Financial & Consumer Credit Issues for Older Consumers in Central Victoria

loddon campaspe
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Introduction

The funding for this project and report was provided from the Consumer Credit Fund on the approval of the Minister for Consumer Affairs, Victoria.

Older people are increasingly likely to be facing difficulty with financial and consumer credit issues. The traditional position, that older people did not use credit or were unlikely to have significant debt problems, is changing rapidly due to more accessible credit sources such as reverse mortgages and credit cards. There is a significant lack of recorded information on the extent to which developments in banking and credit practices are affecting older people, and on consumer credit problems faced by older people.

A myriad of consumer credit and financial issues arise for older people. This report provides an introduction to some of the major areas of concern that may affect older people who are financially disadvantaged. Areas considered include:

- ageism
- income
- access to banking and financial services
- financial literacy
- financial exclusion
- economic crimes
- continuing credit contracts
- small loans
- payday lenders
- mortgages and reverse mortgages
- acting as guarantors
- telecommunications issues
- utilities
- financial and rural counselling

There is obviously no magic age where a person becomes "older": in this report the term "older people" is used for those aged around 60 and over, recognising that this is an arbitrary line, that older people are not a homogeneous group and may have very different behaviours, attitudes and characteristics.

The study was conducted primarily in central Victoria (broadly defined). Almost all of the issues identified, however are relevant to older people anywhere in Australia, and particularly in rural and regional areas.

This study should be regarded as a preliminary review of issues that are arising; it is important that organisations concerned with these matters record relevant data so that practical, evidence-based policy solutions can be developed for problems that arise. Further research seeking information directly from older people would be valuable in better understanding the way these issues affect older people and in identifying strategies to address them.

Methodology

The report is based on relevant literature and interviews with financial counsellors, bankers, legal practitioners and consumer advocates. A list of those who generously offered their time and expertise is at page 56. Without their participation this report would not have existed, and I thank them. Case studies are real, but for confidentiality reasons changes have been made and sources not identified. Thanks to Carolyn Bond, co-CEO of the Victorian Consumer Action Law Centre, for advice and assistance. I hope this report will be of value in designing services for older Australians in years to come.

Frances Gibson

Summary of Findings

There are more older people (broadly defined in this Report as being people over 60) in Australia than ever before, and they make up an increasing percentage of the population. Approximately 20% of the population of central Victoria is aged over 60.

Although many older people are well off compared to other sectors of the population, many others do not have sufficient income to lead a comfortable life. Towns and rural centres in central Victoria have been identified as being among the most disadvantaged in Victoria, and older people are among those facing difficulties.

Older people in rural areas in general face particular economic disadvantage. Many older Australians obtain their wealth from owning their house and being debt free but "the increase in farm debt and concomitant financial hardship for aging farmers and their families along with the decline in the value of farm properties and housing in many rural areas stands in stark contrast to the general picture of relative wealth of older Australians".[1]

There is a lack of clear data on consumer credit problems faced by older people in Australia: this area has not received much research attention. Interviewees in this project report that in the past older people had been conservative with their finances; they knew how to budget and were unlikely to overuse credit. However, discussions with financial counsellors, legal practitioners and consumer advocates, and examination of relevant research, indicate that this may no longer be the case. There is a change under way in older people's approach to credit and this is happening rapidly. A number of significant issues became apparent in this research, including that:

- Credit products are being marketed more widely than ever before.
- Older people are using credit cards more and having difficulty repaying credit card debts.
- Banks are offering credit increases without properly determining the capacity of older people to pay costs.
- Older people without assets find it difficult to access credit that does not carry high interest rates. Older people are often not aware of information about accessible small loans through Centrelink, community organisations etc.
- Take up of reverse mortgages is increasing rapidly. Increasing numbers of new loans are coming from regional areas.
- People are taking out reverse mortgages or equity stripping loans on the advice of mortgage brokers who operate in an unregulated industry and who are not giving correct information or encouraging older people to

get independent advice.

- Older people in regional areas generally have less access to technological advances such as internet banking and need face to face services provided to them in accessible locations.
- Older people, and particularly farmers, are more likely to resist seeking help from financial counsellors and related services and such services must be actively marketed to them.
- A small but significant part of the older population may find it difficult to pay for basic utilities such as gas, water and electricity and may be minimising their use of these essential services or running into credit problems as a result of their position.
- Older people are often victims of crimes perpetrated by scammers and these crimes may have a significant effect on them.
- Problems are arising more frequently from abuse of powers of attorney.

Recommendations

The research in this project has led to a number of proposals for further action. The proposals are directed particularly at action that can be carried out in central Victoria to assist residents of this community.

Debt

Education initiatives should be developed to encourage consumers to reduce debt as they approach retirement as, if they do not do this, it is likely they will experience financial difficulty or hardship.

Reverse mortgages

Training should be provided for community workers, financial counsellors and lawyers on general issues related to reverse mortgages.

Legislation should be introduced to provide that a finance broker who is arranging a reverse mortgage must give a range of estimates of the future debt and future value of the house, and a range of estimates as to when the consumer's equity will be less than required to pay for future expenses such as aged care.

Prior to selling them a reverse mortgage, a broker or financial advisor must ensure that the person is aware of, and has considered, the Pensions Loan Scheme from Centrelink.

A specialist organisation such as NICRI (the national information centre on retirement investments, which already runs a phone advice service giving general advice) should be funded to give advice about reverse mortgages.

Regular public education initiatives should provide information about reverse mortgages.

Legislation should require people to receive advice from trained financial advisors in relation to reverse mortgages.

Community legal centres should facilitate access for older people to specialist effective legal and financial advice about reverse mortgages.

Banks and credit providers

Credit providers, in partnership with philanthropic and charitable organisations, should work towards creating sources of finance that older people can afford. They should ensure financial counsellors and other people working with older people are well informed about these.

Banks should be encouraged to provide free training on internet/telephone banking for older people through neighborhood centres or other forums.

Legislators should consider introducing legislation that requires banks and credit providers to check income and capacity to pay before offering increases in credit limits.

Banks and credit providers should be encouraged to take on responsibility for fostering the financial well being of older clients.

Banks should be encouraged to keep local branches open.

Legislators should consider requiring credit providers to inform themselves of the guarantor's social and familial position, restrict the use of the family home as security for debts of a third party and insist on professional independent advice for debtors.

Powers of attorney

Training should be provided for police officers, legal practitioners and community workers to assist them in recognising potential issues of abuse of powers of attorney.

Legislation regarding powers of attorney should incorporate measures to reduce abuse – such as a requirement to register powers of attorney, and periodic random audits of use of powers.

Education initiatives

Preventative community education work should be undertaken on aspects of financial elder abuse.

Community legal centres should develop and facilitate anti ageism training for lawyers and community workers, in conjunction with other sessions outlined above.

Community education through community centres should provide older people with information about accessible small loan schemes run by Centrelink, banks and charities, to guard against the possible effects of predatory lenders.

Government should fund financial literacy programs for community workers and older people.

Financial counsellors

Financial counsellors should receive adequate ongoing training on reverse mortgage issues.

Financial counsellors should develop programs designed for older consumers.

The capacity of financial counsellors to visit older clients in isolated areas should be increased.

Legal services

Legal aid and community legal centres should provide specific specialist advice services for older people.

Outreach legal/ financial services should be co-located with health services where possible.

Resources for assisting older people with consumer matters should be distributed through senior centres and other non profits that provide services directly to older people.[2]

Legal aid offices and community legal centres in rural and regional areas should make credit law a priority for vulnerable consumers including older people.

Policy and law reform

Government should ensure all policy initiatives are developed and implemented in consultation with older people.

Organisations dealing with credit and financial matters should collect clear data on issues facing older people.

“Universities and other research bodies should research attitudes and risk taking propensities of consumers in relation to consumer credit. The aim should be to understand why consumers are prepared to place themselves in such vulnerable financial positions.[3] There is a lack of information about the "debt servicing ability of Australian consumers" and there should be regular collection of data to "monitor the arrears, defaults and bad debt position of consumers" so that policy makers can better assess what is needed.[4]

Consumer organisations should keep statistics relating to people over 60 to enable effective research on issues affecting this cohort.

Legislation should be introduced to outlaw unfair contract terms in credit contracts so that consumers can benefit from review of credit contracts, to regulate interest rates on small loans and to protect guarantors.

Profile of Older People in Australia

Overview

Economically developed countries have more people over 50 years old than ever before in history.[5] People now live longer, are healthier and more active in old age.[6] Australians enjoy one of the highest life expectancies in the world, with 50-year-olds having a life expectancy of 84.6 years for females and 80.6 years for males.[7]

