



Decide with Confidence

Damian Paull
Chief Executive Officer
Australasian Retail Credit Association
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Via email: CRCode@arca.asn.au

3 May, 2013

Dear Mr Paull

Re: Public Consultation – The Credit Reporting Code of Conduct

Dun & Bradstreet (D&B) welcomes the opportunity to make a submission on the Credit Reporting Code of Conduct. Our feedback is limited to areas of the Code where we believe amendments are required to achieve the best possible outcome for industry and consumers and where we have identified drafting errors.

D&B's submission has been broken into two sections:

1. Recommendations
2. Drafting errors

The submission notes clearly which section of the code the feedback relates to. Items that D&B wishes to remain confidential have been clearly marked.

Yours sincerely

Steve Brown
Director, Consumer Risk Solutions
Dun & Bradstreet



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Recommendations

Section	Feedback	Confidential
General	<p>D&B is of the view that the layout of the current Code is more user friendly than the current draft which is out for public consultation. In particular, D&B notes that the existing Code separates the responsibilities of credit providers (CP's) and credit reporting bureaus (CRB's).</p> <p>In addition, the current Code includes examples of notifications and other useful tools, which are not included in the existing draft. D&B believes such inclusions would be useful in the new Code.</p> <p>Also, explanation notes do not always aid understanding. Accordingly, D&B recommends that if they are to be included it is imperative that they are reviewed with the intent to ensure they assist relevant parties to clarify the information outlined in the Code.</p>	
1.2 (g) last sentence 1.2 (h) last sentence	<p>To be able to respond effectively to consumer and Privacy Commissioner concerns, Credit Reporting Bureaus should be able to retain but not display information <i>for a reasonable period after</i> the retention period. This will support dispute resolution and audit requirements.</p> <p>Replace 'until' with 'for a reasonable period'.</p> <p>This would result in the following text:</p> <p><i>but does not oblige the CRB to alter its records of historical dealings in relation to the destroyed information which can be retained for audit purposes for a reasonable period after the retention period for the information ends.</i></p>	
Section 6	<p>Section 6.1 notes that:</p> <p><i>CRBs must develop and maintain in conjunction with CPs common descriptors of the types of consumer credit so that these descriptors can be used by CPs when disclosing to CRBs information about the type of consumer credit that they have provided to individuals. The purpose of the descriptors is to enable consumer credit to be classified in relation to matters such as industry, purpose of credit and nature of credit.</i></p> <p>Common descriptors for types of consumer credit are included in the ARCA Industry Requirements & Technical Specifications (Data Standards). D&B recommends that the</p>	



	<p>Data Standards are included as an appendix to the CR code.</p> <p>In addition, D&B recommends that the Data Standards are mandatory for positive reporters. This approach will ensure consistency.</p>	
8.2	<p>Section 8.2 notes that:</p> <p><i>Where a CRB becomes aware that a CP has ceased disclosing to the CRB repayment history information in relation to credit although repayments are continuing to be made by the individual who has been provided with the credit, the CRB must take reasonable steps to ensure that any disclosure by it of the repayment history information that it holds in relation to that credit is accompanied by a note to this effect.</i></p> <p>D&B recommends this clause is reworded to place the onus on the CP to report RHI.</p>	
13.2	<p>Section 13.2 notes that:</p> <p><i>If a CP discloses payment information to a CRB that relates to an overdue amount the subject of a serious credit infringement disclosure pursuant to paragraph (c) of the definition in the Privacy Act of "serious credit infringement", the CRB must remove the serious credit infringement disclosure from the credit information it holds about the individual.</i></p> <p>In addition, the explanation notes state that:</p> <p><i>Full payment would be evidence of the debtor's good faith justifying the removal of the serious credit infringement record. This provision also provides an incentive to a debtor to make full payment.</i></p> <p>D&B recommends these items remain on a credit report.</p> <p>To be listed as a serious credit infringement (SCI), the law puts in place safeguards before an event can be defined as an SCI (like no credit provider contact for 6 months before that opinion can be held).</p> <p>Where there is an SCI and then a payment, it's important to retain both of those pieces of data. A person with a payment record and no SCI should be judged a better credit risk than someone with an SCI and a payment record.</p>	



	<p>Removing the two past data events distorts the facts relating to an individual's credit profile and prevents a lender from making an informed lending decision. The potential consequence of removing this data is that lenders may unknowingly provide more credit than an individual can effectively manage.</p>	
14.1 Explanation Notes	<p>Explanation note 14.1 states:</p> <p><i>...alternatively, if they wish, they may agree as between themselves as to who must make this notification.</i></p> <p>This is not aligned to the requirements set out in the Data Standards. Accordingly, D&B recommends amendments are made to ensure both documents are consistent on this issue.</p>	
21.1 explanation notes	<p>The explanation notes indicate that if a CP that does participate in the credit reporting system receives a correction request in relation to credit reporting data that the CP does not hold, the CP receiving the correction request must consult with relevant CRBs and CPs and manage that request through to finalisation.</p> <p>D&B is concerned that this specification will raise issues such as:</p> <p>CBA receives a correction request for ANZ data and consults with the CRB. This situation places the CRB in a difficult position as to whether or not to discuss information that relates to one CP with another CP.</p> <p>D&B recommends the explanation note is reviewed to address this issue.</p>	



Drafting errors

8.1	<p>Section 8.1 notes that:</p> <p><i>When disclosing repayment history information to a CRB, a CP must reasonable steps to ensure that the CP only discloses that the individual has failed to make a due payment if, at least, 5 days have elapsed since the CP's systems first classified that as being in arrears.</i></p> <p>The word 'take' is missing and should be added before 'reasonable'.</p> <p>In addition, paragraph a should be deleted from the explanation notes as it is no longer relevant.</p>	
9.1 Explanation Notes	<p>A clause in the Code has been removed however the explanation notes relating to that clause remain. Accordingly, paragraph a needs to be removed and reference to paragraph b changed to paragraph a.</p>	
20.3 explanation notes	<p>The explanation notes indicate that a CRB cannot establish two facilities or routes for provision of access to credit reporting information. For example, a telephone service that incurs a fee; and a letter request that is free.</p> <p>Changes have been made to the relevant clause in the Code however, these have not been reflected in the explanation note. D&B recommends the explanation notes are revised to align with the text in the Code.</p>	