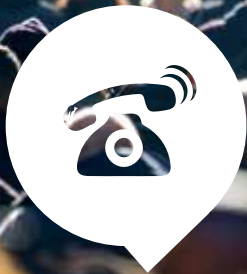




Financial Rights
LEGAL CENTRE

ANNUAL REPORT



FINANCIAL RIGHTS LEGAL CENTRE ACKNOWLEDGES THE TRADITIONAL OWNERS, CUSTODIANS AND ELDERS OF THE LANDS ACROSS AUSTRALIA AND PARTICULARLY THE GADIGAL PEOPLE OF THE EORA NATION BOTH PAST AND PRESENT, ON WHOSE TRADITIONAL LAND THE FINANCIAL RIGHTS LEGAL CENTRE'S OFFICE IS SITUATED.

FINANCIAL RIGHTS LEGAL CENTRE

Level 1, 80 Cooper St. Surry Hills NSW
PO Box 538 Surry Hills NSW 2010

National Debt Helpline: 1800 007 007
Insurance Law Service: 1300 663 464
Mob Strong Debt Help: 1800 808 488
Advice Hours: (EST) 9:30am – 4:30pm weekdays

Email: info@financialrights.org.au

Websites: financialrights.org.au insurancelaw.org.au mva.financialrights.org.au

Office Hours: 9:30am – 5:00pm weekdays
Administration: (02) 9212 4216
Fax: (02) 9212 4711

ABN: 40 506 635 273

Financial Rights acknowledges the financial support for our core services provided by the Financial Counselling Services Program administered by the NSW Department of Finance and Services (Fair Trading), the Financial Capability and Wellbeing Program administered by the Commonwealth Department of Social Services, and the Community Legal Services Program of the State Department of Justice and the Federal Attorney-General's Department.

We have also been fortunate enough to be the beneficiary of significant funds provided by financial services providers as Community Benefit Payments as a result of enforcement action and market surveillance activity undertaken by ASIC.



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ABOUT US

ADVICE & ADVOCACY FOR CONSUMERS IN FINANCIAL STRESS

Financial Rights Legal Centre is a community legal centre that specialises in helping consumers understand and enforce their financial rights in relation to consumer credit, banking, insurance, debt recovery and related issues. We answer the National Debt Helpline in NSW, and we are available nationally through our Insurance Law Service and Mob Strong Debt Help, a dedicated line for Aboriginal and Torres Strait Islander people.

As a community legal centre, Financial Rights is largely government funded and independently managed by a voluntary management committee. We maintain a particular focus on issues that affect vulnerable and disadvantaged consumers. We provide a well-integrated combination of information, financial counselling, legal advice, casework, and education to assist consumers in financial stress. We also conduct research and collect data to campaign for changes to law and industry practice for the benefit of consumers. We employ both financial counsellors and solicitors to provide free, independent, high quality services for our clients.

OUR VALUES

Respect & Integrity in all our dealings with clients, stakeholders and colleagues

Quality in all our services and activities

Independence from conflicts of interest

Empathy & Compassion for the circumstances in which people find themselves

Empowerment of people to take control of their financial situation, exercise their legal rights and expect fair treatment

Inclusion in access to our services, consultation in planning our services, and promoting access to a fair and equitable marketplace and improved financial wellbeing for all

Courage to be fearless advocates for people facing exclusion, exploitation or unfair conduct



OUR STAFF

Anne Bissaker
Finance Officer

Holly Brooke
Locum Policy &
Communications Officer

Almond Cafarella
Administration Officer

Ara Cho
Solicitor

Suwana Combo
Aboriginal Service Coordinator

Karen Cox
Chief Executive Officer

Julia Davis
Policy & Communications Officer

Naomi Delaney
Solicitor

Marie Druon
Financial Counsellor

Michael Feeney
Chief Operations Officer

Jane Foley
Senior Solicitor

Jerome Forgas
Financial Counsellor

Mark Holden
Solicitor

Louise Jansson
Senior Solicitor

Miriam Jay
Financial Counsellor

Lynda Johns
Financial Counsellor

Alexandra Kelly
Director of Casework

Hong-An King
Solicitor

Amy Knox
Senior Solicitor

Jennifer Lewis
Senior Solicitor

Alice Lin
Director of Advice

Drew MacRae
Policy & Advocacy Officer

Marianna Minhinnick
Financial Counsellor

Peter Nicholson
Financial Counsellor

Samantha O'Donnell
Solicitor

Helen Rees
Financial Counsellor

Greg Russell
Financial Counsellor

Peter Schulz
Financial Counsellor

Claire Shidiak Khoury
Senior Solicitor

Graham Smith
Financial Counsellor

Ma'ata Solofoni
Senior Solicitor

Lara Song
Solicitor

Lody Stewart
Financial Counsellor

Nicola Sutton
Office Manager

Peter Vincent
Communications &
Campaigns Officer

Danielle Whyte
Solicitor

Marina Wilkinson
Financial Counsellor

Rebekah Wong
Solicitor

Janice Yuen
Financial Counsellor

Marianna Zauanders
Solicitor




IN MEMORY OF MARIANNA MINHINNICK

Sadly, Marianna Minhinnick, our much loved colleague died in 2019. Marianna was a financial counsellor with Financial Rights, answering the National Debt Helpline for over 10 years before leaving her position due to illness. She was a creative, cheerful, proud Maori woman; a no nonsense financial counsellor, with phenomenal stamina for answering the helpline, and a laugh that resonated throughout the whole office. She is greatly missed.

CEO REPORT

If we thought participating in a Royal Commission was demanding, then we had no idea what was coming. Trying to shape and ensure the implementation of the recommendations has been a massive effort. And this has been on top of pushing to get important issues outside the scope of the Royal Commission onto the government's agenda, and continuing to provide high quality services to people needing assistance every day. I am continuously impressed by the tireless work in this regard of not only Financial Rights staff, but also our colleagues in the consumer advocacy sector. Commissioner Hayne was right when he spoke of the value of legal assistance services and financial counselling services to individuals who are otherwise severely outgunned in financial services disputes. He was also correct in noting the contribution we make to the general "health" of financial services markets by bringing problems to the attention of the regulators and providing a balancing consumer voice in policy development.

This year we were required to provide an evaluation of the Insurance Law Service over the last two years to 30 June 2019 as part of our reporting requirements to the Commonwealth Attorney General's Department. While the review was conducted internally it was very satisfying to reflect on the impact of the service. In the period examined, our solicitors assisted 44 casework clients to recover over a million dollars in unpaid claims, premium refunds, benefit preservation and compensation. Amounts recovered varied from a few thousand dollars to over two hundred thousand. When extrapolated over the 14,000 or so advice and task assistance services provided over the two year period, we can conservatively estimate we assisted consumers to recover millions of dollars. Even more importantly, the impact on these people's lives has been evident in their responses, from the people we assisted to negotiate a reduction in their

funeral insurance premiums who celebrated being able to afford a fresher, healthier diet as a result, to the clients who received over \$100,000 and were finally able to retain or rebuild their homes.

Our Mob Strong Debt Help service has gone from strength to strength. Aboriginal and Torres Strait Islander clients made up over 3% of advice clients across all Financial Rights services, 15% of our task assistance clients and 34% of casework clients. Under the guidance of our Aboriginal Advisory Committee and our Aboriginal staff team, we continue to mold our services to improve accessibility and cultural safety and we are getting calls for assistance from many parts of Australia.

We try never to waste a story at Financial Rights, and so many of our client's experiences have been used successfully to advocate for change. Details of some of our successes are contained in the Policy and Law reform section of this report.

Thank you to the Management Committee who provide governance and support to the Centre in a voluntary capacity, to our staff who have dealt with an enormous amount of change in the past couple of years and continue to work tirelessly to further our objectives, and to the people who call our services and share their stories. Reaching out for help can be very difficult, but it could be a small step towards not only resolving a problem in your own life, but possibly making the world a fairer place.



KAREN COX
CEO

SERVICE AT A GLANCE

22,363	TOTAL CONTACTS FOR FREE LEGAL ADVICE OR FINANCIAL COUNSELLING (INCLUDING INFORMATION & REFERRAL)
15,733	CONTACTS ANSWERED THROUGH NATIONAL DEBT HELPLINE (PHONE & EMAIL)
6,630	CONTACTS ANSWERED THROUGH INSURANCE LAW SERVICE (PHONE & EMAIL)
847	INSURANCE LAW EMAIL ENQUIRIES
158	CREDIT & DEBT EMAIL ENQUIRIES
153	CASES OPENED
148	CASES CLOSED
389	LEGAL TASKS
13	COMMUNITY EDUCATION
187	MEDIA MENTIONS
55	POLICY SUBMISSIONS
30	COMPLAINTS TO REGULATORS AND AUTHORITIES

BARRISTERS PROVIDING PRO BONO ADVICE

John Kelly SC
Jim Johnson
Adrian Maroya

David O'Connor
Paul Batley
Glenn Fredericks

VOLUNTEERS

Domenica Scuteri

MANAGEMENT COMMITTEE

Margaret Raffan
President

Dave McMillan
Vice-President

Daniel Maurer
Treasurer

Paul Baker
Secretary

Erin Turner
Ordinary Member

Nicola Sutton
Staff Committee Member

Karen Cox
CEO

ABORIGINAL ADVISORY COMMITTEE

Nathan Boyle
Suwana Combo
Tracy Duncan

Robynne Quiggin
Aunty Joy Reid

PRESIDENT'S REPORT

It has been another significant year for the Centre with, as is often the case, good news and bad news.

On the positive side, the Commonwealth continues to consult closely with the Centre on the implementation of recommendations made by Commissioner Hayne as a result of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. We are, of course, very pleased to participate in this process and look forward to the potential changes in industry conduct and the benefits we hope will flow to our clients. Regrettably, we are facing reduced funding in the near future, with the imminent loss of one of our key sources of recurrent government funding, and a heavy reliance on one-off funds which will be depleted within 2-3 financial years. This will be a serious challenge to our ability to respond both to clients, with their often debilitating problems, and to government requests for policy advice. Over the last year we have received 25,000 calls from clients and provided over 22,000 services as well as making 55 written submissions. This has been undertaken by our 36 staff but, if funding is not maintained we will have to reduce that number significantly in order to remain within our budget.