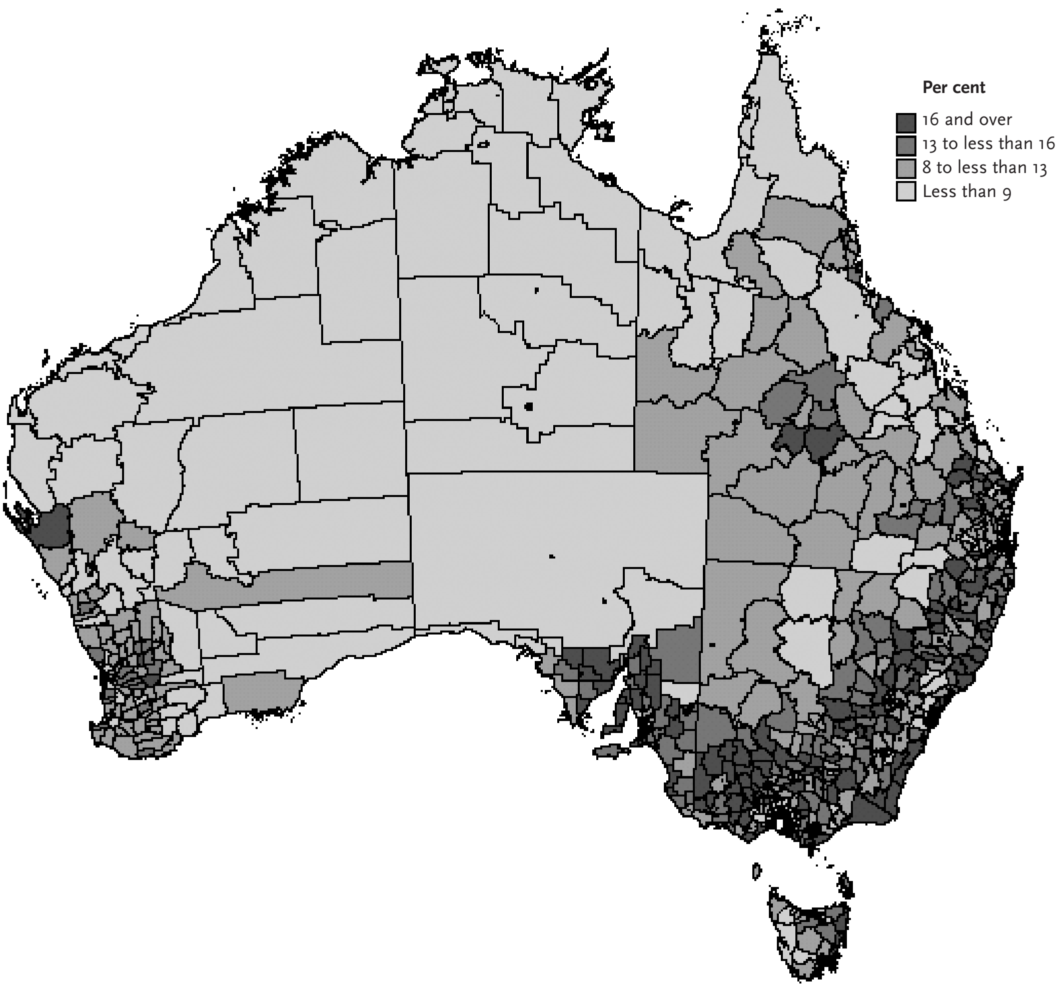
On census night 2006, there were 3,602,455 people in Australia aged 60 and over.[8] Women of all cultural backgrounds in Australia tend to live longer than do men, and make up a greater proportion (56%) of older Australians. By 2046 more than a quarter of Australia's population will be aged 65 years or over.[9]

Persons aged 65 years and over accounted for 13.3% of the Victorian population in 2006. The proportion of population aged 65 years and over in Victoria was very similar to the national level in 2006.[10] Around 12.7% of the Melbourne population was aged 65 years and over; however, areas of regional Victoria (particularly coastal areas) recorded higher proportions of persons aged 65 years.[11] For instance, in 2006 the Loddon/Mallee region had 25,703 people (27.6% of its population) aged 55 or over.[12]

Indigenous Australians aged 65 and over are a relatively small proportion of all Indigenous Australians: in 2006 older Indigenous people (those aged 65 years or more) comprised just 3% of the Indigenous population in Australia, compared with 13% of the non-Indigenous population.[13]

Generally the numbers of older people are expected to increase at a greater rate in rural and remote areas than in metropolitan areas.[14] At 30 June 2000, an estimated 717,200 people aged 65 and over were living in rural and remote communities. Of these, 94% were living in rural communities. An estimated 1,642,900 older people were living in capital cities and other metropolitan areas.[15]

Proportion of people aged 65 years and over in Australian statistical local areas – 2000



Source: ABS 2000 Population Estimates by Age and Sex, Australia[16]

Characteristics of the community in central Victoria

In 2007, Tony Vinson was the author of a report identifying areas of concentrated disadvantage throughout Australia, entitled *Dropping off the edge*.[17] This report identified many areas in central Victoria as being in the 40 highest ranking postcode areas on disadvantage factors.[18] These included the postcode areas of Heathcote, Maryborough, Inglewood, Dunolly, Eaglehawk and Castlemaine. Census data from 2006 showed that 1 in 4 residents of Bendigo are living at or below the poverty line – more than double national and state averages. Those most likely to experience poverty in the city included 19% of people over 65.[19]

It is estimated that 30% of people who live in rural and remote areas of Australia are aged 65 and over, compared with 28% of the Australian population.[20] People living in rural and regional Australia are not homogeneous, of course, and there is unacknowledged diversity within marginalised groups in rural areas. Commentators note: "While intra regional variation exists, rural residents are on average of lower socioeconomic status, older and sicker and experience higher rates of unemployment compared with urban residents."[21]

Less access to technology among rural older people leads to comparative disadvantage in accessing services. Even where people on low incomes have access to a telephone in the home some have restricted access, for example local calls only. This means that they may not even be able to call services based in the nearest regional centre. Other groups for whom telephone-based information or service provision presents difficulties include older people with vision impairment or hearing impairment, people with certain physical disabilities (e.g. as a result of stroke or arthritis) and people with limited literacy skills. Access to internet services, and especially fast internet services, is limited.

It appears that the number of older people in some rural and regional areas may be increasing due to the effect of the "sea change" or "tree change" phenomenon. Older people are moving out of the city to establish new households, particularly in coastal areas;[22] however, it is likely that there is some increase in Central Victoria as well. These people often are without support networks as they have left family behind.

Farmers

Older people in rural areas face greater economic disadvantage. Many older Australians obtain their wealth from owning their house and being debt free. As pointed out, though, "the increase in farm debt and concomitant financial hardship for ageing farmers and their families, along with the decline in the value of farm properties and housing in many rural areas, stands in stark contrast to the general picture of relative wealth of older Australians".[23]

There is a high proportion of older people among Australian farmers.[24] The Australian farm survey results 2004-05 to 2006-07 produced by the Australian Bureau of Agricultural and Resource Economics (ABARE) outline the predicament faced by farmers in central Victoria. "Severe drought across southern and central Australia is projected to reduce farm incomes in 2006-07 to their lowest level in over thirty years. Farm cash incomes for grain farms in New South Wales, South Australia and Victoria are estimated to have fallen the most, and the dairy industry has also been particularly affected. Most Australian farms entered 2006-07 with relatively high farm equity. However, a large increase in the proportion of farms recording negative farm cash incomes in 2006-07 is likely to result in significant increases in farm debt."[25] In historical terms, farm financial performance in 2006-07 is projected to be one of the poorest on record.

"Farmers often work well beyond the traditional retirement age, with 15% of farmers in farming families being aged 65 years and over in 2001. The proportion of farmers aged 65 years and over in farming families was greater than the proportion aged less than 35 years (12%) ... The lower commodity prices in broadacre industries throughout the 1990s resulted in some farmers delaying their decision to retire, leave farming, or hand the farm over to their children."[26] Families are becoming more spread out and isolated and older farmers do not have their traditional support systems to rely on.

Problems can also arise where people retire and then decide to take up some form of farming. People invest their superannuation money into these projects and when ventures fail they can lose it all.[27]

Ageism

One issue that affects all older people is the issue of ageist stereotyping.

Stereotypes of ageing people are that they will be weak and vulnerable and probably have deterioration of their mental faculties. In fact, research indicates that if there is any mental impairment resulting from ageing, that impairment is usually slight and has little effect on a person's ability to function. One large study has estimated that only 7% of people aged 75 to 84, and only 25% of people aged over 85, suffered from dementia.[28]

The term ageism was first used by Dr Robert Butler, founding director of the National Institute on Aging in the USA, who defined ageism as "a systematic stereotyping of and discrimination against people because they are old, just as racism and sexism accomplish this with skin colour and gender. Old people are characterised as senile, rigid in thought and manner, old fashioned in morality and skills, and this stereotyping allows the younger generation to see older people as different from themselves; thus they subtly cease to identify with their elders as human beings".[29]

Negative stereotypes of older people are ingrained, even among professional people who, according to one piece of research, believe that older people are "incompetent, boring, inactive, dependent, unproductive, weak, unhealthy, passive, ugly, dull, and sad".[30] As Sargeant points out: "Ageisms are often subtle and implicit rather than explicit. For example, patronising gestures, such as being talked over or down; being addressed in a louder voice; unrequested physical assistance being given; being referred to in the third person while present; decisions being made on behalf of the older person without prior consultation; discriminatory behaviour (often quite subtle) towards older persons in the work place, notwithstanding anti-discrimination legislation (e.g. omission from inservice training programs, not being assigned to supervisory roles, 'forgotten' to be given dates and messages)."[31]

Advocates for older people must be aware of the "new ageism" – a phrase coined by Richard Kalish.[32] He used the following terms to describe advocates for the elderly applying negative stereotyping to the very group they were attempting to help: "'We' understand how badly you are being treated ...You are poor, lonely, weak, incompetent, ineffectual and no longer terribly bright ... we are finally going to turn our attention to you, the deserving elderly ..." Effective delivery of legal services to older people requires lawyers to "learn more about ageing, refine their communication skills and examine themselves for prejudicial attitudes towards older people".[33]

In considering proposals for education, law reform or policy change the issue of ageism must always be borne in mind.

