

INFORMATION SHEET

Producing a TVC promoting Consumer Credit

The following points need to be considered when producing a television advertisement promoting a consumer credit product (eg a home loan, car loan, credit card) or which includes an offer of consumer credit in connection with another product (eg a retail ad which includes reference to consumer credit):

The *Uniform Consumer Credit Code* regulates credit offered to consumers and requires any commercial on behalf of a credit provider, which states or implies that credit is available to comply with the Credit Code.

Credit providers include banks, finance companies, credit unions, building societies, retailers providing credit and any other person or company providing credit in the course of any business.

Although the advertising provisions of the Credit Code do not require a commercial to refer to an annual percentage rate, if a commercial states the amount of a repayment, it must also state the applicable annual percentage rate(s). Further, if a commercial contains an annual percentage rate **and** if credit fees and charges are payable, it will need to contain a statement:

- disclosing that fees or charges are payable; or
- specifying the amount of the fees and charges payable; or
- specifying the amount of some of the fees and charges payable and that other fees and charges are payable.

If the commercial is for fixed term consumer credit, and if an annual percentage rate is disclosed, the commercial will also need to disclose the “comparison rate” and the legislatively prescribed warning.

Some comparison rate rules:

- comparison rates must be calculated based on the amount and term in a legislated standard list that is most typical of the credit product being advertised. The list can be found at www.creditcode.gov.au Comparison rates must be disclosed as a percentage per annum (p.a.);
- credit advertisements containing a comparison rate must:
 - clearly state the amount and term on which a comparison rate is based, the name of the credit product being advertised, the annual percentage rate as well as a statement as to where the comparison rate schedule is available;
 - be accompanied by a prescribed warning about the accuracy of the comparison rate (refer below); and
 - the comparison rate must be no less prominent than any annual percentage rate or amount of repayment.

NOTE: The prescribed warning needs to state as follows:

"WARNING: This comparison rate is true only for the examples given and may not include all fees and charges. Different terms, fees or other loan amounts might result in a different comparison rate."

CAD may require a letter of substantiation for commercials which include the advertising of credit. If requested, the letter should take the form of the draft below:

CONSUMER CREDIT SUBSTANTIATION

(Insert Advertiser's name and address) hereby indemnifies CAD and any person to whom it provides advice ("the Indemnified") against all liability claims or proceedings whatsoever arising from publication of television commercial(s) key numbered *(insert key number/s)* and warrants and represents to the Indemnified that the information contained in the abovementioned commercial(s) is correct and in the opinion of the Advertiser and their legal advisers, publication of the commercial(s) does not contravene the provisions of the Consumer Credit Code.

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Signed by (responsible officer to sign) Title/Position in Company Date

For further information please contact CAD on 02 8968 7200 or email us at cad@freetv.com.au