On a brighter note, the restructure of the Centre which was commenced in the previous financial year has now been finalised and the new management positions have been filled. We now have a Chief Executive Officer, Karen Cox, whose commitment to the Centre has been greatly valued for two decades; two Legal Directors, Alexandra Kelly and Alice Lin, one with responsibility for the casework

"Over the last year we have received 25,000 calls from clients and provided over 22,000 services as well as making 55 written submissions."

practice and oversight of policy and education and the other with responsibility for the Centre's extensive advice practice and online resources. Our senior solicitors are also taking more responsibility for the day-to-day supervision of our legal and financial counselling staff, with each managing a small team. This structure allows the Directors to give their area of work the level of attention it requires and we hope may lead to more significant matters being brought before court. Last but by no means least we now have a Chief Operating Officer, Michael Feeney, who deals with financial, technical, HR and other matters, thereby freeing up the CEO to be a more visible face of the Centre, to more effectively lobby and promote our vision and goals in continuing to represent the most vulnerable members of our community.

It only remains to thank our incredibly committed and competent staff, and express our appreciation to our funders without whose support the Centre would not exist.

MARGARET RAFFAN - PRESIDENT

DIRECTOR OF ADVICE REPORT

It has been another very busy year on the phones, and as always our staff have maintained their dedication and commitment to supporting callers in difficult situations.

This year has seen a lot of new challenges – starting with Uniting Care Dubbo being funded as a co-provider of National Debt Helpline (NDH) services in NSW. This meant from April 2019, roughly 1 in 4 calls to the NDH were handled by financial counsellors at Uniting Care in Dubbo, while the rest were managed by Financial Rights reflecting the respective funding proportions. In response, we introduced a dedicated Legal Advice Hotline for credit, banking and bankruptcy matters in NSW and promoted that number with our major referrers (and Uniting Dubbo), to reduce double handling of callers requiring legal advice. We have also entered into a Memorandum of Understanding with Uniting Dubbo to facilitate the process of identifying repeat callers and transferring them back to the relevant service. Both services are taking a cooperative approach to the situation and holding regular catch-ups although a dual provider model is less than ideal.

Other highlights of the year include:

1. The organisational restructure that occurred in early 2019, with the division of the Director of Casework and Director of Advice roles, and new internal teams for staff supervision and reporting. Change is challenging, but our staff continue to do an amazing job helping callers through their situation, all whilst improving our call answer rates across many of our lines.
2. Creation of dedicated phone hubs across the

office for several of our hotlines. We did an initial trial with solicitors and financial counsellors seated together in the same open plan area when rostered on the NDH. This has helped staff work more cohesively and support each other as a team while rostered on the phones. We believe this has improved advice services as staff can easily ask questions or identify if a live transfer is possible. The NDH trial worked well and as a result we have also introduced a similar space for solicitors rostered onto the ILS and for our Mob Strong workers.

3. Continual improvements and updating of the content of each of our websites and web enquiry forms, with a focus on self-help. This work will continue into the next year, and will include discussions starting around a major project to update our Motor Vehicle Problem Solver in conjunction with Law Access and Legal Aid NSW.



Alice Lin
DIRECTOR
OF ADVICE

DIRECTOR OF CASEWORK REPORT

This is the first annual report where the role of the principal solicitor is split between the Director of Advice and Director of Casework, with the split taking effect in February 2019. As the former principal solicitor responsible for both the advice and casework, the transition has been relatively smooth and I thank the staff at the Centre for their patience as Alice and I find our respective feet in our new roles.

This year we welcomed Louise Jansson and Claire Shidiak Khoury to the ranks of our Senior Solicitors. In addition, senior solicitors Jane Foley, Louise Jansson and Amy Knox all completed the Legal Practice Management Course run by Community Legal Centres NSW.

The year saw a number of changes including:

- the formation of the Australian Financial Complaints Authority (AFCA) taking over as the one-stop EDR shop for consumer matters;
- the finalization of



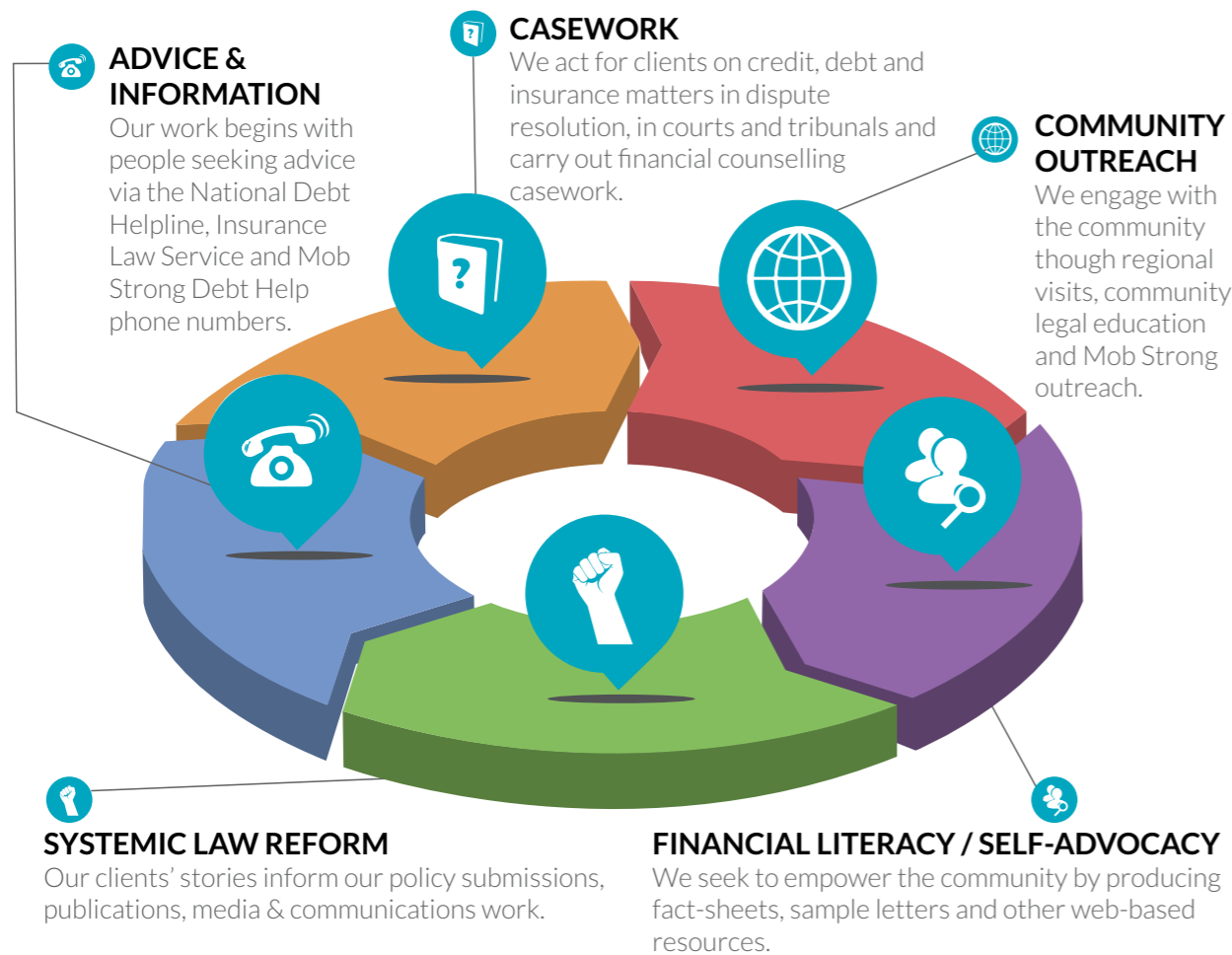
Alexandra Kelly
DIRECTOR
OF CASEWORK

the Royal Commission into Misconduct in the Banking and Financial Services Industry and the commencement of the implementation;

- September 2018 saw the finalization of an enormous piece of work being the class action (see page 30) and whilst it concluded with a judgment that was disappointing it was a significant learning experience. Project managing a 24,000 person class through the Federal Court provided an invaluable litigation experience to the team. I would like to take this opportunity to thank the lead Applicant Kelvin Turner and Jane and Louise who worked tirelessly on the matter along with John Kelly SC, Adrian Maroya and David O'Conner who provided substantial and significant pro bono support and guidance.

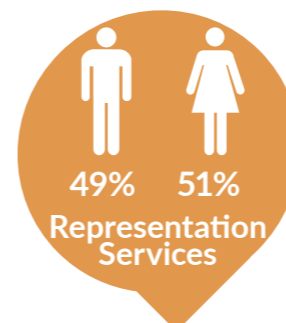
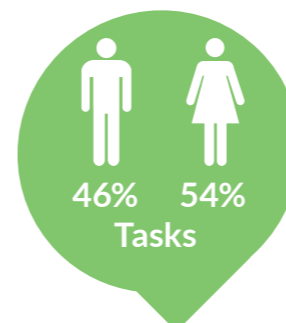
As can be seen by the case studies throughout the report, the Centre and its staff dedicates its time and effort to assist financial disadvantaged consumers and we try our best to achieve the best possible outcomes. Along the way, we hope we are informing policy makers as to the importance of consumer protections and ultimately making a difference for those we act for.