Financial Issues

Income and expenditure

The main financial problem faced by older people, identified by almost all of the interviewees, is the fact that many older people simply do not have sufficient income to live on. As David Tennant, Director of Care Inc Financial Counselling Service states, for many retired older people "their income streams do not meet their expenses".[34]

"People have no money to pay for unexpected expenses, medical bills, drugs, or urgent house maintenance or repairs. There is really going to be a lag in the availability of sufficient superannuation over 2 or 3 generations and it is difficult to live on a pension. Australians do not have life plans that allow people to develop and maintain financial security through life."[35] Reports show that even where people have superannuation, record numbers of applications are being made and approved for early access to super funds to pay off debts.[36]

One financial counsellor described the cycle that sees elderly people getting into trouble as follows: "Upon retirement, income drops significantly, often people have little superannuation. In many cases people may not own their homes and they may have loans still owed from pre retirement and they can only afford to pay the interest".[37] Significant problems also arise when one partner in a couple dies or moves into a nursing home and Centrelink household payments drop 40%.[38]

The Council on Ageing (COTA) noted in a submission to the Victorian Consumer Credit Review 2005 that a "critical impetus for seeking a reverse mortgage loan is to supplement income for daily living. Our staff has noted an increase in the number of calls from people who are struggling to cover necessary expenses, including rates, winter energy bills, keeping a car running, home and/or health insurance, home maintenance or ongoing pharmaceutical bills. These callers talk about the difficulty of having enough money to go out for coffee or buy their grandchildren birthday presents."[39]

The main source of income for around 75% of people over 65 is pensions and government benefits. In 2005, there were nearly 2 million people in receipt of the age pension.[40] Superannuation is a source of income for 8% of older people, with earned income being the main source for 5%; 11% obtain income from property, shares and other sources of wealth.[41]

In terms of spending, older people spend less money on housing due to the fact that many have paid off mortgages, but spend a relatively high part of their income on medicines and pharmaceutical products – double the average for all other households.[42]

In an analysis of income poverty, research found the income poverty rate is lowest among people aged 65 and over (11.2% in 2000). Saunders finds that older households appear to be much worse off, however, when expenditure is considered rather than income.[43] This finding is confirmed by other studies.[44] In 2005, 8% of people who went bankrupt in Australia were over 60.[45]

Access to banking and financial services

The developing global economy has seen business sectors change in many ways. In order to compete, retailers have rationalised their operations, which has resulted in the closure of smaller local retail units and concentrated activities in larger, more dispersed centres. The retail industry, including financial services, has explored other methods of delivering their product to the market, particularly by the adoption of new technology. "Such strategies have marginalised many including particularly older people who do not have the technological facilities to access newly developed forms of retail services."[46]

Within the past 15 years Australia has undergone bank branch closures in a wide range of locations, where banks thought branches were unprofitable.[47] "...More than one third of the closures were in comparatively small country towns, many of which were left with no banking facility of any kind."[48] A study of elderly poor and financial services in Ireland found that older people had continuing access problems, due to closure of branches. This report found that: "Despite the fact that internet and telephone banking are favoured by many in society, these are generally not options for the elderly, particularly those on low incomes who are unfamiliar with the technology and have sight and hearing disabilities."[49]

While one should not assume that older people can't learn new ways of banking (in fact research has shown that there is a substantial group of mature consumers using a variety of self service banking),[50] closures of local branches can cause problems for older people. In areas where public transport is inadequate and when they are unable to drive, it may be harder for older people to get to other towns or regional cities where branches are open. Even where branches are still open, there is now less personal contact at banks and fewer tellers, which can be disconcerting for people who are used to decades of personalised service. One financial counsellor told of a client who had told her she had just used an ATM for the first time in 60 years. Her son taught her how to use it and she was very excited about using the ATM successfully. Previously she was worried she would get the process wrong and have to go into the branch to sort it out.[51]

The problem of bank closures appears to have been alleviated to some extent by the advent of community banking initiatives such as Bendigo Bank. Financial counsellors believe that although older people, particularly in rural and regional areas, tend to prefer to use their local branch rather than telephone or internet service centres,[52] generally access to banks in central Victoria is good. In 1998, the Bendigo Bank launched a program to return branch banking to communities disenfranchised by the numerous branch closures across Australia during the 1990s. Community Bank sees local communities form a company to purchase from Bendigo Bank the right to operate a franchised branch of the bank. Bendigo provides banking support and revenue is shared with the locally owned company.[53] Dion Gooderham, head of legal services at Bendigo Bank, says that one reason Bendigo Bank was successful in opening branches when other banks were closing them was because the bank did not assume all people would use or immediately take up internet banking services. This is especially true in relation to older customers.

In central Victoria new bank branches have opened to promote business and accessibility. In Inglewood, for example, before the community bank opened there was a 45 minute drive to Bendigo to use a bank.

Almost 60% of Bendigo Bank's customers are over 60 and the Bank believes there are a number of reasons for this, including that older people value loyalty and customer service and that Bendigo Bank has a number of local branches so banking can be done face to face with a teller. Also, Bendigo Bank was initially a building society before it became a bank, and the building society had a high proportion of older clients.

In addition to technology issues, older people have other problems, including:

- distances to financial institutions
- urban environments (traffic crossing roads)
- writing cheques, checking receipts and lodgment slips, computer-based small screens[54]
- in financial institutions – lack of seating while queuing
- electronic funds transfer
- customer service – lack of staff patience
- difficulties in obtaining credit.[55]

Significant progress with many of these issues has been made in Australia in recent years. In 2002 the Australian Bankers' Association (ABA), in collaboration with the disability community, produced voluntary industry standards which aim to improve the accessibility of electronic banking: automated teller machines (ATMs), electronic funds transfer at point of sale (EFTPOS), telephone and internet banking. A progress report on compliance with these standards produced in December 2006[56] indicates that banks are making headway in increasing access to their services. The ABA Banking Code of Practice[57] Clause 6 states:

"We recognise the needs of elderly customers and customers with a disability to have access to transaction services, so we will take reasonable measures to enhance their access to those services."

Older people are less likely than other age groups to use information technology, though internet use is increasing among the elderly.[58] A Tasmanian study in 2005 found that only 29% of people over 70 years of age had a computer at home, compared to 81% of people aged 18–24 years, and only 19% of people over 70 had the internet connected, compared to 66% of people aged 18–24 years. More than half the people over 60 had never used the Internet, compared to 4% of people aged 18–24.[59] The ANZ Report on Financial Exclusion found that 38% of those aged 70 and over and 20% of those in their 60s had never used internet banking.[60]

It has been argued that perhaps too much attention has been given to the risks relating to technology for consumers in rural and regional areas. As Walker says: "On a positive note, the combined forces of new technology and competition may remove the barriers that distance has imposed on access to financial services for many regional customers. A potential deterrent to regional business location, that of access to financial services, may be removed. The geographic boundaries of financial markets are breaking down ... The forces of competition could see renewed interest in regional markets and hence better servicing of the needs of those specialist industries found in regional areas."[61]

He does note though that "in the short run the process of change has impacted adversely on some smaller regional communities and these communities have been exposed to the risk of serious economic and social damage which should not be ignored".

The fact is that: "Digital technology has not created a new social divide. Rather it has built upon, and may exacerbate, inequalities that already exist in Australian society."[62] One of these is access to the internet and particularly to fast and cheap internet services in rural and regional areas. There is poor access to broadband in regional and rural areas and it may be expensive.[63]

Distance in rural and regional areas is always a problem. With very limited public transport options it can be difficult even to get to a bank branch regularly.

It would be valuable for banks to run free training sessions for people wanting to make use of internet and phone banking services in rural and regional areas.

Financial literacy

Financial literacy can be defined as "the ability to make informed judgements and to take effective decisions regarding the use and management of money".[64] Clearly this is an important skill for older people.

Research by the ANZ Bank in 2003 found that although Australian society is mostly financially literate, certain groups face particular challenges. The lowest levels of financial literacy are associated with low education, those not working, or in unskilled work; those with household incomes under $20,000; those with savings levels under $5000; single people and people at both extremes of the age profile (aged 18–24 years and 70 years and over).[65]

There is a move in Australia to improve financial literacy, especially for vulnerable groups.[66] It is also important that older people have access to effective advice. Although data is not collected on the age of complainants the most common issues raised by older complainants to the Financial Industry Complaints Service appear to be complaints about inappropriate financial advice, particularly in relation to superannuation, and complaints about denial of claims for life insurance benefits.[67]

Financial counsellors report that individuals often do not have contracts thoroughly explained to them before signing, and borrowers are not really clear on the terms of the contracts they are entering into.[68] Credit is very easily available and heavily marketed through such means as television ads.[69] Consumer organisations have been in favour of initiatives aimed at improving financial literacy, but have warned that consumer credit problems often result from the exploitative practices of financial providers, who profit from advertising and marketing goods and services that would harm people on low incomes.[70] Simply giving information to people will not avoid problems of exploitative practices and vulnerability to debt.

However, education would be of assistance to some older people. Sean Goggin, a branch manager at Bendigo Bank, says that education could be useful, particularly if focused on products and technology and options for assistance that are available, such as payment plans and deferral of payments on debts.[71]

Financial exclusion

Financial exclusion is the lack of access by certain consumers to appropriate low cost, fair and safe financial products and services. A wider definition has also been offered: "lack of access to financial services by individuals or communities due to their geographic location, economic situation or any other 'anomalous' social condition which prevents people from fully participating in the economic and social structures of mainstream communities".[72]

Financial exclusion becomes of significant community concern when it applies to lower income consumers and/or those in financial hardship. Whyley claims that because borrowing is seen as a luxury rather than a necessity it is not seen as a problem. Poor people may well need to borrow, however: "Research has clearly illustrated that, while credit use among low incomes may not be desirable, it is often unavoidable. Indeed borrowing can be a key strategy in making ends meet."[73]

Research shows that older people probably don't suffer financial exclusion to any great extent. However, as we have noted, older persons have low levels of access to online services and often low levels of mobility. "These two factors alone contribute to financial exclusion, but when combined with the low (and often fixed) income levels of many older consumers, sections of the group certainly suffer from financial exclusion."[74]

Older Indigenous people may face particular problems accessing credit. Indigenous people are more likely to have low incomes and be geographically isolated. Researchers state that financial literacy training is needed for Indigenous people, and that there are many barriers to the provision of credit to Indigenous people – such as limited credit history, no collateral (as they can't use communal land as collateral), lack of competition in provision of banking services to many rural and remote communities, and Indigenous cultural preference for face to face banking rather than electronic services.[75] Research has showed that the removal of banking services from Indigenous communities can have significant implications.[76]

Economic Crimes

Older people can be victims of fraudulent practices by strangers, or may run into difficulties where financial abuse occurs in their dealings with others – often family members who are involved in managing the older person's affairs. While both types of situations may amount to a crime, there are obvious differences in the way the older person may wish the issue to be dealt with.

