

# WHAT YOU CAN EXPECT WHEN YOU APPLY FOR A LOAN

When you apply for a loan, the organisation lending you money (the lender) has some responsibilities to you.

Lenders need to make sure they understand your situation and your needs.

This brochure tells you what a responsible lender will do to help you and make sure you don't get a loan that you can't repay.

These guidelines are provided for consumers who are borrowing money under a contract governed by the Credit Contracts and Consumer Finance Act 2003.

## IF YOU HAVE A COMPLAINT ABOUT YOUR LOAN

If talking to your lender doesn't help, you can make a complaint to the lender's independent dispute resolution scheme. The scheme will be one of the four schemes listed below. Ask your lender which scheme you should contact. These complaint schemes are free for consumers.



### THE BANKING OMBUDSMAN SCHEME

Freephone: 0800 805 950  
Email: [help@bankomb.org.nz](mailto:help@bankomb.org.nz)  
Website: [www.bankomb.org.nz](http://www.bankomb.org.nz)



### THE INSURANCE AND SAVINGS OMBUDSMAN SCHEME

Freephone: 0800 888 202  
Email: [info@iombudsman.org.nz](mailto:info@iombudsman.org.nz)  
Website: [www.iombudsman.org.nz](http://www.iombudsman.org.nz)



### FINANCIAL SERVICES COMPLAINTS LIMITED

Freephone: 0800 347 257  
Email: [info@fscl.org.nz](mailto:info@fscl.org.nz)  
Website: [www.fscl.org.nz](http://www.fscl.org.nz)



PART OF THE FINANCIAL DISPUTE  
RESOLUTION SCHEME

### FINANCIAL DISPUTE RESOLUTION

Freephone: 0508 337 337  
Email: [enquiries@fdr.org.nz](mailto:enquiries@fdr.org.nz)  
Website: [www.fdr.org.nz](http://www.fdr.org.nz)

For more information about the  
Financial Services Federation, go to [www.fsf.org.nz](http://www.fsf.org.nz)

# RESPONSIBLE LENDING GUIDELINES

WHAT YOU SHOULD EXPECT FROM YOUR LENDER  
WHEN YOU ARE BORROWING MONEY



## Understanding your needs

**A responsible lender will do everything they can to understand you and your situation, so you can make good decisions about your loan. Lenders must keep all your information confidential.**

Responsible lenders may need to ask questions about your financial situation

Depending on your circumstances, lenders may ask about your:

- income or benefits (including whether you have a full-time, part-time, or casual job)
- fixed expenses (such as rent, repayment of other debts, child support, and monthly or yearly expenses such as insurance)
- other expenses that come up from time to time (and any special or unusual circumstances that might change your ability to repay a loan)
- existing loans and whether your new loan will be used to repay your existing loans
- credit history
- personal circumstances, including your age (especially if you are under 18) and the number of people who are financially dependent on you
- assets and their value (such as a house or car).

Responsible lenders may need to ask for proof about your financial situation

Depending on your circumstances, proof may include:

- getting a copy of your credit report
- asking for copies of payslips, tax returns, and bank statements
- asking to see identity documents (e.g. a passport)
- with your permission, talking to your employer or accountant
- asking to see original documents, not just photocopies
- checking in other ways (with other lenders for example, especially if any information or documents provided do not match).

Responsible lenders will do their best to understand your needs and goals

Depending on circumstances, lenders may ask about:

- the amount you would like to borrow
- the date you need the money and how long you need it for
- what you need the money for
- the type of loan that would suit you best.

## Deciding if the loan is right for you

**Lenders need to work out whether you are able to repay a loan. A responsible lender may decide not to give you a loan if they believe that:**

- you would be unable to repay the loan
- you would find it extremely hard to repay the loan
- the type of loan will not meet your needs or goals.

## Making sure you understand

**A responsible lender should:**

- do their very best to make sure you understand everything about the loan, including your rights and responsibilities, before you sign a contract
- give you fair terms and conditions, including clearly explaining interest rates and fees
- make fair decisions about the property being used as security for your loan
- make sure that any property used as security for your loan is clearly described in your loan documents and is understood by you
- make sure you understand the risks that come with having a loan, and the result of not repaying it, which might include repossession or the sale of any property you provide as security
- give you this information at the time you apply for the loan.

## Helping you if things go wrong

If you are having trouble paying your loan you should contact your lender as soon as possible.

**A responsible lender should:**

- treat you reasonably if you miss payments. This may include renegotiating the terms of your loan where it is possible to do so
- work with you to find solutions if you are having problems with your money, or suddenly face hardship. This may include referring you to someone who can give you advice about how best to manage your money
- refer you to a budget advisor and work with the budget advisor if you ask for that
- help you to deal with any social service provider (such as Work and Income New Zealand) if you ask for that
- make sure that, if your property has to be repossessed, you are treated fairly, remembering that the lender also has a right to be repaid. Being treated fairly includes:
  - making reasonable efforts to tell you about other payment options before the property is repossessed
  - repossessing only the property named as security in the loan contract
  - treating you and your property with dignity and making sure the repossession agents also treat you fairly.

**Members of the Financial Services Federation have made a commitment to uphold these Responsible Lending Guidelines**

Websites which provide useful information about borrowing money:

- [www.sorted.org.nz](http://www.sorted.org.nz)
- [www.consumeraffairs.govt.nz](http://www.consumeraffairs.govt.nz)
- [www.comcom.govt.nz](http://www.comcom.govt.nz)
- [www.fsf.org.nz](http://www.fsf.org.nz)