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Feature Article

Consumer's Right to Redress in Financial Services

Part I

Debt is a reality. Most people borrow money to assist them with their investments such as buying a house, car, paying university fee, medical bills or simply to organise a funeral service. Some even borrow these days to host a grand-fat wedding for themselves.

Some people have dug themselves into a hole of overindulgence. Some people keep borrowing irresponsibly. They have no voice of reason to tell them that because of their debt, they can drive their family into the ground.

Unfortunately, debt can become a nightmare for some, especially, when you borrow more than what you can afford. What worsens the situation is the lack of appropriate laws and regulations. This leaves the consumers vulnerable to irresponsible lenders and moneylenders.

Debt-crisis is not just about financial worries. It often leads to depression, anxiety and can cause tension or arguments between you and your loved ones. Some consumers take more loans for cultural and personal purposes such as weddings, funerals and other religious functions, which on most occasions is not needed. Due to the pressure of advertising by the credit providers, other consumers end up having more than 6 loans, which they have difficulty in paying. Few consumers also engage in unnecessary credit borrowing because of community pressure.

Many consumers who are stuck in the vicious debt cycle are not forthcoming with their problems due to a 'culture of silence'. Consumers must remember that talking about debt is the first step to get help.

The Council, in 2011, embarked on the setting up of its Debt Management and Credit Advisory Service to assist Fijians with their financial struggles. It is an integrated counselling service that empowers and assists consumers who are overwhelmed with debt. The Council through its Debt Management and Consumer Advisory Services has dealt with complaints by consumers against financial institutions/credit providers, which do not practice due diligence in approving loans and credits. Moreover, there are some consumers who are not given a restructure of their loan accounts in the event of any default and/or consumers who face difficulty in keeping up with their payments.

Early this year, the Council also published a special information brochure to assist consumers on debt management and prompt them to use the services offered by the Council.

Recently, the consumer watchdog has embarked on its newest project which is supported by the Anne Fransen Fund (AFF). The overall objective of the project is to conduct a vigorous campaign on the theme, '**Consumers Right to Redress in Financial Services**'.

This project will help us to create consumer awareness on financial services and carry out extensive awareness raising on its Debt Management Services by means of workshops, community visits, and mobile units and various media platforms. If consumers become vigilant and knowledgeable on the consequences of credit borrowing, he/she can prevent himself/herself from falling victim to vicious cycle of debts. They also need to understand the requirements on restructuring of loans under the Consumer Credit Act 2009 to enable them to have their loans restructured if and when they default.

The theme is related to the present credit market situation, where consumers are often misinformed.

The project will assist the Council in building consumer understanding on debt-related issues. Consumers must understand the implications of credit contracts, over-committing to credit suppliers, borrowing beyond their means, and the inability to make repayments.

Apart from lack of knowledge, another pressing issue is the prevailing culture of silence among the consumers who are living in debt. The ground reality is that consumers with financial problems are reluctant to talk about their financial crisis.

It is time they break this culture of silence and access the Council's Debt Management and Consumer Advisory Service. We also encourage consumers to take advantage of our information material which is available online (www.consumersfiji.org) to further educate themselves on the Consumer Credit Act.

Consumers must be made to understand that there is no magical formula to good debt management. The solution is: common sense, strong will power not to go overboard, and having a management plan for the total money income and use. After all, good debt management is 80% behaviour and 20% knowledge.

Next Week, read on your rights and responsibilities when you borrow money