HOW WE WORK

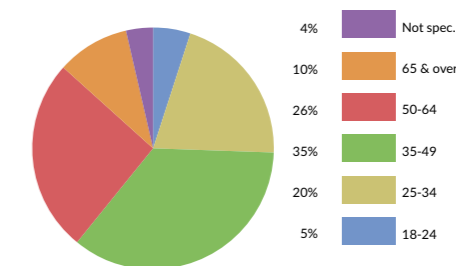


ACCESS & DEMOGRAPHICS

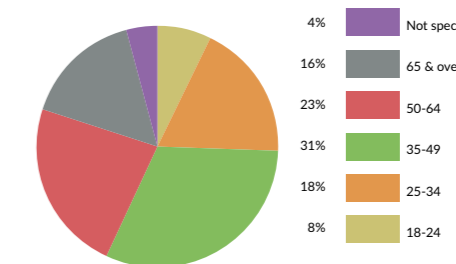
GENDER



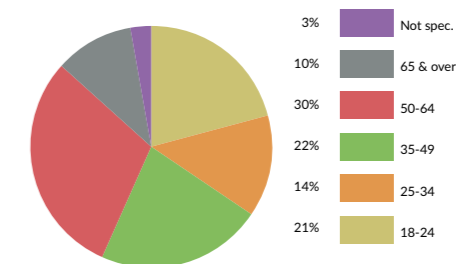
AGE - ADVICE



AGE - TASKS

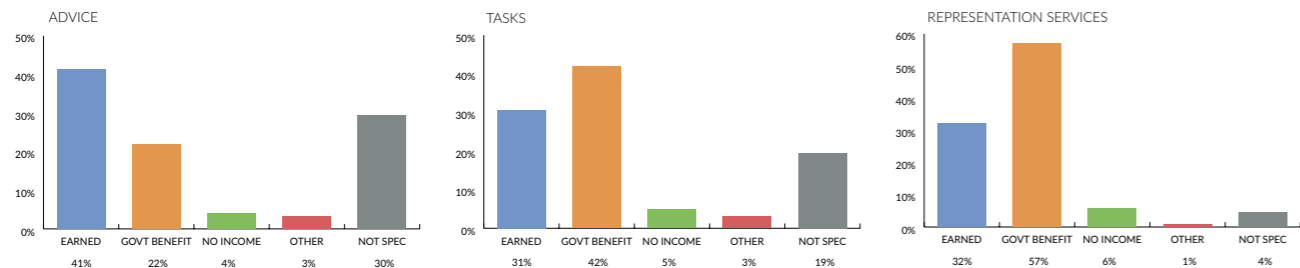


AGE - REPRESENTATION SERVICES

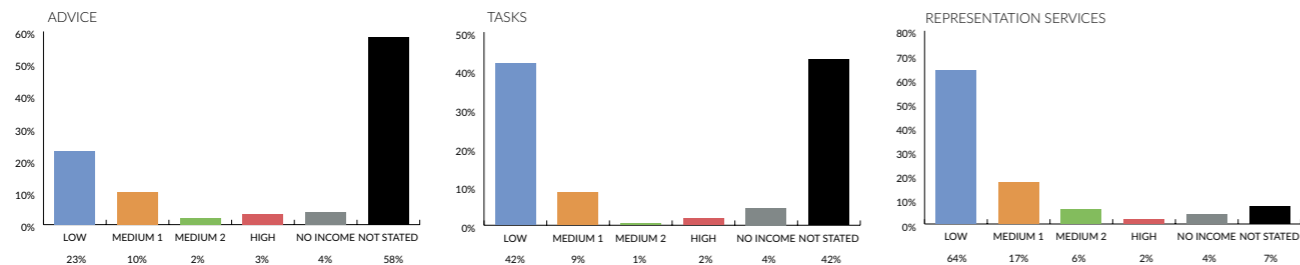


ACCESS & DEMOGRAPHICS

INCOME SOURCE



INCOME LEVEL



INDIGENOUS STATUS

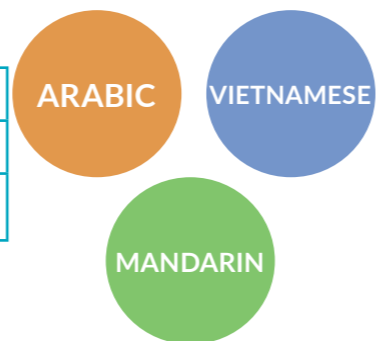


ADVICE	3%
TASK	15%
REPRESENTATION SERVICES	34%

MAIN HOME LANGUAGE



OVERALL	15%
TASK	23%
REPRESENTATION SERVICES	7.5%



ACCESS & DEMOGRAPHICS

CASE STUDY

Bashir was involved in a car accident where his car was hit from behind. He claimed on his own comprehensive insurance. The car was still driveable but damaged in a way that impacted its use for his work, and he was worried about losing his job. After around 3 months of calling the insurer and being told to wait for a decision, he contacted our Insurance Law Service for advice. English was his second language, so we organised an interpreter and it seemed there were some communication problems with the insurer.

Our solicitor provided task assistance by organising a conference call with the caller, an interpreter, and the insurer. We ascertained that a decision should be emailed to our caller within the next couple of days – however the insurer would not organise an interpreter and our caller did not have anyone who could interpret the insurer's decision for him. We asked for the matter to be escalated to the insurer's internal disputes resolution department to guard against further delay, and welcomed the caller to ring back if he needed assistance understanding the email from the insurer.



ADVICE & INFORMATION

Financial Rights operates five telephone advice lines, four of which are for the public:

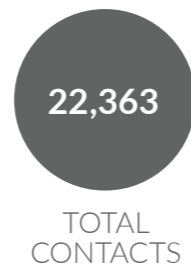
1. The National Debt Helpline (NDH) which is a national service and callers are redirected to the relevant service providers in the state in which they live. Historically, Financial Rights answered all calls originating in NSW. Since April 2019 due to funding changes, there are now two service providers in NSW, with Financial Rights and Uniting Dubbo each receiving a share of NSW calls relative to the amount of funding we receive. Due to this change, our NDH is now answered predominately by our financial counsellors
2. Financial Rights Legal Advice line was newly established in April 2019 in response to the funding situation. It allows callers seeking legal advice to have a specific point of contact at Financial Rights and avoid double handling if callers seeking legal advice were diverted to Uniting Dubbo and need to then be referred back. This

line has been staffed by solicitors and has been promoted with key referral contacts such as LawAccess, Legal Aid and AFCA.

3. The Insurance Law Service (ILS), a national advice line answered by our solicitors.
4. Mob Strong Debt Help is for Aboriginal or Torres Strait Islander peoples seeking legal advice or financial counselling on credit, debt and insurance matters and is also national. This line is staffed by solicitors and our Aboriginal Service Coordinator. Calls to Mob Strong are included in the NDH or ILS statistics.

NDH and ILS queries also come in by web enquiry. Web enquiries may result in a return email or a callback depending on the question and the consumer's preference.

We also operate a caseworker-only hotline, which is for financial counselling professionals and community workers including community legal centre lawyers to call when they need assistance to help a client.

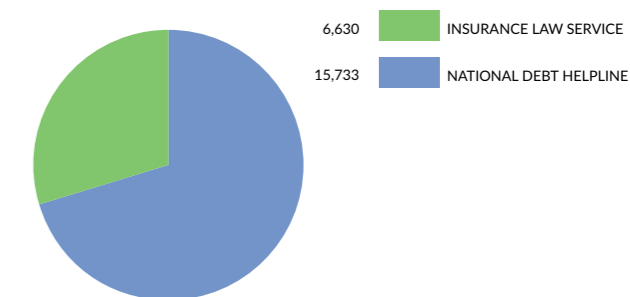
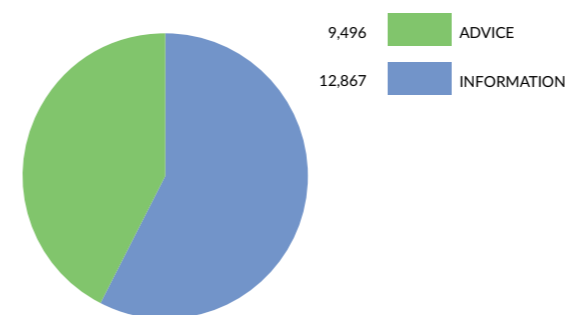


ADVICE & INFORMATION

CASE STUDY

A financial counsellor contacted the ILS about a home insurance renewal that had been cancelled when the insurer refused to renew. The client was a vulnerable pensioner, who was worried that the refusal would affect his ability to get new insurance or lead to additional expense. We advised the financial counsellor about the client's options for seeking written

reasons for the refusal through AFCA. The financial counsellor later emailed: "I'm thrilled to report that my client's insurance renewal has been re-instated today by [insurance company]. He's incredibly appreciative and so am I. You've made a huge difference to a disabled pensioner without a lot of options."



NATIONAL DEBT HELPLINE

The National Debt Helpline (NDH) is the central contact point for people requesting assistance in relation to credit, debt and financial hardship across Australia.

It is a goal of the NDH to assist as many consumers as possible to self-advocate. This can include one-off discrete advice, or ongoing conversations as matters progress, including updating advice and strategies as consumers navigate their problem. We refer many consumers who are able to self-advocate to our online resources, such as our fact sheets or our sample letter generator, and provide advice over the phone. Consumers unable to self-advocate may be referred to face-to-face financial counselling in their local area, or provided with assistance in-house, by solicitors, financial counsellors, or both.

We strive to cultivate and maintain support networks and contacts with financial counsellors by visiting regional and remote regions, providing training both in Sydney and in regional and remote areas on relevant issues, and attending financial counselling meetings and conferences. We also have a dedicated telephone number for financial counsellors (our caseworker hotline) to access our service as a priority on behalf of their clients.

Home loans and credit cards are the most common product held by consumers seeking assistance. Calls about personal loans, including payday loans and other small amount, high cost contracts were the next most common, followed by car loans. Energy advice is still the most common debt type that is not credit related. Other common non-credit debts included tax, telco, strata management and toll debts.

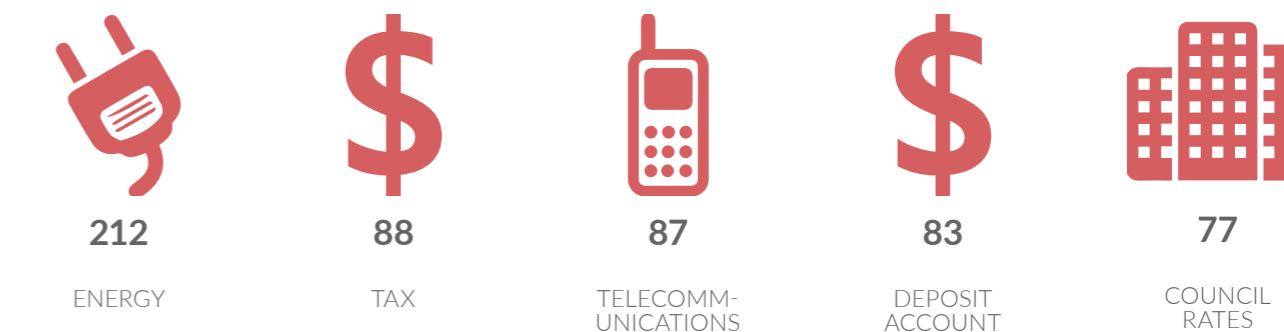
Home loans overtook credit cards this financial year as the most common loan type people sought advice about. This is the first time this has happened since our 2011/12 Annual Report. Credit cards were the second most common source of problems, followed by personal loans, motor vehicle loans and other consumer credit. Energy debt was once again the biggest source of problematic debt that did not originate from a loan. While the 212 callers noted on the opposite page received personalised advice and assistance about their energy debt, a further 773 callers who received information only were referred for emergency relief (largely for assistance with energy debt) and 268 callers (across advice and information) were referred to the Energy and Water Ombudsman.

NATIONAL DEBT HELPLINE

CREDIT PRODUCTS (TOP 5 FROM ADVICE CALLERS)



OTHER NON CREDIT ISSUES (TOP 5 FROM ADVICE CALLERS)



Note: Only one debt is usually recorded for each caller, the one which is disputed or causing the most pressing problem, meaning that most callers will have other debts not recorded above.

