hardship variation under the consumer credit laws.²²

(22.2) We will have procedures in place to ensure we:

- Respond promptly to any request or application made to us. (We may also initiate contact to discuss your financial situation)
- Genuinely consider your request or application, taking account of your situation. However, we will only be able to do this if you provide us with the financial information and documents we may reasonably need to assess your situation for ourselves
- Encourage you to keep making what payments you can while we are considering your request
- Consider longer term as well as short-term financial issues when they are relevant. If you are experiencing longer term difficulties, we will try to develop an appropriate solution with you to allow you to meet your obligations
- Not have your default listed on your credit file while we are considering your application or request²³
- Propose realistic alternative arrangements (where possible) if we are unable to agree to your application or request
- If we agree on a plan to assist you, summarise this in a letter to you
- If we are unable to assist you, advise you promptly in writing. We will also advise you of any rights you may have to seek a change on grounds of hardship under the consumer credit laws, and
- Refer you to a Financial Counselling or similar service in appropriate cases (subject to availability).

23. Debt collection and legal action

(23.1) We and our agents will comply with *Debt collection guideline: for collectors and creditors* (October 2005) of the Australian Competition and Consumer Commission and the Australian Securities and Investments Commission.²⁴

(23.2) If you fall behind with your payments, we will contact you and seek to negotiate a mutually acceptable repayment arrangement with you, having regard to your financial circumstances as a whole as well as your obligations to us. If you cooperate with us and commit to dealing with the debt, we will work with you (or your representative if you have one).²⁵ Where relevant, we will draw your attention to our procedures covering members or customers in financial difficulties (see Section 22 above).

(23.3) We will send a written notice to the last address you have given us, and will give you an opportunity to pay any amount outstanding on an account with us, before we commence recovery action against you.²⁶

(23.4) Should we exercise our right to combine your accounts, we will inform you promptly after doing so.²⁷ We will also comply with any applicable requirements of the *Code of Operation for Centrelink Direct Credit Payments*.

(23.5) We will not seek recovery of, nor will we sell, statute-barred debts.

²² See s66 – s69, Uniform Consumer Credit Code.

²³ Note that we may not be able to have a reference removed once it is listed.

²⁴ Copies of the *Debt collection guideline* can be obtained from either ASIC or the ACCC (available at www.asic.gov.au and www.accc.gov.au). The ACCC and ASIC have also produced a consumer brochure on debt collection: *Dealing with debt: Your rights and responsibilities*.

²⁵ See Section 24 (*Working with your representative*)

²⁶ In some cases, we are required to provide such notice by law.

²⁷ Under the law, a financial institution may have a right to combine two or more of its customer's accounts, or in effect to treat the accounts as a single sum. This right may exist when one of the accounts is in arrears.

24. Working with your representative

(24.1) You may choose to be represented or assisted by another person whom you authorise to act on your behalf in negotiations with us.²⁸ We respect your right to be represented, and will work with your duly authorised representative if you have one.

25. Prompt, fair resolution of complaints

(25.1) We are committed to responding to complaints in a way that is:

- Prompt and efficient
- Consistent with the law, applicable industry codes (including this Code), and good industry practice, and
- Fair to everyone involved.

(25.2) We have an internal process for handling complaints of our members or customers in relation to the products we issue. We also belong to one or more external dispute resolution schemes, approved by the Australian Securities and Investments Commission, to which you can take any unresolved complaint against us (if the complaint is within the scheme's terms of reference).²⁹ Complaints and disputes about products distributed by us that other financial institutions have issued should normally be referred to the complaints handling and/or External Dispute Resolution scheme of the issuing institution.

(25.3) We will only be able to deal with your complaint if you continue to cooperate with us until the matter is resolved.

26. Our complaints handling process

(26.1) Features of our complaints-handling process:

- We provide information on how we deal with complaints, including your right to take unresolved complaints to an External Dispute Resolution scheme, in our product information, through our branches and on our web site (if we have one). We will give or send you a copy of this information if you ask us, or if you raise a concern that we are not able to resolve immediately. We will also explain how the process works.
- Our internal process covers all customer complaints, including complaints about breaches of this Code.³⁰
- The process is free to you and accessible. We will be flexible about how complaints are made and will not require that initial complaints be made in writing (however, some complaints may subsequently need to be put in written form to be progressed).
- We will try to resolve your complaint as soon as possible—"on the spot" if we can. If this is not possible, we will adhere to timeframes set out below³¹ in dealing with the complaint.
- We will give you the name and contact details of a person in our organisation nominated as responsible for dealing with your complaint. As far as possible, this person will not be someone to whom your complaint relates (however, if we are a small organisation, this may not be possible).
- We will have a straightforward process for determining your complaint. We will not make you go through multiple internal complaints-handling personnel or processes.

²⁸ For instance, you may be represented by a financial counsellor, community worker, solicitor, family member or carer.

²⁹ An unresolved complaint is called a "dispute" in this Code.

³⁰ See Section 28 (*Complaints about breaches of this Code*)

³¹ See Sections (26.2) and (26.3)

- If we are not able to resolve your complaint to your satisfaction we will advise you of this in writing, giving our reasons.³² Our letter will also tell you how to contact our External Dispute Resolution scheme, should you wish to take the complaint further. We will take this action within the time frames set out below.

