

From: [Christine Liggins](#)
To: [Consumer Policy](#)
Subject: RE: Buy-Now, Pay-Later regulated proportionally under the CCCFA [IN-CONFIDENCE: RELEASE-EXTERNAL]
Date: Friday, 10 March 2023 2:09:37 pm
Attachments: [image002.jpg](#)
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Hi There

I am the CEO and Co-founder of Debtfix Debt Relief Foundation. We are a debt solutions charity working with anyone who has New Zealand debt.

We work closely with all the budget services including Salvation Army and Christians Against Poverty. We would like to make the following comments regarding the changes to the CCCFA and BNPL regulations.

One of the main issues we see at Debtfix is that clients are able to access multiple BNPL companies at any one time and therefore their debt and payments quickly become unmanageable.

We would like to see a limit on these accounts to one at a time – like we have previously done with the High Cost Loans – we feel that this will help reduce some of the issues we see in the debt space.

Similar to the current CCCFA regulations we would like to see BNPL customers actively referred to a Financial Mentor / MoneyTalks / Debtfix when they have missed two payments.

This meaning it is not sufficient just to have these links on their website. Currently other lenders when addressing missed payments do include this active referral in their correspondence.

Regarding affordability checks – we are not sure how the \$600 level came about.

However we understand the BFC sector is pushing for the limit to be removed and affordability checks to be done on all BNPL regardless of the limit.

Maybe a reduced requirement for BNPL as sometimes the amount is less than \$600 but with clear instructions to the BNPL and the sector as to what this means.

Any higher amount would need to have a full robust check done.

We suspect that having this affordability assessment as a requirement will push the allowed limit for customers up to \$3000 (for example) immediately rather than working up to it.

We would like to see restrictions on advertising through the app and emails. This was very prominent with High cost lenders and is very easy to be placed on apps and via email through the BNPL set up.

This as always encourages and entices further spending which might not be affordable.

We don't think that a restriction could be made as to where you can spend your BNPL for example restrictions in place so that you cannot buy food or alcohol, as it would only then seem fair to place those same restrictions on credit card accounts.

It would be nice if the BNPL company could be alerted to these sales and then actively refer to a Financial Mentor / MoneyTalks / Debtfix

Like the restrictions with credit cards, limits should not automatically be increased. The client needs to 'approve' this increase rather than just getting it for good behaviour.

Late payment fees are a cause for concern but should already be covered under the CCCFA for relevant and appropriate fees.

There is talk of mandating credit reporting for all BNPL companies. This would seem unfair when it isn't mandated for all lending companies.

We would like to see it mandated for all lending companies.

However that in itself is open to question. There are three credit reporting agencies – all making money by people lodging these details. Companies then have to favour one of these or incur further costs and report in all three places.

This is also confusing for the consumer – where do I go to get the better credit report?

Maybe a solution is to have one credit reporting agency that everyone reports to. It would also be very useful – and help with lending – if the loans taken out are registered and updated each month. This will show that consumer and any future potential creditors what the person actually owes rather than relying

on what they are told or what they can see in the bank statement that has been declared. They have this system in the UK and it makes life much easier all round. Our final point is to ensure that community finance and charities are excluded from the CCCFA otherwise the compliance costs will price them out of the market and the likes of Nga Tangata Microfinance Trust and Good Shepherd are definitely needed in New Zealand. I would be happy to talk to you in further details regarding any of the points I have made or anything else you would like me to comment on.

Ngā mihi – Kind regards

Christine Liggins

CEO and Cofounder



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@debtfixnz

Solutions, advice & support for people struggling with debt

CC59109 | FSP1003485 | Our charity provides free services to those in need. Our vision is that all New Zealanders will be financially resilient and free from problem debt. Please consider [donating](#) so we can continue the vital work that needs to be done.

Christine Liggins is a RITANZ Insolvency Practitioner licensed by CAANZ.

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From: Consumer Policy <consumer@mbie.govt.nz>

Sent: Friday, 17 February 2023 3:02 pm

Subject: RE: Buy-Now, Pay-Later regulated proportionally under the CCCFA [IN-CONFIDENCE: RELEASE-EXTERNAL]

Tēnā koutou,

I hope you are doing well despite the difficult weather events that have occurred across New Zealand over the past couple of weeks.

Given the unprecedented circumstances, we have decided to extend the deadline for submissions on the BNPL regulations until Friday, 10 March 2023.

If you have any questions, please do not hesitate to get in contact.

BNPL Team

Heidi, Conor & Jason

From: Consumer Policy

Sent: Wednesday, 11 January 2023 2:17 pm

Subject: Buy-Now, Pay-Later regulated proportionally under the CCCFA

Tēnā koutou,

Apologies if you have previously received this message. However, we understand that a technical error may have prevented this email being delivered to some recipients on December 19 2022

On 19 December 2022 the Ministry of Business, Innovation and Employment (MBIE) opened consultation on an exposure draft of the Credit Contracts and Consumer Finance (Buy Now Pay Later) Amendment Regulations 2022 (**the Draft Regulations**).

These regulations, when finalised, will apply the Credit Contracts and Consumer Finance Act 2003 (**CCCFA**) to buy now pay later (**BNPL**) credit. Most CCCFA obligations will apply to BNPL. However, only BNPL providing credit over a certain dollar threshold will be required to perform an affordability assessment under the CCCFA. BNPL credit under this threshold will require comprehensive credit reporting.

We are seeking feedback on:

- the impact of setting the threshold for BNPL lenders to assess affordability at \$600
- two options for these affordability assessments above this threshold:
 - in accordance with the Credit Contracts and Consumer Finance Regulations 2004
 - in accordance with the CCCFA's principles-based requirement, but not the process prescribed in those regulations
- any other issues relating to the drafting of the Draft Regulations.

Your feedback will be used to ensure the Draft Regulations achieve the policy intent and do not result in any unintended consequences.

Consultation is open for ten weeks closing at 5pm on **Friday 24 February 2023**. You can access the exposure draft, consultation paper and information on how to provide feedback on MBIE's website here: <https://www.mbie.govt.nz/have-your-say/exposure-draft-of-credit-contracts-and-consumer-finance-buy-now-pay-later-amendment-regulations-2022>

Background

On 31 October 2022, the Government agreed to apply the CCCFA to BNPL, so consumers using this form of credit will receive many of the same protections as borrowers in other consumer credit contracts – like credit cards and personal loans. However, obligations are intended to be applied proportionately, having regard to the nature of BNPL and the lack of interest and credit fees. This will allow the benefits of BNPL to be retained.

Thank you,

Consumer Policy Team

Ministry of Business, Innovation and Employment

Consumer Policy team | Building, Resources and Markets

Building Resources and Markets Group

Ministry of Business, Innovation & Employment

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