INSURANCE LAW SERVICE

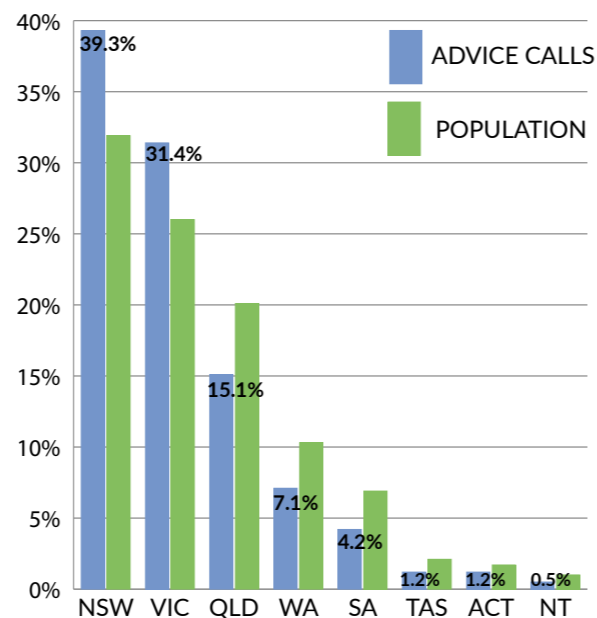
The Insurance Law Service (ILS) is a national specialist service offered by the Financial Rights Legal Centre. Legal advice is available via the ILS phone line. This year calls were received from every State and Territory in Australia.

Calls relating to motor vehicle insurance, home building insurance and debts arising from motor vehicle accidents (in which the driver was uninsured) still dominate the advice line. Other calls relate to travel, income protection, life, total and permanent disability, consumer credit, accident, funeral and pet insurance.

The ILS is funded by the Commonwealth Attorney General's Department on an ongoing basis. In 2016/17 we were fortunate enough to be the beneficiary of Community Benefit payments directed by ASIC as part of their enforcement role. We continue to rely on these funds to meet the demand by consumers nationally on insurance issues.

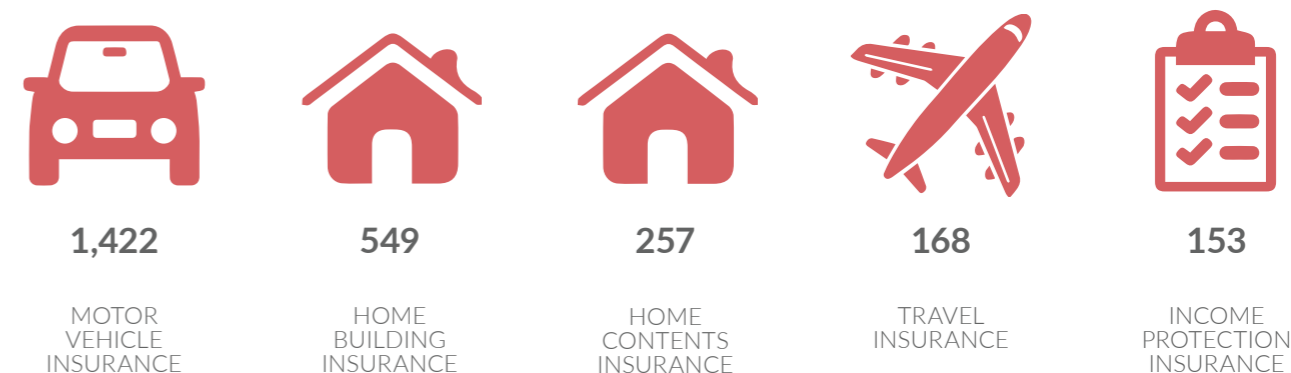
Whenever possible our solicitors try to give people sufficient guidance and assistance to run their own dispute with the relevant insurance company. This can include ringing the insurer with the client on the line to better understand the reasons for declining a claim or drafting letters on their behalf. Common issues we continue to see include fraud investigations, disputes over the scope of repairs and the interpretation of tricky insurance clauses.

INSURANCE CALLS BY STATE COMPARED TO POPULATION



INSURANCE LAW SERVICE

TYPES OF INSURANCE (TOP 5 MENTIONED BY CALLERS)



CASE STUDY

An elderly man called the ILS when he could no longer afford to pay for his funeral insurance. He did not want to raise a dispute about the sale of the policy, he was just distressed that he could no longer afford it. After receiving advice from two of our solicitors on different occasions he rang back to say the insurer had agreed to

reduced premiums of \$8.50 per fortnight with a preserved the benefit amount at \$6,000. He said he was very happy and grateful for the advice and assistance and had just called to say thanks.

CASEWORK & TASKS

The terminology used in casework has changed reflecting the National Legal Assistance Data Standards Manual which facilitates the collection of consistent and comparable data across the legal assistance sector. Casework of the Centre includes matters where we represent the client on an ongoing basis as their legal practitioner or financial counsellor. Matters are divided into categories: "Court and Tribunal" to reflect matters where the Centre is providing ongoing representation in a Court or Tribunal; "Dispute Resolution" are matters where the client is in an external dispute resolution scheme (EDR) such as the Australian Financial Complaints Authority; and "Other Representation" includes where the client's matter is not in a court, Tribunal or dispute resolution scheme, reflecting instead the pre-litigation negotiation stage. For financial counsellors, their case work is represented as "ongoing non-legal support".

In April 2019 the National Association of Community Legal Centres issued a further Guide in respect to the application of the Manual. The way the Centre counts matters will be influenced by the Guide and we expect a period of transition which may impact the way matters are counted to better reflect the work involved and the journey of a client's legal matter.

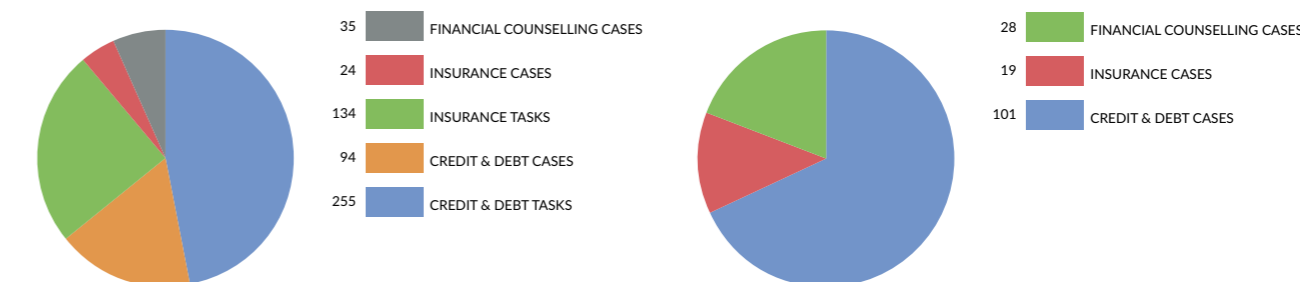
Task assistance is where one of our solicitors undertakes an activity for, or with, a client to assist the caller to resolve their problem, usually during or immediately after an advice call, but the solicitor does not take on any ongoing responsibility to represent the client. Tasks may also be completed by a Financial Counsellor, under the supervision of a solicitor where appropriate.

We consider task assistance to be a very important part of our role because it is a very efficient way of assisting a larger number of people to navigate the system and use the dispute resolution services available to them effectively. Task assistance can include a range of activities from calling the insurer or a creditor with the caller on the line to try to clarify the status of the claim and the issues in dispute, to lodging a complaint on line with the Australian Financial Complaints Authority ("AFCA") or drafting a dispute letter or the client's submissions in an AFCA dispute.

Supervision of Task assistance is now the responsibility of the Director of Advice and in future years will be reported in the earlier section in relation to Advice and Information.

CASEWORK

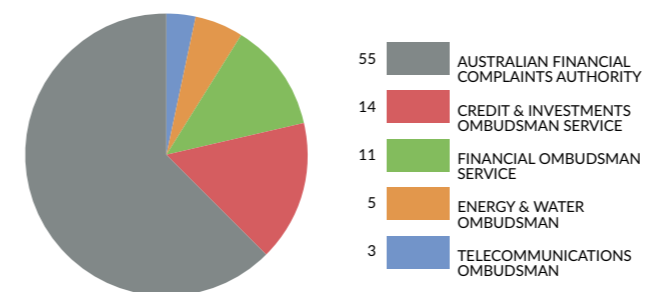
CASES BY SUBJECT



TOTAL CASES OPENED: 153
TASKS: 389

TOTAL CASES CLOSED: 133

CLOSED CASES & TASKS IN EDR



TOTAL - 88

Financial Rights may not have represented clients all the way through the EDR process. Some clients were assisted with lodging their disputes or with submissions, but were otherwise able to self-advocate.

COMPLAINTS



TOTAL - 30

CREDIT & DEBT LEGAL CASEWORK

Casework conducted by solicitors was spread across the common personal domestic and household loan types of home mortgages, secured and unsecured personal loans, small amount credit contracts and credit cards. Whilst 2018/19 had relatively low mortgage interest rates, many consumers still needed assistance in relation to potential responsible lending disputes and mortgage hardship. Whilst small amount credit contracts involve much smaller amounts, dealing with them

can be as work intensive as a mortgage matter and financially devastating for the client.

Reported in these numbers are also tasks. Many of these matters included lodging a consumer in the Australian Financial Complaint Authority on a non-representative basis. The high number of electricity matters reflect the increasing work of the Centre's financial counsellors contacting energy providers and assisting in re-connection matters.



CASES OPENED



COURT/
TRIBUNAL



DISPUTE
RESOLUTION



OTHER



CASES CLOSED



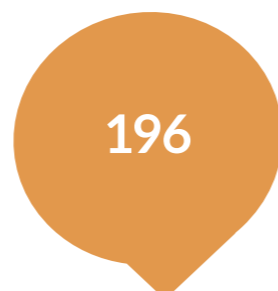
COURT/
TRIBUNAL



DISPUTE
RESOLUTION



OTHER



TASKS

CREDIT & DEBT LEGAL CASEWORK

CASE STUDY

Tahani recently separated from her de facto partner of 15 years. She has three dependent children. She called us in relation to a garnishee order over her wages. This related to a default judgment obtained by a Medium Amount Credit Provider (MACC). She had previously obtained two prior loans with the same provider, a MACC and a Small Amount credit Contract. At the time she obtained all three loans she was living pay-check to pay-check and she had two unpaid default listings on her credit file. She also had a number of other loans with other fast online lenders, including an unregulated credit contract.

We considered that the debt subject to the judgment was likely an irresponsible loan and that the loans were provided in unjust circumstances. We negotiated for a stay on the

garnishee and filed a notice of motion to have the default judgment set aside. The proceedings were commenced on the far north Coast, close to the solicitors for the lender but nowhere near our client or our Centre.

Our solicitor attended the local court and successfully had the default judgment set aside. Orders were also made to have the garnisheed amount refunded to our client. We were required to file a defence within 28 days. We then lodged a complaint in AFCA in relation to all three of the loans. The matter settled on mutually agreeable terms.