(26.2) We will do our best to ensure that our investigation is completed, and a decision on your complaint is communicated to you, within 21 days of our being advised of the complaint. We will inform you if we need more time.

(26.3) If we are not able to resolve your complaint to your satisfaction within 45 days you may take the complaint to our External Dispute Resolution scheme, even if we are still considering it (assuming the complaint is within the scheme's terms of reference). We will inform you that you have this right within 5 business days of the end of the 45-day period.

27. External dispute resolution (EDR) schemes

(27.1) Financial services EDR schemes are independent bodies with the power to investigate disputes against scheme members, and to make decisions that are binding on their members (including requiring us to make a monetary payment to the person bringing the dispute). They must act in a way that is fair to all the parties. The schemes are free to our members and customers.

(27.2) We belong to one or more EDR schemes approved by ASIC. We will tell you which scheme(s) we belong to if you ask us, and we will prominently disclose this in: our product information and Terms and Conditions; our information about complaints and disputes; and on our website (if we have one).

(27.3) Our EDR scheme(s) cannot deal with your dispute unless you have attempted to resolve the problem with us first; and *either*:

- We have made a formal proposal to resolve the complaint, and you have told us that the proposal is not acceptable to you; *or*
- At least 45 days has elapsed since you made your complaint whichever occurs sooner.³³

28. Complaints about breaches of this Code

(28.1) If you believe we have breached the Code, you can make a complaint to us. If we are not able to resolve the complaint to your satisfaction and the complaint involves a claim of financial loss, you may then refer the matter to the External Dispute Resolution scheme to which we belong (see Sections 25 – 27 above). If the complaint does not involve a claim of financial loss, you can report it to the Code Compliance Manager (details below).³⁴

Code Compliance Manager
Mutuals Code Compliance Committee
INSERT CONTACT DETAILS

³² This does not apply in the case of immediately resolved complaints.

³³ There are also various limits on scheme jurisdictions (e.g., monetary and time limits on claims)—scheme staff will be able to tell you about these.

³⁴ Also see *Appendix – How the Code is Administered*

Appendix – How the Code is administered

Publicising the Code

1. In conjunction with Abacus, we will publicise this Code and promote our adoption of it. We will make copies of the Code available in our branches, and publish it (or a link to it) on our website, if we have one.

Training our staff

2. We will ensure that our employees, agents and representatives receive training on the Code, and that they apply it in their dealings with you.

Code compliance monitoring

3. The Code Compliance Committee is an independent committee consisting of: an industry representative (appointed by Abacus); a consumer representative (nominated by the Consumers Federation of Australia); and an independent Chair. The Committee has responsibility for monitoring and reporting on compliance with the Code, and determining Code breach issues that have been referred to it. The Committee may impose sanctions on subscribers if it determines that a breach of the Code has occurred (see *Sanctions for breach of the Code* below).

4. The Code Compliance Committee will appoint a Compliance Manager to undertake compliance functions on behalf of the Committee. These include: receiving compliance reports; receiving and investigating Code breach allegations; undertaking compliance audits; preparing reports; and supporting the Committee.

5. Any person may make a complaint about a breach of the Code to the Compliance Manager.

Our compliance responsibilities

6. We will be in breach of this Code if our employees, agents, or representatives fail to comply with the Code when acting on our behalf.

7. We will have appropriate systems and processes in place to enable the Code Compliance Manager to monitor our compliance with the Code.

8. We will compile an annual report to the Compliance Manager on our compliance with the Code, and will submit that report within an agreed timeframe.

9. We will cooperate fully with the Code Compliance Manager and Compliance Committee in the discharge of their functions including undertaking compliance audits and reviews, and investigating alleged breaches of the Code by us.

10. We accept that Code breach determinations by the Code Compliance Committee made in accordance with this Code are binding on us, and will comply with those determinations.

Sanctions for breach of the Code

11. Before making a determination or imposing a sanction, the Code Compliance Committee will ensure the Code subscriber is accorded procedural fairness, including an adequate opportunity to respond to a finding by the Manager that it has breached the Code. In conjunction with Abacus, the Committee will develop a process for ensuring procedural fairness is accorded to Code subscribers.

12. Having made a determination in relation to a Code breach, the Code Compliance Committee may (but is not required to) impose one or more of the following sanctions:

- Formally warn the subscriber
- Require the subscriber to undertake a compliance audit
- Require the subscriber to undertake a staff training program on the Code
- Require the subscriber to undertake corrective advertising
- Publicly name the subscriber as non-compliant with the Code
- Advise Abacus of the subscriber's non-compliant status and/or failure to undertake a required course of action.

Amending the Code

13. As Code owner, Abacus may amend the Code from time to time. Except in relation to purely technical changes, Abacus will consult with industry and external stakeholders, including ASIC, before amending the Code.

Reviewing the Code

14. Abacus will arrange for an initial review of the Code, to be undertaken by an independent reviewer. This will commence within 3 years of the Commencement Date of the Code (see *Introduction*). Subsequent reviews of the Code will be undertaken at least every 5 years.