Stranger frauds

Consumer scams and fraud are prevalent throughout the world, and can be a significant problem for individuals.[77] It is claimed that more than 100,000 Australians have lost money in fraudulent and illegal investments in the past 10 years.[78]

As people get older they may experience decreased information processing and problem solving skills due to decline in memory capacity, reasoning/evaluation skills and cognitive flexibility[79] (though note earlier comments on this issue under Ageism). Deficiencies in cognitive processing speed or attention may hinder the careful evaluation of most consumer transactions and especially those intended to deceive.[80] This exposes some older people to economic crime.

Telemarketing fraud – "the unlawful practice of marketing for the intent and purpose of inducing a person to purchase, donate or invest personal funds through a deceptive scheme designed to limit the benefit to the consumer whilst maximising profit to the seller" is often aimed at older people. Surveys in the USA showed that 56% of telemarketing victims were 50 or older.[81]

The Australian Institute of Criminology points out that there is no national reporting mechanism to allow clear information on the prevalence of fraud committed against older Australians to be included in official crime statistics.[82] "Coordinated Australia-wide data is lacking; no statistical analysis of cases has been assembled."[83] Many older people have considerable savings or assets that may be attractive to those perpetrating consumer fraud. While studies by the Institute of Criminology show that people over 65 are less likely to be victims of crime than other age groups, it seems that for older Australians economic crime is a significant issue. Consumer fraud, financial mismanagement and matters associated with powers of attorney and guardianship are the areas where crimes are committed against older people.[84]

Case study

One advisor in central Victoria told of a case where an elderly man was sending large amounts of money overseas to enter a lottery, as he believed he had won a large amount of money and was told by the scammers that they needed 10% up front before he could collect his prize money. This amounted to over $80,000. He almost lost his life savings but was assisted just in time to stop payment.[85]

The media typically portrays the elderly population as prime targets of con artists, but people 65 and older are less likely to report being fraud victims, and the probability that the recipient of a fraud attempt will succumb cannot be predicted by any demographic variable, including age.[86] It also appears that a person who has been a victim of consumer fraud once may be likely to become a repeat victim.[87]

There may be a reluctance by older people to report financial abuse in smaller communities, as older people may have a belief that domestic issues should remain private and there is significant importance attached to a good family name. The nature of rural communities may on the other hand provide protection for consumers, in that bank officers may be well aware of people's assets and their family situation and therefore be aware of anything unusual which may go on with respect to their financial position.[88] On the other hand, the risk of financial mismanagement or financial abuse may be exacerbated where it is hard for older people to access good financial /legal advice or when their financial position is complex.[89]

Obviously most older people never become victims of exploitation. One explanation for why some older people succumb to scams is social isolation, which "decreases the number of interpersonal contacts individuals have thus increasing their reliance on impersonal modes of information. Second, because social isolation is often associated with loneliness, isolated persons may be more receptive to overtures from swindlers, simply for the opportunity to interact with someone".[90] A substantial portion of aged individuals are socially secluded.[91] Sergeant Doug Turner from Bendigo police reports that abuse of older people happens for a number of reasons. He says older people tend to give things away and can easily be befriended by those intending to take advantage of them. They are often lonely and in need of company. He also feels there may be a cultural barrier for some older people regarding contacting the police in cases of financial abuse. They may not call to make a complaint as they do not view the police service as a friend.[92]

Asset management problems and powers of attorney

Many older people have someone else to assist them in managing their financial affairs. The Redcliffe Asset Management Community Research Project report to the Queensland government in April 2007 found: "Lack of knowledge and understanding on the part of both the older person and the asset manager can add to the risk of mismanagement or abusive practices occurring, including the improper acquisition of another person's assets, misuse of ATMs, credit cards and bank accounts. Concerns about this risk are underscored by data from the Elder Abuse Prevention Unit in Queensland indicating that reports of financial abuse are increasing, with this form of elder abuse being noted in over 44% of all the elder abuse reports received from November 1999 to January 2005."

Although there is no exact data available, it appears that about 11% of Australians have an enduring power of attorney in place; the figure is likely to be even higher for those in rural and regional areas.[93] Powers of attorney can be made without proper informed consent or under coercion, without relevant conditions on the power, and can be abused after they are made.

A central Victorian police officer, Sergeant Turner sees the abuse of powers of attorney as the biggest fraud problem facing older people in our community at the present time. He says that community education would help individuals recognise financial abuse. Cases relating to powers of attorney are not often investigated by the police as this crime is mostly found within families and the problem is usually dealt with privately. The crimes remain hidden.[94] Older people themselves may not perceive financial abuse as being a major problem, though overseas studies suggest that financial exploitation is the most common form of abuse encountered.[95] Solicitors are not careful enough in ascertaining individuals' competence, and should take more responsibility. Sergeant Turner believes the legislation relating to powers of attorney[96] should be reviewed to include further safeguards for individuals and a higher level of responsibility for those people setting up powers of attorney.[97] Practitioners need to be careful to recognise the "risks of advising clients who seek to transfer assets to a specific family member to the exclusion of all others prior to death or children trying to transfer property to themselves under powers of attorney".[98]

Commentators have suggested that police should be specially trained to recognise and deal with this type of crime.[99]

Abuse of enduring powers of attorney is a well recognised example of elder financial abuse.[100] Financial abuse can also include theft, loss of jewellery, bank books or personal property, unprecedented funds transfers, unpaid bills where a third party has been entrusted to pay them, etc.[101]

Case study

A woman turns up at the bank with a power of attorney for her mother, who is 86, suffers from dementia and lives in a nursing home. She would only need $200–$300 to live per week, as she does not go out etc, but $1000 is being taken out of the account every week. Bank staff take steps to investigate.

Safeguards can and do exist through banking practices. Most customer service bank staff are trained to be alert to issues of whether a client has capacity.[102]

One innovation in central Victoria is the elder abuse project run by the Bendigo Bank and the Loddon Campaspe Community Legal Centre. This project aims to improve the levels of understanding and training within banks about the circumstances that give rise to elder financial abuse, and to develop better procedures and internal protocols for the banks to take steps to protect the older customer from financial abuse. The project brief refers to cooperative schemes of reporting financial abuse in most United States jurisdictions. Beginning in the 1990s, in the USA, a number of states and local communities developed projects designed to train bank employees to recognise and report unusual banking activity by elderly customers that might signal elder abuse. The project aims to investigate overseas initiatives and produce training materials aimed at teaching bank staff how to recognise vulnerability in customers and what to do about it. This will be achieved through understanding the common profile of vulnerable customers and of potential abusers and developing strategies for detecting lack of capacity of a customer.

Clearly older people need to be alert to the dangers of economic crimes, and crime prevention work in communities should include attention to this. Older people should be encouraged to report all frauds to police. There is also a role for research into the prevention of fraud victimisation, such as enhanced and routine data collection on a national level.[103]

Consumer Credit

Credit is provided when the payment of a debt is deferred, thereby enabling the consumer to obtain commodities without the immediate payment of the cash price.[104] People increasingly use credit to run their daily lives – to buy a house, pay for meals, and purchase clothing, computers, cars and services such as travel or electricity. Obviously, there are dangers in the use of credit, particularly for those from disadvantaged socio-economic backgrounds, where use of credit can lead to severe hardship.

The consumer credit market has changed over recent years. Credit which used to be difficult to get is now actively marketed. Consumer Affairs Victoria reports show that in the early 1980s there were about 36 housing loan products, and now there are more than 23,000.[105] New finance companies with extensive franchise operations have appeared in many cities and towns.[106] People are much more likely to use credit and charge cards. Household credit in Australia has increased at an annual rate of 14 per cent in the last decade.[107] Credit is often offered in retail stores to pay for furniture, white goods or electronic equipment with special promotions such as interest free periods.

Many of the consumer credit issues which affect older people are the same as those affecting other adult members of the population. In a study on older people and the law in Victoria, 7.4% of respondents stated that they had problems with debt, 2% had problems with credit generally, 1.2% with bank loans and 0.4% with bankruptcy.[108]

Although the traditional view of the legal system is that contracting parties are in a position of equality, it is clear this is often not the case. Some older people are definitely in the position of being disadvantaged in their dealings with credit providers. Consumer Affairs Victoria regards old age as a factor relevant to whether or not a person may be a vulnerable or disadvantaged consumer.[109]

Credit cards and store cards – continuing credit contracts

Continuing credit contracts are contracts for the provision of revolving credit. As the Molomby Committee said: "The essence of revolving credit is that credit is made available on a continuing basis. As credit is utilised, the amount utilised is debited to the account. Payments made are credited to the account and enable future use to be made of the credit ... charges are based on the balance owing from time to time."[110] These types of contracts include a range of cards – many of which are linked to retail stores such as furniture and appliance retailers, department stores and supermarkets.

Australians are great users of credit cards. In the five years to 2002, credit card debt had an average annual growth of 20.9%, being the highest of any category of household credit.[111] At the beginning of 2007 Australians had credit card debts amounting to approximately $40 billion.[112]

A study conducted in the USA shows that "the conventional wisdom that older people do not use credit cards because they have been sensitised to negative connotations of debt" is not in fact valid: age groups do not differ significantly with respect to credit card use. Older people may use credit cards less frequently due to changes in lifestyles and other circumstances associated with age, but not due to not age per se.[113]

Interviewees in this study report that in their experience older people do not have many credit problems compared with the general population, and that in general older people are good with credit repayments. One reason offered for this is their upbringing. A number of financial counsellors believe that as many older clients lived through the 1930s Depression and World War II they are more able to make do without credit.

Indications are, however, that this situation is changing. Older people are using credit cards to make essential purchases that they cannot otherwise afford.[114] Anecdotal evidence from the NSW Consumer Credit Legal Centre is that increasing numbers of older people are running into credit card problems. The Centre ascribes this to irresponsible lending by banks.[115] Problems arise with store cards when the interest-free period expires: consumers are often hit with high interest rates – up to 30% in some cases – on any money owing.[116] A report by AFFCRA states that: "Financial counsellors see increasing numbers of older people with significant debts due to unsolicited credit card and limit increase offers, with this debt often accumulated to meet the increasing cost of living."[117] This impression is reinforced by developments in the USA, where average credit card debts for people between the ages of 65 and 69 rose 217% between 1992 and 2001.[118] It is likely we will see similar developments in Australia.