We assisted Tahani on her remaining fast loans. Tahani's case is typical of the work Financial Rights does.

CREDIT & DEBT LEGAL CASEWORK

CREDIT & DEBT CASEWORK & TASKS TOP 10



60

HOME
LOAN/
MORTGAGE

53

PERSONAL
LOAN

46

ENERGY



34

CREDIT
CARD

33

SMALL
AMOUNT
CREDIT
CONTRACT

27

MOTOR
VEHICLE
LOAN

10

CREDIT/
FINANCE

8

TELECOMM-
UNICATIONS

7

LEASE



7

STRATA
MANAGEMENT/
BODY
CORPORATE

CREDIT & DEBT LEGAL CASEWORK

CASE STUDY

Corinne is a single mother with two dependent children living in western Sydney.

Corinne had a credit card with a bank. From an original credit limit of \$5,000 in 2009 it gradually increased to \$10,100 in December 2011. That last increase was offered to her at the bank branch and she initially declined. She did not know whether she could afford the higher repayments. The customer service person at the branch insisted and she eventually accepted the increase. No questions were asked about her income or expenses and Corinne was not asked to provide any documents to verify her ability to make the minimum repayments. By our calculations her budget would have been in a weekly deficit of over \$200 after spending the new limit.

Although she managed to make most of the minimum repayments, she struggled to ever make any inroad on the debt. Eventually the debt was sold to an aggressive debt collector in 2015. In May 2017 she was served with a

Statement of Claim from a debt collector for \$11,735 including interest and fees. She was called by the debt collector's lawyers multiple times in a day. This caused Corinne a lot of stress and anxiety.

We lodged a complaint with the Credit and Investments Ombudsman in 2017. We made a number of submissions arguing that the bank had breached their responsible lending obligations by providing credit card limit increases that were unsuitable and that the debt collectors had breached various provisions of the Debt Collection Guidelines. We calculated that the total credit used by Corinne was \$22,070.46 and the total amount repaid over many years was \$26,092.08, meaning she had already repaid the principal debt plus interest and fees of about \$4,000. In 2018 the debt collector agreed to waive the debt, discontinue the court proceedings and to remove any default listing on the client's credit report. Corinne was very relieved and happy.

COURT & TRIBUNAL CASES

CASE STUDY

Financial Rights Legal Centre launched a class action in the Federal Court of Australia in 2017 seeking compensation for consumers who entered into the standard service agreement contracts with MyBudget Pty Ltd that include the following wording:

Client funds are held in an interest bearing account arranged by MyBudget. Interest is not payable to clients on funds held in your MyBudget Account. Credit interest on client funds will be applied by MyBudget in its discretion to pay bank fees on the account.

This wording appeared in the standard terms of service from 2011 to 2015. It applied to 24,222 consumers. The claim advanced by the lead Applicant, Mr Turner, alleged that the standard service agreement wording is insufficient to enable MyBudget to retain the interest earned on client funds, and alternatively is an unfair contract term given that significant establishment and administration fees were also charged to the account.

In September 2018 the Federal Court handed down its decision. Unfortunately, we were unsuccessful in the claim. The decision in full can be found here: [Turner v My Budget Pty Ltd \[2018\] FCA 1407](#). In short, His Honour determined that whilst “group members had to pay a not inconsiderable Establishment Fee (in the case of Mr Turner \$2,140) and a significant Account Administration Fee ... My Budget was fully, some might say handsomely, remunerated” but the wording was sufficient to inform consumers about the interest and did not amount to an unfair term.

In October 2018 the Federal Court handed down the costs decision. Whilst Financial Rights was unsuccessful in the claim, Lee J found that Mr Turner’s claim was an exemplar of a Class Action, as envisioned by the Australian Law Reform Commission. His Honour noted the proceedings were advanced in an efficient and comprehensive manner, consistent with the overarching purpose and performed a valuable service to the benefit of others in determining the meaning of the “Interest Provision” and accordingly no costs order was made.

COURT & TRIBUNAL CASES

Given the broad scope of the Australian Financial Complaints Authority our involvement in court matters usually only occurs when judgment has already been obtained and enforcement proceedings commenced, where a service provider is not licensed, or other unique circumstances exist. As outlined on the opposing page our Federal Court of Australia class action was determined in late 2018.

Court matters can be time and resource heavy, and whilst strategic litigation like the class action is often the potential for effecting meaningful outcomes for the broader community, we also represent consumers in non-systemic matters to assist them in accessing justice individually.

In 2018/19 we appeared in the Local Courts of NSW, either making applications to set aside default judgments entered against our client (2 matters) or filing a defence in a matter where the plaintiff was not a financial service provider, but the client’s home was at risk due to fraudulent activity by another party. We also agreed to represent a client in resisting a possession claim for her home made by the trustee in bankruptcy of her ex-husband. Many of these matters will carry over into the new year.

	MATTERS	APPEARANCES
FEDERAL COURT	1	2
LOCAL COURT	3	4
SUPREME COURT	2	1

FINANCIAL COUNSELLING CASEWORK

Financial Rights' counselling casework clients include:

- clients who are also being assisted by Financial Rights' solicitors,
- clients who have difficulty in obtaining an appointment with their local financial counsellor because, for example, the client is unable to travel; the local financial counselling agency can't take additional appointments; the local financial counselling agency has a conflict; or there is no local financial counselling agency available in the client's locality,

- clients who are in prison,
- clients whose situation is urgent as legal action has commenced or is about to commence,
- clients who may simply need minor (one-off) assistance with drafting a complaint to an external dispute resolution scheme (EDR) or writing a letter to a creditor.

Many of the clients being assisted by our legal practice have benefitted enormously from also having the services of a financial counsellor. In other cases our financial counsellors have produced great results without any legal assistance being required.

CASE STUDY

Simone contacted the National Debt Helpline from Silverwater Women's Prison when she was on remand. She was subsequently tried and sentenced. She had a number of debts that were a concern to her because she had no means of repaying them: a credit card debt, a telco debt and a buy now pay later account.

Several of our financial counsellors worked on the file over time, making representations to the creditors about Simone's circumstances. The buy now pay later debt was waived almost immediately. The credit card debt, which was only small, was more complicated, with a lot of toing and froing and confusion as to whether

there a judgment had been entered already. It was eventually waived. The telco debt was the most difficult. Our financial counsellors were flicked backwards and forwards between the original credit provider and a debt collector for months. Ultimately one of our solicitors also became involved and there was agreement that the debt would no longer be pursued or sold, although a default would remain on Simone's credit report. Simone was relieved. She knew she would have enough challenges getting back on her feet when she was eventually released from prison without have to deal with old debts that had been accruing interest and fees throughout her sentence.

CASE STUDY

George is a disability support pensioner, suffering from anxiety, depression and Asperger's amongst others physical ailments. He had had a credit card for a number of years, including when he was working. It was now in the hands of a debt collector. George entered into a repayment arrangement of \$100 per fortnight. He was not able to afford the \$100 per fortnight, and the debt was increasing due to the ongoing addition of interest!

Our financial counsellor attempted to seek a debt waiver given the clients circumstances, or alternatively an interest free repayment arrangement at \$50 per fortnight. The debt collector accused our client of spending too much on food, seeing the dentist too often and not taking advantage of government schemes to help with his optical expenses. The correspondence was condescending, mean spirited and negatively impacted on George's already fragile mental health. They refused to

back down and would not accept a reduced repayment arrangement or waive the debt.

The debt collector stated that we could only place the client on the National Hardship Register (NHR); no other option would be considered.

Our financial counsellor sought the assistance of an in-house lawyer, and we got instructions from the client to make a complaint to the Australian Collectors and Debt Buyers Code of Practice Compliance Committee (ACDB). The ACDB Code states a subscriber will a) inform consumers of financial counsellors; b) not knowingly enter into a payment arrangement with an indefinite period that does not reduce the principal and c) stop charging interest where they are unaffordable or have an effect of increasing the debt. The ACDB Committee made a decision and found no breach of the Code.

35

CASES OPENED

28

CASES CLOSED

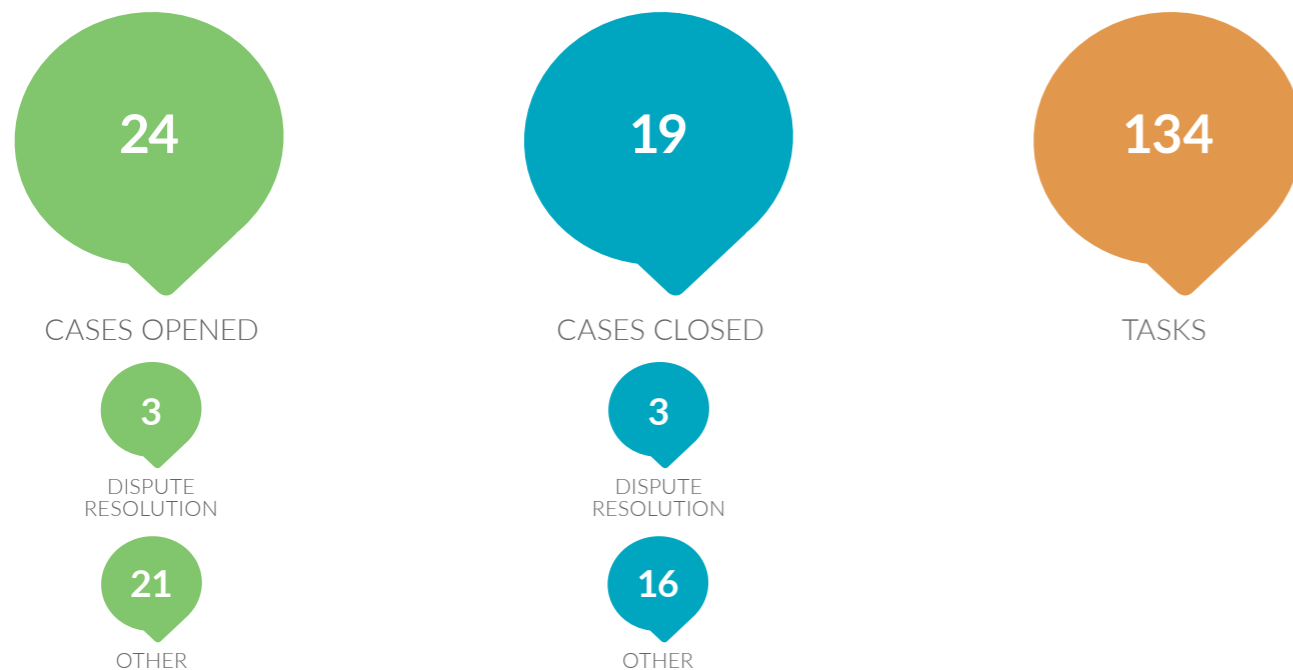
59

TASKS

INSURANCE LEGAL CASEWORK

Consistent with the high volume of calls received relating to comprehensive car insurance, the Centre ran a number of motor vehicle matters, including a brokers failure to obtain an insurance policy causing a client loss, alleged non-disclosure and fraud investigations. The solicitors also opened a number

of files relating to funeral insurance products: the sales tactics and product design issues that were explored during the Royal Commission into the Banking, Superannuation and Financial Services were common issues.



