

Financial Services Federation New Zealand Bankers' Association

Joint media release

16 November 2021

“Changes to consumer lending and how it affects you” – information welcomed by financial mentors and lenders

Changes to consumer lending law to help people avoid unaffordable debt mean it may take longer to get a loan from 1 December. Information to help consumers prepare for the changes has been welcomed by financial mentors and lenders.

The changes to the Credit Contracts and Consumer Finance Act 2003 mean credit applications are likely to take longer, and consumers will need to provide more information than they have previously. Lenders will no longer be able to rely on information provided by customers – they'll need to collect extra information and check it is correct. Credit applicants will need to provide detailed information about their financial situation, including income, debts, and expenses. This may include having to provide their recent transaction history.

The Financial Services Federation and the New Zealand Bankers' Association have prepared some information that sets out how the law change affects consumers in a way that's easy to understand. The information is available on the [FSF website](#) and the [NZBA website](#). Hard copies will be available at local financial mentoring services.

The law change requires lenders to make sure their customers can afford their loan repayments, and that the loans suit their customers' needs.

Financial Services Federation Executive Director Lyn McMorran says, “There has been a lot of work going on behind the scenes to ensure responsible lenders such as our members understand and comply with the changes to help protect vulnerable borrowers, but it's also important that everyday consumers know what to expect and how these changes will affect the lending process.”

New Zealand Bankers' Association Chief Executive Roger Beaumont says, “Banks are responsible lenders, and we support the aims of the law changes to help people avoid taking on unaffordable debt. We also think it's important that people are prepared for what the law change will mean for them when they apply for a loan. Customers will have to provide more information and lenders will need to do more to check it's correct, which will make the whole

process longer. We were delighted to work with the Financial Services Federation and FinCap to help get the message out about what all this means in practice.”

FinCap Chief Executive Ruth Smithers says, “These protections are valuable for everyone in the community. Our financial mentors do excellent work in their communities and there will be more referrals to them under the changes. What is meaningful is these changes will mean fewer people have to choose between eating and repaying a loan.”

The new law applies to all credit applications, small and large, including new loans and changes to existing credit arrangements. Examples include borrowing to buy a dishwasher, upgrading your car on finance, getting a home loan, or extending your credit card limit.

It might be harder for consumers to get credit or a loan because the more detailed information that lenders need to collect may show the applicant can less easily repay the debt. Lenders will now also need to build in reasonable surpluses or buffers to ensure applicants will be able to repay the loan.

Anyone who needs support with their personal finances is encouraged to contact the [MoneyTalks](#) team on 0800 345 123.

ENDS

Media contacts:

[Financial Services Federation](#)

Hannah McKee, 027 424 3504

[New Zealand Bankers' Association](#)

Philip van Dyk, 021 242 0428

[FinCap](#) (to speak to a financial mentor about upcoming changes to the CCCFA)

Amie Hickland, 027 388 0001