Case studies

An older couple living in central Victoria owned their own house and were on the pension. The husband had a credit card with a major bank that initially had a credit limit of $3000 and his wife was a signatory to that card. They used the card to pay for day to day living expenses and medical bills and only paid off the minimum repayment amount each month. When they reached their credit limit the bank wrote to them offering to increase their credit limit without making any inquiries about their ability to repay. The couple accepted the extension and continued to use the card to pay for everyday expenses and pay off only the minimum amount each month. Each time they reached their credit limit the bank wrote offering further extensions. By the time the husband sought advice he owed more than $25,000 on his credit card, with no means to pay.

An 80 year old man presented for advice owing $80,000 to a bank. Since he had been semi retired he had been offered credit card increases and it was now impossible to service the debt.

Financial counsellors in the Loddon Campaspe region are seeing older people struggling with credit card debts. One elderly man who sought assistance from a financial counsellor had three credit cards, each with a debt of $3–4000. He finally decided to file for bankruptcy with a debt of about $12,000. Another man in his 80s who had a $12–15,000 credit card debt had been paying off interest only for the previous 5 years, before he realised he could never pay it off and chose bankruptcy.

Carolyn Bond, co-CEO of the Victorian Consumer Action Law Centre, tells of a couple in their 80s who accepted numerous offers to increase their credit card limit. The company did no investigation into their means.[119] As she says, “older people are being offered credit cards they cannot afford and can end up with their families bailing them out”.[120] One financial counsellor said: “Many older clients think they can be jailed for non payment of debt. They are therefore more likely to sign up for unaffordable payment plans due to this fear.”[121] A major reason for older people seeking assistance from financial counsellors in Bendigo is to request bankruptcy assistance due to accumulated debts from pre retirement credit cards where people have no assets.[122]

Banks generally offer credit limit increases on a system of behavioural scoring that takes into account a range of factors in assessing risk. In the case of credit limit increases however this often excludes consideration of current income (because if the consumer hasn't applied for the increase, they have not been asked about their current income).

Some banks are now taking steps to address this, such as considering the status and operation of other accounts held with the same institution, or by attempting to "flag" social security recipients so that they do not inadvertently offer such customers credit limit increases as a result of a steady repayment history.[123] Most, however, argue it would be too expensive to seek updated income information in relation to every offer.

Case study

After her husband died, a woman's son advised her that she should make him a signatory to her credit card in case something happened to her. The woman did this. A number of years later she realised that her son had been taking out small sums of money such as $50 from her account without her consent. The son claimed that she had given permission. This was not the case and she removed him as a signatory to her account.

There is no clear information available as to the extent of credit card problems faced by older people. Again, it is those older people living on low incomes that are most likely to have difficulties. In the Australian Capital Territory a provision of the Fair Trading Act requires banks to check income and capacity before offering increases in credit limits; such a provision could assist to avoid problems such as outlined above.[124] Prior to the introduction of this provision, the onus was on a financial counsellor to prove that some aspect of the individual person's situation meant they should be given relief, rather than an obligation being imposed on the banks. If banks breach this provision, they are liable for damages. Section 70 of the Consumer Credit Code, which deals with unjust transactions, states that the court can reopen unjust transactions; in determining whether the contract was unjust the court can look at:

"70 (l) whether at the time the contract, mortgage or guarantee was entered into or changed, the credit provider knew, or could have ascertained by reasonable inquiry of the debtor at the time, that the debtor could not pay in accordance with its terms or not without substantial hardship."

Karen Cox from the NSW Consumer Credit Legal Centre says that this section should be a stand alone section with a penalty adequate to drive change.The current provisions are helpful in individual negotiations but they do not appear to provide a sufficient disincentive for credit providers to adjust their systems and procedures going forward.[125]

Some banks won't offer credit limit increases. They will wait until a customer requests an increase.[126] Consumer credit advocates have argued that credit card increases should only be available when requested by the customer, and that credit providers need to develop an efficient system, covering all transactions, that verifies capacity to pay. In some cases older people with credit card debts have been encouraged by credit providers to turn this debt into a reverse mortgage.[127]

Older people do use store credit cards such as those offered by David Jones and Myer, and in many cases may have shopped at these places for many years. These shops are encouraging people to make more use of store cards which have high interest rates.

Loans, small loans, payday lending and predatory lending

Older poor people find it difficult to get small loans in a way that is affordable, convenient, fast and understandable and maintains their dignity. Older people may need loans for house and car repairs or unexpected bills. There have been examples in US literature of predatory lenders seeking out houses needing repair and directly approaching owners to take out loans.[128] As Loonin points out: "Elders as a group are ... sitting on a large amount of home equity. The predatory market is a 'push' market in which the lenders shop for the homeowners, whereas in most markets homeowners actively shop for loans."[129]

Many credit providers are not averse to providing finance to older people who are not working; however; at least some of these lenders specialise in higher risk loans and may require security.[130]

"Financially excluded people may not have a bank account and are either unable to obtain money to smooth out consumption patterns (e.g. at times of crisis) or they are unable to use mainstream facilities ... and are forced to purchase money from loan sharks. These credit providers may charge far higher interest rates. So low income people have to pay far more for their finance than those who are better off."[131] As David Tennant says, older people who are not well off can "generally only access credit that is dangerous".[132]

Case study

A pensioner had a car accident and needed $5000 to pay for repairs to her car. She went to a broker and was given an interest-only loan secured against her house for $20,000. After 12 months she had to refinance and by that time owed $27,000.

Three couples in regional Australia, all aged over 60 and retired home owners, separately went to a broker looking for reverse mortgages. They were each given 5-year loans where they also borrowed the interest on the loan. After 5 years the size of the loans has blown out and they may have to sell their houses to pay them off.

Payday lending is a way for poor people to get money to pay bills[133] or cover living expenses. Payday lenders charge high interest rates – annual percentage rates up to 700%,[134] and in some cases take bills of sale over essential household goods.[135] The maximum interest rate for unsecured consumer credit in Victoria is 48% per annum. Pay day lenders often impose a flat fee or charge, since fees are not covered by rate caps.

Average payday borrowers are likely to be in their 20s or early 30s rather than older Australians; however, pensions are accepted as sufficient regular income to obtain a loan so age pensioners are not barred from receiving loans.[136] In the USA the AARP has for several years been concerned about the use of payday loans by older consumers – so much that in 2000 the AARP released a model payday loan law aimed at protecting consumers.[137] Financial counsellors in central Victoria do not report seeing many older clients who have problems with payday lenders, pawnbrokers or short term loans. One reported that clients get loans from cash converters, usually for general appliances such as TVs or, in one case, a pushbike.[138]

Consumer advocates believe that for the purposes of applying any maximum interest rate (currently only relevant in the ACT, Victoria and NSW) the Code interest rate should include all relevant fees and charges[139] and that certain contracts should contain warnings that the loan is extremely expensive.[140] Proponents of these lenders argue that if legitimate credit providers are not in this market it's possible that illegal lenders will fill the gap.[141]

Another problem with loans for older people is that some financial institutions do not take into account a person's age when lending or incorporate a strategy for repayment that takes into account that when most people retire, their income decreases. This is particularly important if the consumer will be reliant on the age pension for a significant portion of their income when they retire. As John Mumford says: "We should be encouraging financial institutions and consumers to reduce debt as they approach retirement as, if they do not do this, it is likely they will experience financial difficulty or hardship. Unfortunately, this is not happening, which has negative impacts on both the consumer and financial institution when the consumer is unable to pay and there is nothing effective the financial institution can do."[142]

There are a number of initiatives where community organisations are working with mainstream providers to provide savings plans, personal loans etc to low income people. For example, in 2004 the Bendigo Bank established a pilot program with the Brotherhood of St Laurence which provides personal loans of up to $2000 to people on low incomes.[143] Approximately 250 loans were approved in a two and a half year period – generally for the purchase of white goods, computers etc. These loans were made to people who generally would not have been granted bank loans. The report on this scheme notes: "There were very few applicants 65 years or over, perhaps reflecting this age group's higher likelihood of having savings and assets, and lower inclination to acquire debt."[144] The ANZ and NAB banks have also established similar loan programs.[145] There are also programs run by community organisations in partnership with companies to offer no-interest loans and some limited microfinance initiatives.[146]

People are not always aware of schemes such as the Pension Loans Scheme from Centrelink, whereby people of age pension age or partners who can't get a full pension because of their assets can get a loan paid fortnightly up to the amount of the pension on the security of their real estate. Interest compounds and the total loan can be repaid from the estate after death. Data is not readily available on recipients of these initiatives so it is difficult to assess what proportion of recipients live in this region.

Mortgages and Reverse Mortgages – Equity Stripping

Many older people have one asset – their house – and little money by way of income. In the past older people would generally have paid off any mortgages by the time they retired. The US experience is, however, that older people are now increasingly likely to hold mortgages later in life.[147] Putnam Investments' survey of US "working retired" – that is, people who have returned to some form of work after retirement – showed that at 65 years and over, 51% still had a mortgage debt with an average 12 years repayment required.[148] Increasing house prices in cities and regional areas and correspondingly increasing mortgages, indicate that it is likely that this trend will become apparent in Australia in the next few years.

In the past few years there has been what has been described as a "frenzy in lending".[149] Loans for 30 year terms are being given to people in their 60s. More and more products coming onto the market have the effect of "equity stripping". These often have complicated and variable terms.[150]

One financial counsellor suggests that where older Australians have a mortgage this may be as a result of health related matters. He describes a case where a 62 year old man contracted cancer and had to go on Centrelink payments. He had planned to work until 65 and pay off the mortgage but was unable to on Centrelink payments.[151]

It is rare for older people to face home repossession but this would present a real problem for older clients. Carolyn Bond says that the Consumer Action Law Centre rarely saves a house in these situations.[152] Usually the best they can do is gain time (for example to allow the borrowers to sell the home) and a better result (for example a reduction in fees) for people. As Hermanson from the American Association Retired Persons Public Policy Institute notes: "For an older person, a foreclosure can mean losing a retirement nest egg as well as a lifetime of memories without the ability to ever recover."[153]

There is a rapidly developing market in new products based on equity in housing. The SEQUAL/Trowbridge Deloitte Reverse Mortgage Market Study (June 2007) found that there are currently more than 31,500 reverse mortgages on issue in Australia. The average loan size is $57,350. The market has grown 43% in the past 12 months. More than 30% of new loans are coming from regional areas and the average age of new borrowers is 73.[154] This is a development that will be affecting many older people in central Victoria in years to come.