INSURANCE LEGAL CASEWORK

CASE STUDY

Jack is 49 years old and lives in South Australia. He suffers from bipolar disorder and his only source of income is the Disability Support Pension.

Around midnight on one night, a few years ago, Jack was involved in a motor vehicle accident. He swerved to avoid hitting a kangaroo and ended up hitting a tree. The police and ambulance attended the scene. Jack had been unwell prior to the accident and had been suffering from headaches and memory loss. He had difficulty answering the police in a coherent manner and did not at first identify himself as the driver. Jack was detained by the mental health team the next day and admitted to hospital where he was diagnosed with having a manic episode as a result of his bipolar disorder.

The police apprehension report from the night stated that the police did not ask Jack whether he had consumed any alcohol prior to the accident. The sections titled 'level of intoxication assessed at contact time' and 'place where accused had last drink' were left blank on the report. Jack instructed us that he did not consume any alcohol on the night of the accident.

Jack made a claim on his comprehensive car insurance policy following the accident. The

insurer denied the claim on the basis that Jack's failure to provide police with the details of the driver prejudiced their ability to determine if the exclusions within the policy relating to alcohol use applied.

Jack contacted the Insurance Law Service at Financial Rights and we raised a dispute with the insurer's internal dispute resolution department. We argued that Jack's conduct was consistent with his mental illness and he had not failed to co-operate intentionally; that the police had the power to ask him to undergo a breath test at the scene regardless of whether he had identified himself as the driver or not so his actions had not prejudiced the insurer; and that the insurer had failed to establish that any of the applicable policy exclusions applied.

The insurer accepted our arguments but it took another four months for them to pay the claim of \$16,000 (the cost of repairs to his car). They refused to pay any interest or non-financial loss. Our client did not want to take the dispute any further.

He was eventually paid, nearly two and a half years after the accident.

INSURANCE LEGAL CASEWORK

INSURANCE CASEWORK & TASKS TOP 10



44

MOTOR VEHICLE
INSURANCE
(COMPRE-
HENSIVE)

36

FUNERAL
INSURANCE

13

LIFE
INSURANCE

7

HOME
BUILDING
INSURANCE

5

INCOME
PROTECTION
INSURANCE

4

SUPER/
LIFE/TPD

4

MOTOR VEHICLE
INSURANCE
(3RD PARTY
PROPERTY)

4

CONSUMER
CREDIT
INSURANCE

4

HOME
CONTENTS
INSURANCE

3

TRAVEL
INSURANCE

INSURANCE LEGAL CASEWORK

CASE STUDY

Nisha is a 64 year old Disability Support Pensioner who has a number of chronic and complex conditions, including spinal injuries, fibromyalgia, chronic pain and spasms. She is unable to clutch objects, and cannot write or type, and she has to lie down for 20 hours a day.

In 2012 there was a fire in her neighbours property, followed by storm damage from a hole in the roof caused by the firemen. Nisha had been in an ongoing dispute with her insurer for the faulty repairs to the smoke and water damage completed by the insurer's repairer in 2012. Over the years, the paint to the whole house had started peeling and the ceiling started to sag. There were also numerous ongoing delays to the insurer assessing the matter due to communication issues.

The insurer's internal dispute resolution (IDR) made a final decision to cash settle the claim for \$14,581.43 however there were problems with their scope of works, which were done poorly and missed out a lot of items to be rectified. So due to these issues and her complex health conditions Nisha wanted them to repair the property and did not agree to the cash settlement.

Nisha came to us after the IDR decision and we helped her lodge a complaint with the Financial Ombudsman Service (FOS). Due to her vulnerability and poor health, we represented her at the FOS conciliation and assisted her in obtaining quotes. The matter did not resolve in conciliation, and FOS made a recommendation that the insurer carry out repairs according to Nisha's scope of works to the value of \$41,948.49 and awarded non-financial loss of \$500.00 to be paid. The insurer agreed to accept this recommendation.

INSURANCE LEGAL CASEWORK

CASE STUDY

Tabatha is a 58 year old widow living in rural NSW. Her husband Tony was in construction, but in later life they purchased a contract to operate a bus line. One day in 2013, there was a knock on the door. It was a door-to-door insurance sales man and Tony, who was concerned about his 30 years in the sun doing construction work, signed up on the spot for several types of insurance that he believed would pay for “anything but suicide”.

In 2017, Tabatha contacted Financial Rights on the Insurance Law service. In early 2017 she had lost her husband to skin cancer. She had claimed on the insurance, including income protection when he was sick, and the funeral insurance and death benefits on his death. The insurer had paid substantially less than she expected for income protection, and denied her claim altogether for the funeral and death. It turned out that her husband was not, as he believed, covered by life insurance; rather he had an accidental death benefits policy only.

Tabatha had since been contacted by the insurer who offered a refund of premiums as a result of an ASIC enforceable undertaking against the insurer following an investigation. The insurer had declined her claim of \$200,000 and

indicated the appropriate remedy was a refund of the \$4,764.24 they had paid in premiums.

Financial Rights represented Tabatha in the Australian Financial Complaints Authority (AFCA) against the insurer. We argued that the salesman had engaged in misleading and deceptive conduct when he sold the policy to Tony. The insurer was not able to establish that they had provided a copy of the statement of advice to Tony, or the annual renewal statements, showing that Tony was given accidental and not life cover.

Financial Rights and Tabatha were successful in their arguments and Tabatha has been awarded in excess of \$220,000 from life and funeral cover as well as some refunded premiums and interest. You can read the decision, by searching 546131 on the AFCA determination page.

Tabatha has now received the money and is very happy. In the course of the dispute she has had to sell land to make ends meet, and has been treated for anxiety and depression. The money will go to paying her joint debts, so that she can be financially stable, which is what Tony had wanted when he purchased the policy.



MOB STRONG DEBT HELP

Mob Strong Debt Help (Mob Strong) has continued to build upon its foundations as a free legal service for Aboriginal and Torres Strait Islander consumers for personal debt and insurance matters. Throughout the financial year, Mob Strong focused on outreach activities necessary for us to understand the community and what they are seeing and help them understand our service better. Mob Strong has also engaged with different government, non-government and Aboriginal services to better help each other out.

Mob Strong receives on average about 70 calls per month and this number is growing with our outreach activities. Mob Strong continues to see a rise of issues in the community including payday lending, funeral insurance, energy disconnection, Buy Now Pay Later services (such as Afterpay), consumer leases and car loans. Many of the calls we received ended up with further services including referrals, legal tasks and legal representation.

In August 2018, Mob Strong first attended Legal Aid NSW's Community Legal Services Delivery (CLSD) program in Taree, Kempsey and Port Macquarie. There we engaged with local services to explain how we can help and to get an idea about what they are seeing in the community. We really think of CLSD as a great and reliable way to engage with local services.

Our biggest outreach activity was with the NSW Koori Knockout 2018 in October 2018. The Koori Knockout is an Aboriginal rugby tournament with at least 50,000 attendees from all of NSW. During the time there, we promoted our service with Mob Strong merchandise and had a yarn with some of the attendees about some of the issues they were

seeing in their community. It was also wonderful to see some of the bubs playing in the Knockout using our Mob Strong bags to store their footy shoes.

During Sorry Day 2019, Mob Strong held a stall at the Yabun festival in Victoria Park, Sydney NSW. Yabun is a festival to celebrate Aboriginal and Torres Strait Islander culture in light of the history of colonization. In 2018, almost 30,000 people attended the event and Mob Strong had a high number of engagements, including opening up some matters for us to help out with.

In June 2019 Mob Strong partnered with Good Services Mob to attend their roadshow event in Katoomba NSW. Good Services Mob is a collection of government, non-government and Aboriginal services which travel to Aboriginal communities to promote their services. Some of the attendees there were interested in our work, particularly with understanding the insurance policies they could find under their superannuation fund.

Mob Strong continues to work with community so that they know Mob Strong Debt Help can help people who feel trapped and ashamed by financial issues. Mob Strong will also continue to attend key Koori and other interagency meetings and build on partnerships to provide more outreach services across the country. Mob Strong can be reached on 1800 808 488 from anywhere in Australia.

Mob Strong and Financial Rights gives its thanks to its previous Service Coordinator Suwana Combo for her contributions to these activities until early 2019. We wish Suwana all the best and we are grateful she will stay on as a member of our Aboriginal Advisory Committee.

MOB STRONG DEBT HELP

CASE STUDY

Albert is an Aboriginal man who lives in a small remote community in the Northern Territory. He was referred to Mob Strong by a local agency. He had a car loan owing \$100,000 at the time of contacting us, and the car was sitting in a repairer. He could not afford to repair the car.

He told us that a few years earlier he had a telephone conversation with a representative from a dealership in Darwin about the purchase of a car.

Albert told us he wanted to spend \$10,000 to \$15,000 for a second-hand Toyota Hilux or DLX, which would suit his needs of travelling in the top end.

The car rep indicated those models of cars were not available but they had a brand new Holden. They asked him to send two payslips from his employment, which he did, and following this they sent him a photograph of the vehicle. Albert travelled with his wife the 700km to Darwin, to take a look at the car.

After signing some documents and spending ten minutes at the dealership he was allowed to drive away with the car that very same day. He did not know what his monthly repayments would be, what the loan amount was and the total amount payable over the term of the contract.

He was unable to make his first direct debit payment of over \$500 per fortnight a couple

of days after entering into the contract due to insufficient funds. He made ad hoc payments by BPay whenever he could afford to pay.

We later discovered he had entered into a loan for over \$60,000.

We raised a dispute with the financial firm alleging that:

- they failed to make reasonable inquiries about his financial situation. They seemingly made an assessment of suitability based on his two payslips alone, there were numerous errors on the application form including overstating his income and assets and severely understating his expenses;*
- they failed to verify his financial situation requiring only two payslips from his employment. If they had obtained a copy of his bank statements they would have seen his regular credit card repayments and significant expenses caring for his grandchildren who live with him. Further to that his balance was consistently in debit or very low.*

The assigned debt collector, agreed to collect the vehicle and release him from any further liability and remove any adverse listing on his credit file.

