

KLC aims to provide quality legal services to the community & to promote excellence in clinical legal education, whilst fostering a critical analysis of the legal system.

9385 9566



Location

Kingsford Legal Centre is located on the ground floor of the Law Building, University of New South Wales, Anzac Parade, Kensington.

Enter the university at the main entrance on Anzac Parade, walk down the main walkway and turn down the second path on the left. The entrance to the legal centre is opposite the Uni Bar.

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Predatory lending



Information

Never Stand Still

How to spot a predatory loan

- Excessively high set-up costs that are financed as part of the loan
- One or more intermediaries such as finance brokers
- High ongoing interest rate and default interest rate
- False classification as a business or investment loan to avoid the Consumer Credit Code
- Getting the loan depends on your assets rather than your income
- Financing with multiple loans.
- Swift enforcement action following default

How do you avoid a predatory loan?

Before you sign or agree to take out a loan, make sure you go through the following checklist:

- Have I shopped around?
- Have I looked at the total cost of the loan, not just the monthly repayments?
- Do I understand every loan term?
- Am I being pressured to sign anything?
- Did I fill in my income/employment and other personal details myself (rather than the broker/agent)?
- Are there blanks in the form I'm signing?
- Are any of the details in the form false?
- Does the offer sound too good to be true?

If there is something you don't understand (regardless of how minor you think it is)

Don't sign anything before you get legal advice

Where to get help

Legal Advice

Consumer Credit Legal Centre (CCLC) NSW

Free legal advice 1800 808 488

Law Access 1300 888 529

Financial Counselling Services

NSW Credit and Debt hotline 1800 808 488

Financial Ombudsman Service

Complaints about a financial institution or lender

1300 780 808

Beware of predatory lending!

What is predatory lending? This is the practice of convincing borrowers to agree to unfair and abusive loan terms and generally excessive interest rates and fees.

Lending is predatory when it is inappropriate to the borrower's situation, and/or is grossly over-priced. Predatory lending can have a significant adverse impact on a borrower's life.

Some common forms of predatory lending practices include:

- Flipping – When the length of your loan is too short, leading to repeated refinancing. Each time you refinance, the lender charges fees, placing you further in debt.
- Packing – adding unwanted extras to the loan without your full knowledge e.g. life or disability insurance
- Equity stripping – When the repayments are more than you can afford. When you default, the lender sells your property to cover the loan.

Who is at risk?

Predatory lenders or brokers tend to target elderly and low-income buyers, minorities and women, people with less-than-perfect credit records, and people who know very little about home loans and mortgages.

They target borrowers who have significant assets such as their homes, but don't have enough cash or capacity to meet ongoing repayments.

But remember, ANYONE can fall victim to predatory lending – you don't need to fall into one of these categories to be a victim.

What could happen?

Often when borrowers cannot meet repayments on loans, the lender swiftly moves in to repossess property and sells it in order to recover the amount borrowed.

Losing your home can cause a great deal of stress for you and your family. It disrupts your living and employment arrangements, and can cause relationship breakdowns and homelessness.