There are two main types of loans marketed to older people:

> "Reverse mortgages allow you to borrow money against the value of your home. You usually don't have to repay the loan until you leave and move into care, sell your home, or die. Instead your debt and interest (and any fees and charges you don't pay up front) build up (or compound) over time. When the loan ends you, or your estate, must repay what's owing (usually out of the proceeds of the sale of your home). Home reversion schemes allow you to sell all or part of your home at a discounted price – usually between 35% and 60% of what your home is worth. But you have the right to keep living in your home until you die or decide you want to move. In most cases you will need to be at least 60 years old and own your home outright (or use the equity release money to pay off any existing loans) to be eligible."[155]

In the UK lenders are required to offer fixed rates on these types of loans to provide consumers with greater security,[156] and loans must contain conditions that the lender cannot evict the borrower, and the lender must cover any loss if the loan amount exceeds the property value.[157]

Older people face pressure to get children or grandchildren into the expensive housing market by means of loans against property. Family guarantee mortgages allow borrowers to avoid the deposit requirement by using the equity in a family member's home as collateral. Another trend that is likely to appear is parents wanting to assist children with education costs, given that university degrees in Australia can now cost $100,000 or more.

So far there have not been significant numbers of older clients presenting to financial counsellors with credit problems relating to mortgage products.[158] David Tennant notes that at this stage: "The notion that older people are taking up new credit is not as common as older people living appalling lifestyles because they won't borrow against their house. There are 'rate deferral' options available to pensioners which allow repayment of rates when their property is sold. It is extraordinary how many older people will not take that option up – they want to leave the house to their children intact."[159]

The fear is that these products will present significant issues in the future. They are usually aimed at people over 60 and generally have a maximum loan limit up to 40%.[160] ASIC's 2007 survey of people who had taken out reverse mortgages found that very few of the borrowers had done long-term planning about how their financial needs might change over the next 10 or 15 years. Borrowers thought their needs would not change or said they had thought about their future needs, but most were only looking 2–3 years ahead. Very few had considered their longer-term future needs (such as aged-care accommodation, inheritance for their children or other health needs).[161] In many cases people are trying, on reduced incomes, to maintain the living standards they had before they stopped working.

Markets for reverse mortgages are expected to grow as people find it difficult to make their superannuation payments and pensions sufficient for living expenses.

Brokers

US research indicates that older mortgage borrowers with broker-originated loans reported more broker-initiated contact, more reliance on the broker to find the best loan and a higher response to advertisements that guaranteed loan approvals.[162]

Carolyn Bond says that there is a lack of advice about these financial products and brokers are not giving people full advice. People need to understand what the commissions are on reverse mortgages and understand what is in it for brokers. Financial advisors will tell people to shop around but most people can't tell whether or not a loan will be good for them. People need to be given more information about the nature of the sales pitch so that they can see how brokers and lenders may take advantage.[163] Borrowers need to understand that brokers are not necessarily getting them the best loan and that "revenue for the mortgage broker is not related to the performance of the loan, but to the sale alone and possibly to the level of interest rate on the loan".[164]

David Pitson from the Rural Financial Counselling Service agrees that brokers frequently ask no questions[165] and "brokers will bend over backwards to lend people money without scrutinising the client's capacity to make repayments". He suggests that there is an element of creativity involved on brokers' parts to ensure loans get over the line in terms of lending requirements as the client wants the loan and the broker wants to give it to them.

Consumer organisation Choice conducted a shadow shop where 10 people aged 65 who owned property were sent out to try to obtain $60,000. They found that generally for reverse mortgages there was a poor standard of product information and advice. The majority of brokers and salespeople encouraged borrowers to take the maximum possible loan instead of the requested amount. Most brokers and salespeople didn't give consumers all the information they needed to make an informed decision. Some mortgage brokers were offering very risky "asset loans" to people enquiring about a reverse mortgage, which could put them in danger of losing their home.[166]

A survey undertaken in 2007 by the Council on the Ageing Victoria found: "The majority of retirees surveyed had a 'very poor' understanding of the concept of borrowing against the equity in their home – known as a reverse mortgage – and were potentially vulnerable to the 'hard sell' by brokers and lenders."[167]

National finance broking legislation is being discussed which would regulate the conduct of brokers and attempt to ensure people receive proper information about loans. It contains provisions such as:

- licensing and probity checks for brokers that will screen out applicants with a history of unfair practices;
- mandatory skills and ongoing professional development to ensure that a quality service is provided;
- mandatory membership of an ASIC-approved external dispute resolution scheme for affordable access to redress;
- a requirement that the broker provide specified disclosures about costs and services before negotiating a broking agreement with the client;
- a requirement that brokers make sufficient enquiries about the consumer's financial status to ensure they can afford the product recommended;
- redress for losses when a consumer enters into an inappropriate credit product on the broker's recommendation.[168]

The draft legislation also requires that a finance broker who is arranging a reverse mortgage must give mandatory minimum advice/information such as a range of estimates of the future debt and future value of the house, and a range of estimates as to when the consumer's equity will be less than required to pay for future expenses such as aged care.

> ### *Case study*
>
> An elderly couple came to a legal aid service in central Victoria to seek some advice about the reverse mortgage they were applying for. They needed around $25,000 for a new car and to complete some renovations around their home. They needed the car as a reliable form of transport to attend regular necessary medical appointments in Melbourne. From the mortgage application it was clear that the interest was quite high and could potentially see the couple left with no equity once they passed away or sold the property. They had not looked into any other products and had no idea what other options were available to them.

Measures that should be taken to assist older people should include banks ensuring borrowers receive independent legal and financial advice, developing standard plain English contracts and giving borrowers the option to repay the loan at any time without penalty. It must be recognised, however, that: "Disclosures simply cannot compensate for the sophistication it takes to sift through all the information and assess the possible risk, the professional in the transaction must be responsible for making appropriate loan offers."[169] In the USA, people applying for home equity conversion mortgages insured by the Federal Housing

Administration are required to speak with a counsellor approved by the US Department of Housing and Urban Development.[170] Something like this model could be required for consumers applying for reverse mortgages, by requiring banks to ensure applicants have advice from their lawyer or consumer affairs officers or other appropriate service.

Lawyers and financial counsellors should receive adequate ongoing training on reverse mortgage issues. Issues that people should be advised on include: a discussion of other options, for instance a smaller home or help from children; how the mortgage could affect pension entitlements and tax; and how it may limit future options such as going into an aged care facility or retirement home.[171] Clients should be advised not to enter any contract that does not have a 'no negative equity' guarantee to ensure they cannot end up owing money to the credit provider. Default event clauses must also be carefully scrutinised.

Choice has 5 minimum standards for reverse mortgages:

1) no fixed term;
2) repayments not to be required during loan term;
3) borrower to get independent legal advice;
4) ASIC approved external ADR scheme;
5) unconditional 'no negative equity' guarantee apart from fraud or misrepresentation.[172]

ASIC is working closely with industry, including the Seniors Australian Equity Release Association of Lenders (or SEQUAL) to promote best practice and reduce the risks for consumers. SEQUAL has lists of accredited reverse mortgage consultants who adhere to codes of conduct which include requiring borrowers to get legal advice.[173] Advisors in central Victoria need to be up to date with all developments in this area. One suggestion from consumer credit advocates is that it would be useful to fund a specialist organisation such as the National Information Centre on Retirement Investments (NICRI) – which already runs a phone advice service giving general advice – to give advice about reverse mortgages.

Guarantors

It seems clear that the current law does not adequately protect older people who agree to go guarantor for others. Often older people go guarantor for adult children's businesses where usually they have little information about the viability of the business they are supporting.[174] Older people may suffer from significant vulnerabilities which may mean that they are less able than other guarantors to protect themselves.[175] Older people may be dependent on caregivers, or may suffer psychological or physical conditions which may impair decision making.

This area of the law needs attention and consideration as to whether special protection should be given to older people in these circumstances and whether lending practices should be altered in these situations. Suggestions include requiring the lender to inform itself of the guarantor's social and familial position, restricting the use of family home as security for debts of a third party[176] and insisting on professional independent advice in the absence of the debtor.[177]

Financial counsellors report fewer problems with guarantee issues since consumer campaigns in the 1990s on this issue.[178] They do, however, see cases where elderly parents have gone guarantor for their children and note that children can exert considerable pressure on parents to assist them by going guarantor.[179]

Karen Cox, a solicitor from the NSW Consumer Credit Legal Centre (CCLC), notes that: "The housing affordability problems have brought guarantors back into the picture. Lenders are offering a range of ways in which family can assist younger people purchase a home – but this often involves various forms of guarantee. The key problem with any guarantee is that it shifts the risk from the lender to the guarantor."

In their submission to the Older People and the Law inquiry held by the Australian Parliament's House Standing Committee on Legal and Constitutional Affairs, the CCLC said: "Mortgage brokers and the person receiving the benefit structure the transaction for the older person to receive a benefit even though they did not want the benefit. There are also products where the children and the parents sign agreements indicating a 'benefit' was received. When a benefit is received it is much harder to show that the transaction was unjust."[180]

Karen Cox points out that another variation on the theme is cross-collateralisation – where the parents still have a loan, the whole family become co-borrowers for everything, with both houses as collateral for the lot. "What borrowers/co-borrowers often don't realise in all of these arrangements is that the credit provider will sell first whichever house suits them best. For example, if the kids' house is in negative equity (which is a problem in parts of Western Sydney at the moment), the bank won't waste money selling it first if they can recover more from the parent's house. It is our opinion that the kids' house should be sold first and the parents given the opportunity to meet the shortfall through some other means before their house is sold, but this is neither the practice nor the law."[181]

Case study

A son wanted a loan and his mother agreed to go guarantor. The bank said that they would only give the loan if the mother gave her son a share in her house and they were co-borrowers. The mother is now exposed not only to the specific loan she had been prepared to guarantee, but also to any of her son's other creditors that might seek to recover against his share of the house.