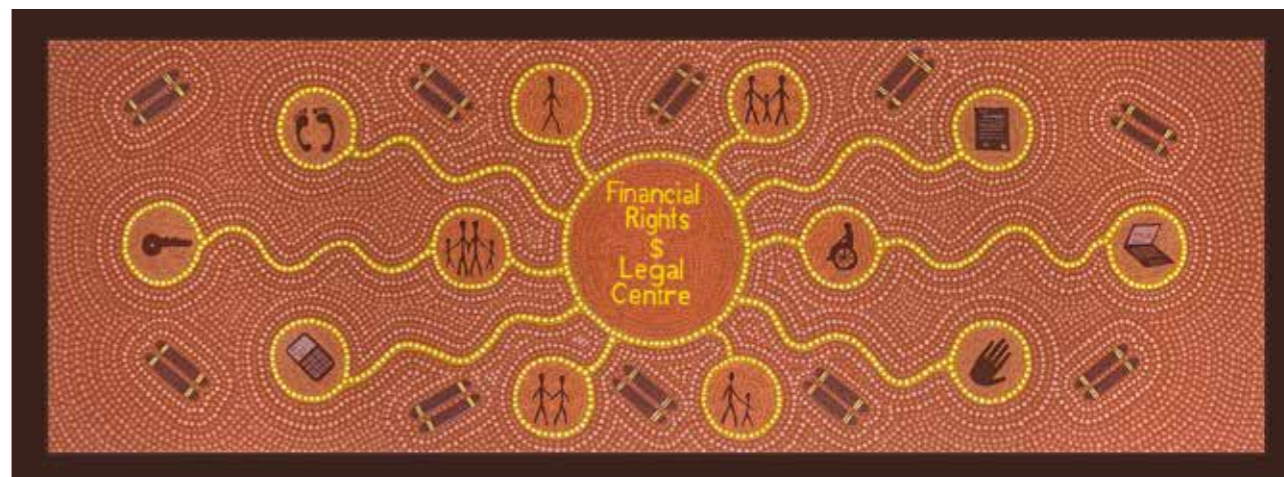
RECONCILIATION ACTION PLAN

In October 2018, we made a promise in the Redfern Community Centre to the public to commit to working with the Aboriginal community towards building the foundations for reconciliation under our Reflect Reconciliation Action Plan (RAP). This was the first stage which focused on assessing ourselves on how far we have to go and developing relationships with key Aboriginal stakeholders to walk on that path to reconciliation together.

Beginning our RAP was a sobering process. As a CLC, we thought that our existing procedures were not too bad, but alas they were insufficient. We needed better policies & procedures in place to acknowledge country, better cultural safety management procedures and much better relationships with Aboriginal organisations & services. With the guidance of our Aboriginal

Advisory Committee, our RAP working group, our Aboriginal stakeholders and Reconciliation Australia, we have completed our Reflect RAP and now have strong foundations in understanding what reconciliation is.

Our next step is to develop our 'Innovate' RAP. This means we not only have to further build our cultural safety procedures and increase our targets for Aboriginal employment and stakeholder engagement, but come up with something special and unique that helps further reconciliation. We hope to release our Innovate RAP in 2020.



POLICY & LAW REFORM

Policy and law reform advocacy remains a vital part of Financial Rights' work. Our large volume of advice and casework assists us to identify systemic issues, and many examples are used in our submissions to government and industry inquiries.

TOP FIVE POLICY WINS

This year our policy team had a lot of measurable impact. Some of these wins were the result of years of relentless advocacy, while others were the result of being prepared to move quickly when an opportunity for change came along.

1. Banking Royal Commission

The Final Report from the Financial Services Royal Commission contained dozens of recommendations that Financial Rights advocated for and the Government has committed to taking action on all 76 recommendations in the Final Report.

Financial Rights made substantial submissions and provided significant evidence to the Royal Commission including our CEO Karen Cox appearing as the Royal Commissions first witness.

While few recommendations have been implemented yet, we will continue working closely with the Government to make sure that the recommendations are implemented in full and the reforms genuinely reflect the needs of the community.

2. The Consumer Data Right

Open Banking is set to be introduced in 2020 with the passing of Consumer Data Right legislation.

Open banking allows customers to ask that their data be sent to other banks, financial institutions and accredited organisations when they want to. While this will be great for many people who will receive better deals, lower interest rates and more suitable accounts – for others it will lead to higher-priced credit – what is known as price discrimination – and further exposure to exploitative debt and money management services.

Financial Rights has worked closely with Treasury and the ACCC to ensure that consumers are protected from the worst excesses of the financial services industry and provide greater security and privacy rights. We managed to ensure that officially accredited open banking firms can't use your data for direct marketing purposes nor can they 'on-sell' your data to third parties. We also ensured that you have the right to request that these companies delete the data they hold on you. This is an important victory for consumers and will act as the basis for broader reforms in the future.

3. Effective exposure for (In)effective Disclosure

Financial Rights and Monash University's research report: (In)effective Disclosure: An experimental study of consumers purchasing home contents insurance, has already begun to set the agenda. The research has been cited in both the Treasury Discussion Paper: Disclosure in General Insurance: Improving Consumer Understanding¹ and ASIC's Report 632 Disclosure: Why it shouldn't be the default – the latter a joint publication by ASIC and the Dutch Authority for Financial Markets. It has also been cited by industry in submissions to the ACCC and Treasury. For more detail on our report – go to page 51.

¹ <https://treasury.gov.au/consultation/c2019-t354736>

POLICY & LAW REFORM

4. Life insurance surveillance levels down

Our 2016 report into fraud investigations - Guilty Until Proven Innocent, Insurance Investigations in Australia - has continued to have flow on impacts as we remain committed to improving industry practice. Evidence of the effectiveness of our advocacy in reigning in surveillance activity in the life insurance sector was revealed at the Royal Commission. Witnesses reported measurable reductions in the use of surveillance since 2016. Surveillance in mental health claims is particularly problematic because it is virtually impossible to detect the presence or absence of a mental health condition via surveillance and the surveillance itself is highly likely to exacerbate many mental health conditions.

Life Insurance surveillance activities as percentage of claims between 1 July 2013 and 30 July 2018, as reported in the Financial Services Royal Commission, 14 September 2018

FIRM	WITNESS	2014, 15, 16		2017, 18		Total 5 Years	
		PHYSICAL HEALTH	MENTAL HEALTH	PHYSICAL HEALTH	MENTAL HEALTH	PHYSICAL HEALTH	MENTAL HEALTH
AIA	Michael Thornton, Chief Risk Officer	1.11%	1.17%	0.7%	0.17%	0.69%	1.04%
AMP Life	Megan Beer, Managing Director	1.16%	5.08%	0.1%	0.05%	0.77%	2.98%
BT Financial/ Westpac	Susan Houghton, General Manager of Insurance at BT Financial Group	2.96%	9.1%	0.39%	1.72%	1.7%	5.38%
CMLA	Helen Troup, Executive Manager of CommInsure	1.3%	7.0%	0.23%	0.71%	0.92%	4.39%
MLC	Natalie Cameron, Chief Claims Officer	1.17%	2.58%	0.15%	0.08%	0.75%	1.54%

Source: Royal Commission 14.9.18R2 P-5787-9 <https://financialservices.royalcommission.gov.au/publichearings/Documents/transcripts-2018/transcript-14-September-2018.pdf>

5. New Powers for ASIC

In response to the concerns around suitability of financial products and services in the market and the lack of ASIC powers to intervene, the Government acted by introducing new Product Intervention Powers (PIP) – enabling ASIC to ban harmful financial products where there is a significant risk of consumer harm – and Design and Distribution Obligations on financial firms. Financial Rights contributed significantly to the development and implementation of these powers. ASIC has since announced the use of PIP on Cigno – a short term finance provider about whom Financial Rights has made a significant of complaints to ASIC.



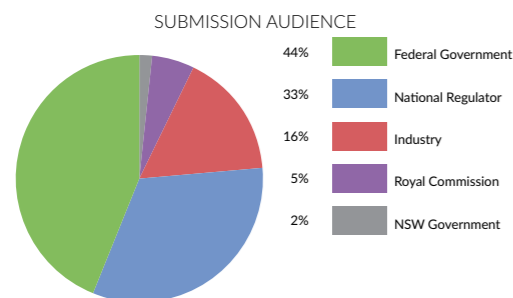
POLICY & LAW REFORM

SUBMISSIONS

The Financial Rights Legal Centre made significant contributions to legal and regulatory reform during 2018-2019 including 55 written policy submissions and over 130 other activities including letters, meetings, consultations and appearances at parliamentary committee hearings.

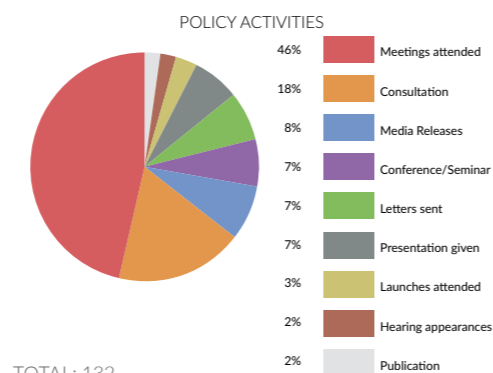
Some major reports and inquiries that directly mentioned our contributions during this financial year include:

- Economics Legislation Committee - Comprehensive Credit Reporting Bill 2018 (*21 mentions*)
- Review of the General Insurance Code of Practice - Final Report (*59 mentions*)
- ACCC's Northern Australia Insurance inquiry reports (*16 mentions*)
- Productivity Commission Competition in the Australian Financial System Report (*14 mentions*)
- Senate Inquiry on life insurance and



TOTAL: 55

- workers rehabilitation (*46 mentions*)
- Treasury: Disclosure in General Insurance: Improving Consumer Understanding (*Our report mentioned*)
- Senate report into credit and financial products targeted at Australians in financial hardship (*26 mentions*)
- Final Report of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (*19 mentions*)
- Economics Legislation Committee - Consumer Data Right Bill 2019 (*8 mentions*)
- Resolution of disputes with financial service providers within the justice system (*3 mentions*)



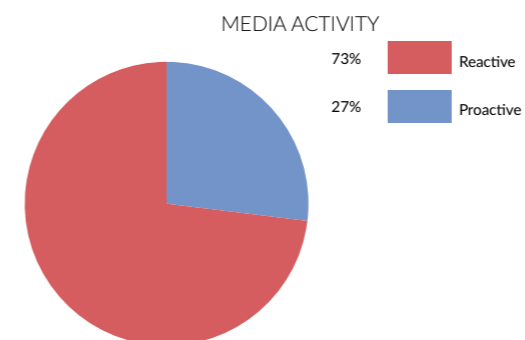
TOTAL: 132

POLICY & LAW REFORM

MEDIA MENTIONS

Financial Rights continues to be very active in various forms of media including news websites, print, radio and television. Engaging with the media is a key opportunity for us to:

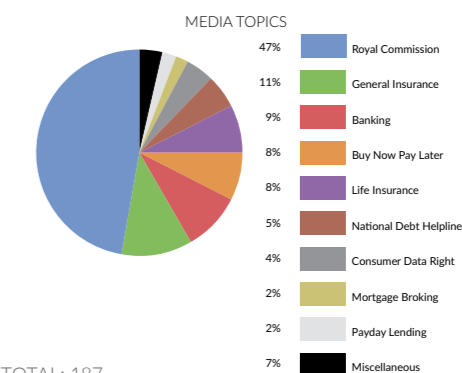
- Increase awareness of the Centre and all the services we are providing;
- Educate consumers about their rights and warn them about potential pitfalls;
- Encourage and facilitate debate on law-reform issues and changes to industry practice.