Truth in lending – disclosure

In Australia, notions of "truth in lending" were derived from US legislation in the 1960s which aimed to protect consumers but also to stimulate competition in the consumer credit market by giving consumers a standardised basis for comparison shopping among credit providers and to alert consumers to the full cost of obtaining credit.[182] The idea was that consumers were making informed choices. The Victorian Council on the Ageing's submission to the Victorian Consumer Credit Review stated: "The negative impact of asymmetrical information on consumer power is well documented in economic theory that addresses the efficient operation of markets. Older people are further disadvantaged in the market by negative stereotypes and devaluing of old age and when they are on low incomes."[183]

Studies indicate, however, that disclosure provisions may not be as successful as hoped in achieving these objectives. One suggestion is that many consumers lack the financial skills needed to make proper use of the statutory disclosures.[184]

A study by Avram of 597 people in Victoria with personal loans showed that:

> "...truth in lending is important and the challenge is to provide financial information which is readily accessible and comprehensible. However truth in lending cannot guarantee equity for all in consumer credit markets. Thus effective consumer protection must optimise truth in lending requirements and provide an effective safety net to protect those consumers who were unwittingly enticed into unjust loan agreements."[185]

Given that older people are a group at risk of low financial literacy, it is important that attention is given to disclosure in products aimed at older people and that there are mechanisms for reviewing unfair contracts.

Telecommunications and Utilities

Telecommunications

There is little information available on whether many older people have significant financial problems arising out of telecommunications issues. Most work has focused on younger people, and particularly on mobile phones. Access to telecommunications services such as phones and the internet are very important for older people in regional areas. They may be socially or geographically isolated and less able to physically get assistance. Also E-commerce could possibly be of real benefit to people with disabilities and to older people able to access online shopping and banking.[186]

A survey of bankruptcy files which looked at telecommunications debts found that none of these related to people over 61.[187] However, the Communications Law Centre found that: "The number of consumers with judgment-related disability who have experienced unfairness in telecommunications contracts is relatively small ... while the consumers may be few, the impact on them and their families can be severe."[188] It is not clear what proportion, if any, of these are older people.

Case study

One financial counsellor had a client who was an elderly man on a pension. He believed he was guarantor on a mobile phone contract for a friend. He did not understand what this meant and he was actually the account holder. The contract was written in a very small font and was not explained to him. When the person defaulted and he had to pay he could not afford it.

Financial counselling services report that they are seeing an increase in clients generally with telecommunications related problems, and that these are making up a higher percentage of their overall client base. Also the actual amounts people owe to telecommunications companies have increased due to the take up of mobile phones and less flexibility on the part of providers in negotiating payment arrangements.[189] Financial counsellors point out that mobile phone bills are causing problems, and in some cases older people who have been used to fixed landline phones do not realise the level of costs incurred by lengthy phone calls when they are on trips and keeping in contact with family members. One counsellor reported a case where an older person incurred huge costs for calls when their grandchildren were using their phone to call competitions etc.

Another counsellor reported a client who had a very high phone bill as the only way to contact his son is by mobile phone.

Some assistance is available to older people with these debts: $25 Telstra vouchers are available at Salvation Army depots.[190]

Utilities – electricity and gas

Provision of basic services to consumers such as electricity and gas is done by a billing system whereby the consumer is charged after use. All recipients of these services are accruing debt. These essential services are central to a basic standard of living for people in the community.

A report prepared by the Social Policy Research Centre to explore disadvantage and poverty in the community and to identify utility service customer groups at risk of financial hardship found that, on the balance of the evidence, older people are less likely to be disadvantaged than younger adults.[191] A study of low income consumers by Lawrence found a lower rate of problems with electricity bills among older people. "Older respondents in this latter survey (i.e. aged 61+) indicated more often that they 'never' had problems in paying their electricity bills (93.1% compared with an average of 79.9% overall). However focus group data … suggests that this may not indicate that older consumers have less difficulty with paying their utility bills. It is perhaps because older people prefer 'cutting back on expenditure' in order to pay these bills."[192]

The Low Income Electricity Customers Project run by the South Australian Council of Social Service found that aged pensioners were sacrificing vital food intake in order to pay electricity bills, and that evidence suggests that older people are more reluctant than others to negotiate with an energy retailer when they have difficulties with their bills.[193] Evidence from the USA suggests that "older Americans devote a higher percentage of total spending to residential energy costs than do younger consumers … and that at least 10% of elders said they have limited or gone without food, medical services or prescription drugs in order to pay higher energy bills".[194]

It seems that although the majority of older people are not adversely affected by debts in respect of utilities, there is a small but significant part of the older population who may find it difficult to pay for these services and who may be minimising their use of these essential services or running into credit problems as a result of their position. People generally contact financial counsellors for help when the service has been disconnected rather than before the crisis. One counsellor pointed out, however, that utility companies in Victoria now have good hardship policies which can be used to develop creative solutions to people's problems. The issue is how older people and financial counsellors can access and use this information.[195]

A problem identified in the shire of Macedon Ranges in central Victoria is the high cost of bottled gas. This bottled gas is used instead of electricity for heating, and a number of privately rented houses in the Riddells Creek and Malmsbury area require its use, which can cost about $70–$90 every few weeks.[196] Reviews of landlords' obligations as to provision of basic utilities services should take this into account.

Financial counsellors also report that with current competition between energy companies, many people – and particularly older people – are not even sure which company they have contracted with for the supply of these services and what the terms of the contract are.

Michael Raper, president of the National Welfare Rights Network, has spoken about the potential effects of climate change on the costs of utilities, especially for people on low incomes or fixed incomes; older people are likely to be adversely affected by this unless appropriate measures are taken.[197]

Counselling

Farmers and rural counselling

Farmers in central Victoria, like others in drought affected Australia of course, are facing serious financial problems. Many farmers are over 50 and in significant debt in trying to produce crops or maintain livestock.[198] Deregulation of the water market has caused significant increases in water prices. Many farmers are having to borrow money year after year and as a result of the drought are getting no return. Drought conditions compound initiatives aimed at increasing efficiencies in the farm sector and can be the single biggest pressure for farmers to adjust out of farming.[199] Drought counsellors note it is difficult to persuade farmers to accept help or to admit the extent of financial problems. Travis Edwards, Centacare drought counsellor, says he often finds that when offered any help farmers will refuse saying "there's someone worse off than me".[200]

The rural financial counselling services in Victoria are divided into six regional services. A rural financial counselling service funded through Commonwealth grants has an office in Bendigo supported by the City of Greater Bendigo Council. There are also officers in Kerang.[201] The service is funded to provide services to primary producers and small business owners. Within the sector there has been a significant increase in funding due to drought/climate change but problems arise as there is no certainty and stability in the funding and administrative issues can cause problems when grants have been made at the last moment.[202]

Farmers are the counselling service's main clients, though related tradespeople such as shearers and fence makers also use the service. Clients don't come to the office but generally phone in and ask for advice about a debt and counsellors go out and see them. The average age of clients is in their late 50s as they are the principal farmers and often inherit the farm at that age from their parents. The drought is the main reason for problems, but there are other causes. Rural counsellor Ted Gretgrix points out that where farm equity level is lower then 70%, the farmer will have trouble keeping up with payments on debt on the land. With "peri-urban" land (land adjacent to the edge of an urban area), while prices were going up banks were more than happy to lend due to higher prices, and some farmers took on high debt loads. It is now difficult to get further credit in some cases. Counsellor David Pitson notes that as the asset values have gone up with rising land prices, farmers become used to borrowing on the value of their land and more clients start to dip into credit cards. In difficult periods such as with the drought, or divorces and separations where one partner often needs to borrow to pay the other party out, these debts then become hard to service. Clients will often use one debt facility to pay another (e.g. one credit card maxed out to pay the other.)

Despite myriad government funding schemes some clients are unaware of government assistance available to them. The role of the financial counsellors is to make sure people understand what is available and properly understand and think through their options.

Financial counselling

The NSW Law and Justice Foundation points out that getting access to information to make financial decisions can pose significant difficulties for older people. In a Victorian study 20% of interviewees said they had experienced a problem with financial decision making.[203]

In Victoria, financial counselling services "are provided from a wide range of agencies including community health centres, community based welfare agencies, church agencies, community legal services, local government, and stand alone financial counselling services. Service provision is spread across the state including the inner and outer suburbs of Melbourne, regional cities and in rural areas of Victoria. Many agencies provide outreach to enhance the geographical reach of their services".[204] Older people make up a small proportion of clients seeking help from consumer advocates and financial counsellors. Financial counsellors interviewed report older people as being between 1% and 11% of all people seeking assistance from them. There are no doubt several reasons for this.

Consumer advocates in rural and regional areas have noticed that often older people are not aware of their consumer rights and also have a feeling of responsibility for their debts. As one financial counsellor put it: "Older people often have the mentality that 'it is my debt and I have to pay it' and may not realise they are in that position because they were ripped off in the first place. Younger people are more likely to consider which option is best for them and perhaps choose bankruptcy as the easy way out, where older people are more likely to insist on paying as it is their debt. Older people seeing financial counsellors are often without family or friends to help them or are estranged from their family."[205]

Older people are said to be "generally more conservative, they know how to budget and are unlikely to overuse credit".[206] As Glenda Holmes, financial counsellor in the Macedon Ranges area for St Luke's Anglicare, says: "People over 60 tend not to seek help and work financial issues out by themselves ... they tend to have better money management skills and try to live off the cash they have."[207] These characteristics make them less vulnerable; however, when they are in trouble they can often be fearful and worried about being stigmatised by the community. They would prefer that no one know they are in need of help.[208] This problem of confidentiality is obviously exacerbated in small rural and regional areas, and financial counsellors have to be able to market their services as confidential and overcome the resistance that many people may have.

One financial counsellor said that older people generally approach her asking for assistance with obtaining food, and that men in particular really struggle with budgeting and managing finances, especially if they have lost a partner through death or divorce.[209] As the NSW Law and Justice Foundation points out: "For many people ageing involves losing their spouse – often people have to make major adjustments. Men and women may have to cope with learning budgeting skills they have never had to deal with before."[210]

In the Bendigo region, financial counsellor Warren Rowbottom reports that one of the main reasons older people come into the service is for assistance to access capital grants from the Department of Human Services. These grants are for living requirements such as hot water services and white goods valued at around $1000; older clients are health care or pension card holders in receipt of Centrelink payments.[211]

It is vital that older people have access to advice in their local area about financial matters, preferably before serious troubles arise. There are approximately 100 full-time, part-time and volunteer (student) financial counsellors in Victoria,[212] but there is always need for more and for promotion of the services. As older people are more likely to resist seeking help, services must be actively marketed to them.[213]

Older people in rural and regional areas in Australia may in theory have access to financial counsellors; however, there are often difficulties in obtaining the help needed. Financial counsellors in Kyneton and Bendigo reported problems for older people using their services as a result of the significant lack of public transport. Services are hard to get to in rural areas and as the price of petrol rises, people may not be able to afford to drive into a town to get help. Public transport is frequently not available so, although emergency relief may be offered by a service, people may not be able to get this help simply because they cannot get to the service.[214] This problem with public transport is evident in regional areas across the state.[215]

Clients with disabilities are forced to catch taxis, and there is virtually no public transport on weekends.[216] The only financial counsellor in the Macedon Ranges area works three days a week. Appointments are always booked out 2–3 weeks in advance.[217]

A number of financial counsellors pointed out the "gap in the market" for financial planning/counselling assistance, in that there are services for people with no money and those who are well off can afford to pay for financial planners. Most people fall within these two extremes and cannot afford the services of private financial advisors but are often still in need of assistance.[218]

Seniors' centres and government agencies generally do not provide assistance in this area. Many people need assistance with financial budgeting, which is very time consuming work. This service is needed by many people who are not eligible for financial counselling services and there is really nowhere for people to obtain this help.

One development of concern is credit counselling services charging fees. This may reflect a move to the US experience, where "credit counselling agency fees are often excessive depriving consumers of funds they could otherwise use to pay off debts", and agencies charge for pushing consumers into debt management plans they cannot afford.[219] The Consumer Federation of America notes that: "In an industry that rarely charged for counseling and other services a decade ago, most agencies now charge fees to set up a Debt Management Program (a debt consolidation plan known as a 'DMP') and to maintain it on a monthly basis. Some agencies charge as much as a full month's consolidated payment – usually hundreds of dollars – simply to establish an account."[220]

Agencies which charge consumers to provide debt advice (such as under the amendment to the Bankruptcy Act 1966 to introduce Part IX Debt Agreements) are a growing part of the Victorian landscape and there are a number of companies that are offering such a service.[221] Credit Counsellors Australasia on their website debtescape.com.au, for instance, proffer solutions for people facing bankruptcy.

An AFFCRA report states: "Victorian consumers looking to resolve financial problems are more likely to see or hear the advertising of fee charging services than to hear about Government funded free, independent services. An on-going concern of financial counsellors is that much of the emotive advertising of such services actually targets highly stressed, vulnerable consumers."[222]

There are associations between debt and various aspects of ill health,[223] and integrating health and other legal and financial advice services may be very useful. Evidence is now emerging that the provision of advice services in healthcare settings can not only provide solutions to patients' problems but can also improve patients' health.[224] Particularly for older people, who may be more frequent visitors to healthcare services, "provision of outreach rights advice services in general practice settings, particularly in fields such as welfare law, represents a constructive measure that can be expected to promote both justice and health outcomes".[225]

Conclusion

Older people in central Victoria are more likely to face significant consumer credit and financial issues than in the past. It is important that their position is considered in developing policy and law reform on credit issues.

There has been a lack of specialised services for older people, particularly in regional and remote areas.[226] It is encouraging to see more specialist legal services for older people being established to provide a focus for older people to obtain assistance: for instance, the Seniors Advocacy, Information and Legal Service (Caxton Legal Centre, Queensland); Older Persons Legal Program at the Loddon Campaspe Community Legal Centre, Victoria, established in 2006; and Seniors Rights Victoria, to be launched in April 2008.

In the many areas where older people may face problems with financial matters there is a glaring need for further research to be undertaken. Such research would point the way forward to innovative policy proposals to assist those older people in the community who have financial and consumer credit problems. There needs to be consideration of how credit providers and brokers can be regulated and encouraged to change practices to ensure disadvantaged older people are not at risk. It is incumbent on us to develop a socially inclusive society that does not leave significant numbers of older people at risk.

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112. "Credit card troubles creep up on retirees", *Sunday Age* (Melbourne), 31 December 2006, 7.

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119. Interview with Carolyn Bond, Chief Executive Officer, Consumer Law Action Centre, 18 July 2007.

120. Interview with Carolyn Bond, above n 119.

121. Interview with John Mumford, above n 22.

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123. Interview with Karen Cox, Principal Solicitor, Consumer Credit Legal Centre (NSW), 19 November 2007.

124. Section 28A *Fair Trading Act 1992* (ACT) which states:
28A Credit card contracts and increases in credit card limits

(1) A credit provider must not enter into a continuing credit contract for a credit card with a debtor unless the credit provider has carried out a satisfactory assessment process.

(2) A credit provider must not increase the amount of credit available under a continuing credit contract for a credit card unless—

(a) the debtor has requested the increase in writing, or the credit provider has offered the debtor the increase and the debtor has accepted the offer in writing; and

(b) the credit provider has carried out a satisfactory assessment process.

(3) For this section, a satisfactory assessment process, in relation to a debtor, is an assessment of the debtor's financial situation sufficient to satisfy a diligent and prudent credit provider that the debtor has a reasonable ability to repay the amount of credit provided or to be provided.

(4) Without limiting subsection (3), an assessment process is a satisfactory assessment process only if the credit provider—

(a) asks the debtor for a statement of the debtor's financial situation, including—

(i) income; and

(ii) all credit accounts and applicable limits and balances; and

(iii) repayment commitments; and

(b) takes the statement into account in making the assessment.

125. Interview with Karen Cox, above n 123.

126. Interview with Dion Gooderham, above n 102 Also he points out that some financial services regulations (UCCC and trade Practices Act) restrict credit providers of some products (eg credit cards and regulated credit facilities) from making unsolicited offers of credit or increases to credit limits.

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141. Hare, above n 104, 113.

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153. Hermanson, above n 150, 2.

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170. Loonin, above n 2, 33.

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Each Member of SEQUAL agrees its equity release product(s) will adhere to, and be measured against, the following Code of Conduct in dealing with Senior Australians their families and advisers. As a minimum, Members of SEQUAL shall:

1. Treat all Borrowers with respect and dignity

2. Participate in an ASIC approved External Dispute Resolution Scheme

3. Ensure that all products carry a clear and transparent ‘no negative equity’ or ‘non-recourse’ guarantee. That is, the Borrower(s) will never owe more than the net realisable value of their property, provided the terms and conditions of the loan have been met.

4. Strongly encourage Borrower(s) to discuss the transaction with family members and to seek independent financial advice from a qualified financial adviser.

5. Strongly encourage Borrower(s) to discuss the transaction with Centrelink to ensure they fully understand the impact, if any, on their Centrelink entitlements.

6. Ensure that the Borrower(s) obtains independent legal advice performed by the solicitor of their choice. Prior to the completion of the transaction, the Borrower(s) or their solicitor will be provided with full details of the benefits the Borrower(s) will receive, and the obligations they are entering into.

7. Clearly and accurately identify all costs to the Borrower(s) that are associated with the transaction.

8. Not assert or imply to a Borrower(s) that the Borrower(s) is obligated to purchase any other product or service offered by the Member or any other company in order to enter into an equity release product.

9. Provide in writing, a fair and complete package of equity release documents, covering the benefits and obligations of the product. This will include making available to the Borrower(s) and their advisers a tool illustrating the potential effect of future house values, interest rates and the capitalisation of interest on the loan.

10. Ensure that all loans are written under the Uniform Consumer Credit Code (UCCC), irrespective of the use of proceeds from the loan.

All Members will comply with the Privacy Act, Trade Practices Act any other relevant Code or Regulation at law.

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List of Interviewees

Kaylene Birch, rural financial counsellor, St Luke's Anglicare, Swan Hill

Carolyn Bond, co chief executive officer, Consumer Law Action Centre, Melbourne

Pat Cavanagh, Community Banking/Bendigo Bank

Karen Cox, principal solicitor, Consumer Credit Legal Centre (NSW)

Joe Edmonds, solicitor, Loddon Campaspe Community Legal Centre

Travis Edwards, drought relief counsellor, Centacare, Bendigo

Sean Goggin, manager, Eaglehawk branch, Bendigo Bank

Dion Gooderham, head of legal services, Bendigo Bank

Ted Gretgrix, executive officer, Rural Financial Counselling Service Victoria

Glenda Holmes, financial counsellor, St Luke's Anglicare, Kyneton

Warren Rowbottom, St Luke's Anglicare, Bendigo

Christian Mikula, senior lawyer, Australian Securities & Investments Commission

John Mumford, financial counsellor, Bass Coast Regional Heath

David Pitson, Rural Financial Counselling Service

David Tennant, director, Care Inc Financial Counselling Service

Sergeant Douglas Turner, Bendigo Police

Jackie Wagland, Salvation Army, City of Greater Bendigo

Angela Williams, conciliation & education officer, Bendigo Regional Office, Consumer Affairs, Victoria

Sally Smith, solicitor, Loddon Campaspe Community Legal Centre

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