TOTAL:

Our Director of Casework Alexandra Kelly and our CEO Karen Cox, as well as a handful of other staff members have made significant contributions appearing on ABC Radio National, ABC TV's 7:30 and the Drum, Network 10's The Project, SBS TV, and in The Sydney Morning Herald, The Age, The Australian, The Guardian, The Australian Financial Review, The Daily Telegraph and many more.

This year our main contributions to the news in the financial rights space were to do with the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, making up about 50% of our media mentions.



TOTAL: 187

WEBSITES

Financial Rights continues to operate the three important websites:

- Financial Rights main website: financialrights.org.au
- Insurance Law Service: insurancelaw.org.au
- The Motor Vehicle Accident portal: mva.financialrights.org.au

These websites contain a wealth of resources designed to help consumers self-advocate and feel more confident about their rights when dealing with debt collectors, negotiating with their financial service providers, or even lodging disputes with an ombudsman service. The websites contain over 80 legal information factsheets, sample letters, 'Know Your Financial Rights' checklists, a financial counsellor search tool for consumers in NSW and much more.

This financial year our websites were visited by over 250,000 unique users.

The MVA portal attracted over 16,800 unique users. That is more than double the amount of unique users it had last year (its inaugural year in action). This unique and interactive site helps people through the complications, pitfalls and hurdles of dealing with car insurance after an accident. Users can answer a few simple questions and the 'problem solver' will lead them to the actions they need to take and provide advice, sample letters and tailored factsheets they need.

Financial Rights' free interactive letter generator has also been a great success, helping consumers, or community workers create professional and legal letters to send to financial service providers like banks, creditors and insurance companies. The tool is designed for consumers to use without assistance, and also for community workers to use with their clients. This year our letters were visited over 22,000 times. Many of these visits would be repeat visits by caseworkers who find them useful in assisting clients in financial stress. By far the most popular sample letter is our Letter Requesting a Hardship Variation.



PUBLICATIONS

(In)effective Disclosure: An experimental study of consumers purchasing home contents insurance

Financial Rights engaged Professors Justin Malbon and Harmen Oppewal of Monash University to undertake a literature review, experimental research, analysis and report on insurance disclosure effects on consumer decision making. The result is the report: *(In)effective Disclosure: An experimental study of consumers purchasing home contents insurance*.

The study, conducted by Monash Professors Justin Malbon (Faculty of Law) and Harmen Oppewal (Monash Business School) examined the effectiveness of home contents product disclosure statements (PDS) and key fact sheets (KFS) in assisting consumers to select the best policy that suits their needs.

406 participants across Australia were provided a PDS and/or a KFS and were invited to purchase a home contents insurance policy from a choice of a 'good', 'okay' and/or 'bad' insurance policy.

The study found that:

- up to 42% of participants chose the worst offer, despite being given the time and opportunity to review the disclosure information
- when able to choose from three policies, 35% chose the worst policy and only 46% found and selected the best policy
- there was no simple and consistent effect of disclosure - while participants were more likely to forego purchasing an

insurance policy at all when they had only access to the PDS the results did not find a clear pattern of understanding where people were provided with more or less disclosure information

- purchasing decisions were not affected by the way in which the consumer viewed the disclosure (i.e. computer or smart phone)

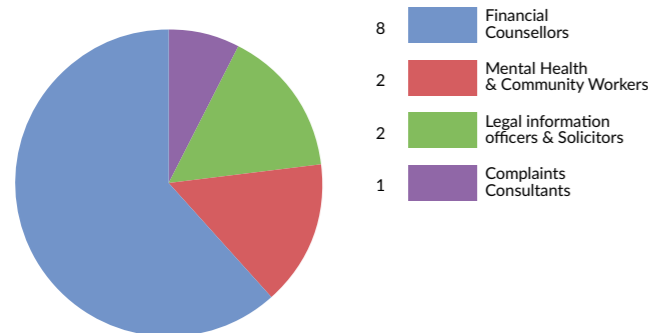
COMMUNITY LEGAL EDUCATION

Community Legal Education (CLE) presentations and workshops presented by our solicitors and financial counsellors are a vital part of the Centre's work. Our CLE strategy is geared toward spreading our specialist skills and knowledge using the most effective means, which most often means training up other workers to better assist their clients or spot appropriate referrals to our service. True to our strategy, this year we provided training to financial counsellors, community workers, mental health workers, solicitors in the community and legal aid sector and staff at dispute resolution schemes.

We also entered another phase of the Watch Your Nuts Campaign with Consumer Action Law Centre.

Watch Your Nuts was essentially a quirky video and social media campaign encouraging young men to think twice before taking out fast loans online. Phase two involved pushing out the initial pilot campaign further with a view to reaching more people and creating a greater impact. The campaign was a success in many ways and certainly a valuable learning exercise. Changing behaviour, however, is really difficult especially when up against the big dollars behind industry advertising. We continue to push for legislative solutions to make these loans safer.

COMMUNITY LEGAL EDUCATION AUDIENCE



REGIONAL VISITS

Financial Rights conducts regular visits to regional areas of NSW in order to reach a broader demographic of people than we are likely to reach with our phone services and online resources. Sometimes the people most in need are those who cannot make use of such services and need face-to-face assistance. Our efforts of late have concentrated on forming closer ties with financial counsellors and other community workers in regional areas to better assist them in their roles and increase referrals. This year we have visited the Tamworth region, Raymond Terrace, Katoomba, Tweed Heads and Kempsey. Mob Strong also went to Dubbo for the Koori Knockout.

Where possible we open casework files for clients identified through our regional visits and where necessary we work with an agency in the client's local area to stay in contact with the client to assist us with obtaining instructions and documentation. Each of our solicitors and financial counsellors are assigned a specific regional area in NSW so that we can develop and maintain relationships with local agencies.



Financial Rights staff at Fairfield Moneycare

FINANCIAL STATEMENT

FINANCIAL RIGHTS LEGAL CENTRE INC ABN: 40 506 635 273			
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For The Year Ended 30 June 2019			
	Note	2019 \$	2018 \$
INCOME			
Grants	2	2,140,709	2,065,644
Project income	3	-	704,000
Interest revenue		91,296	112,269
Other income	4	12,646	25,492
		<u>2,244,651</u>	<u>2,907,405</u>
EXPENDITURE			
Salaries		2,362,447	1,957,341
Superannuation		218,388	178,141
On costs		46,404	(39,131)
Rent		189,932	154,897
Repairs and maintenance		8,281	3,232
Other Premises Costs		20,714	51,946
Staff Training		18,401	8,130
Staff Recruitment		2,636	1,426
Communications		91,947	75,923
Office Overheads		56,064	91,518
Insurance		6,907	5,290
Finance, Audit & Accounting Fees	5	10,587	11,570
Library, Resources & Subscriptions		24,443	22,626
Travel		19,961	16,807
Programming and Planning		22,010	85,711
Client Disbursements		900	7,074
Minor Equipment		14,432	8,091
Depreciation and Amortisation		41,859	38,068
TOTAL EXPENSES		<u>3,156,373</u>	<u>2,681,640</u>
Current year surplus / (deficit)		(911,922)	225,765
Other comprehensive income		-	-
Total comprehensive surplus / (deficit)		<u>(911,922)</u>	<u>225,765</u>

FINANCIAL STATEMENT

FINANCIAL RIGHTS LEGAL CENTRE INC ABN: 40 506 635 273			
STATEMENT OF FINANCIAL POSITION As at 30 June 2019			
	Note	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents		1,066,557	900,357
Financial Assets	6	3,179,638	3,950,369
Trade and other receivables	7	42,435	29,036
Prepayments		23,089	21,471
GST receivable		-	32,895
Other current assets		10,000	10,000
TOTAL CURRENT ASSETS		<u>4,321,719</u>	<u>4,924,128</u>
NON-CURRENT ASSETS			
Rental Bond		37,159	36,066
Financial assets	6	29,276	28,807
Property, plant and equipment	8	66,941	80,712
TOTAL NON-CURRENT ASSETS		<u>133,376</u>	<u>145,585</u>
TOTAL ASSETS		<u>4,455,095</u>	<u>5,069,713</u>
CURRENT LIABILITIES			
Employee Benefits	9	484,836	443,570
Grants received in advance		297,406	19,884
Other provisions		47,857	47,857
GST liabilities		6,434	-
Employee liabilities		132,160	104,742
Creditors & Accruals		20,940	74,267
TOTAL CURRENT LIABILITIES		<u>989,633</u>	<u>690,320</u>
NON-CURRENT LIABILITIES			
Employee Benefits	9	15,903	17,918
TOTAL NON-CURRENT LIABILITIES		<u>15,903</u>	<u>17,918</u>
TOTAL LIABILITIES		<u>1,005,536</u>	<u>708,238</u>
NET ASSETS			
MEMBERS' FUNDS		<u>3,449,553</u>	<u>4,361,475</u>
Reserves	10	21,916	21,916
Retained surplus	11	3,427,637	4,339,559
TOTAL MEMBERS' FUNDS		<u>3,449,553</u>	<u>4,361,475</u>



FINANCIAL RIGHTS LEGAL CENTRE

Level 1, 80 Cooper St. Surry Hills NSW
PO Box 538 Surry Hills NSW 2010

National Debt Helpline: 1800 007 007
Insurance Law Service: 1300 663 464
Mob Strong Debt Help: 1800 808 488
Advice Hours: (EST) 9:30am – 4:30pm weekdays

Email: info@financialrights.org.au

Websites: financialrights.org.au insurancelaw.org.au mva.financialrights.org.au

Office Hours: 9:30am – 5:00pm weekdays
Administration: (02) 9212 4216
Fax: (02) 9212 4711

ABN: 40 506 635 273