



AUSTRALIAN BANKERS'
ASSOCIATION INC.

Code of Banking Practice - FAQs

The Code of Banking Practice ('the Code') is the banking industry's customer charter on good banking practice. The revised Code of Banking Practice ('2013 Code') will come into effect when your bank adopts it. These 'Frequently Asked Questions' (FAQs) will help explain what the Code will mean to you – your rights and responsibilities.

Please note - reading these FAQs is no substitute for reading the Code. These FAQs cover some but not all provisions of the Code and provides a simple explanation of those provisions. These FAQs aim to help customers understand key aspects of the Code, but should not be relied upon as advice or a complete explanation of the relevant provisions of the Code. If you seek to rely on the Code, you should refer to the Code itself and consider obtaining the services of an independent adviser.

Frequently Asked Questions

1. General information about the Code

What is the Code?

The Code establishes the banking industry's key commitments and obligations to individual and small business customers on standards of practice, disclosure and principles of conduct for their banking services. When your bank adopts the Code, it will become a binding agreement between you and your bank.

The ABA has created the concept of there being one Code with individual versions (for example, the 2003 Code, modified 2004 Code and the 2013 Code). Consequently, there are some quite complex transitional provisions in the Code to cover both existing Code subscribers and any new Code subscribers.

Is the Code law?

The Code is not legislation; however, banks that adopt the Code are considered to be contractually bound by their obligations under the Code. The principles and obligations set out in the Code apply to the majority of banking services delivered to individuals and small businesses across Australia. The Code forms an important part of the broader national consumer protection framework and the financial services regulatory system. There is also legislation that may mean that a bank has to comply with the legislation instead of or, in some instances, both the legislation and the Code.

What rights does the Code give me?

The Code gives individual and small business customers important rights and confirms existing rights about matters such as:

- disclosure of fees and charges and other terms and conditions;

- changes to terms and conditions and fees and charges;
- disclosure of general information about banking services;
- privacy and confidentiality;
- statements of account;
- copies of documents;
- direct debits;
- chargebacks on credit and debit cards;
- debt collection;
- complaints handling;
- important disclosure and other rights for guarantors;
- experiencing financial difficulty with your credit facility; and
- special consideration for older persons, people with disabilities and customers in remote Indigenous communities.

How does this Code protect my privacy?

The Code requires your bank to comply with all privacy laws, as well as its general duty to you to keep your banking relationship confidential.

What key commitments does my bank give me?

On adopting the 2013 Code, your bank will:

- through the Australian Bankers' Association (ABA), consult with small business and consumer organisations to continuously work towards improving its standards of practice and service; promote better informed decisions about its banking services, for example, helping you with advice about its banking services;
- provide general information about rights and obligations under the banker/customer relationship;
- provide information in plain language;
- act fairly and reasonably towards you in a consistent and ethical manner – your conduct, the bank's conduct and the banking services contract will be taken into account; and
- have regard to banks' prudential obligations in meeting the key commitments.

Who is covered by the Code?

The 2013 Code covers an individual or small business that is an actual or prospective customer involved in retail banking transactions.

Any small business that has less than 20 (full time or equivalent) people is covered, as well as a goods manufacturing business that has less than 100 (full time or equivalent) people (a business which does not meet either requirement is referred to in these FAQs as a "large business"). However, a banking service provided for use in connection with a large business is taken not to be provided to a "small business" as defined.

If you are a "wholesale client" within the meaning of Chapter 7 of the Corporations Act 2001, the Code will not apply to you in respect of those banking services (financial products and services) that are covered under Chapter 7 of that Act.

The 2013 Code recognises older persons, customers with a disability and customers in remote Indigenous communities. For customers that may be elderly or have a disability, banks will take reasonable measures to enhance access to banking products and services. For customers in remote Indigenous communities, banks will make relevant information available in an accessible manner, assist customers with meeting banks' identification requirements as required by law, appropriately train staff to

be culturally aware and at a customer's request provide details of accounts which attract no or low standard fees and charges.

When will this Code take effect?

The commencement date for the 2013 Code is 1 February 2014 (12 months from the day after the ABA publishes this version of the Code on its website: www.bankers.asn.au). The 2013 Code will take effect and apply to your bank when your bank adopts the 2013 Code. Existing code subscribers must adopt the 2013 Code by 1 February 2014.

How do I know if my bank has adopted the Code?

The ABA maintains and publishes a list of the banks that have adopted versions of the Code. Of course, you can always ask your bank if they are a Code subscribing bank.

Where can I get a copy of the Code?

You can obtain a copy by contacting your bank or by downloading a copy of the Code from the website: www.bankers.asn.au. However bear in mind, that you may not be able to get a copy of the 2013 Code from your bank until it announces it has adopted the revised Code. For existing Code Subscribers, this will be by 1 February 2014.

Will this Code be reviewed and updated?

Yes, the 2013 Code requires the ABA to commission an independent and transparent review of the Code every 5 years after the commencement date of the 2013 Code, or sooner if appropriate. As in the past, the ABA will announce when the review is to take place.

How has the Code been developed?

The Code was first developed by the ABA in 1993. It has been reviewed twice since then, first commencing in 2000 (completed in 2003) and again commencing in 2007 (completed in 2012). Both reviews have been conducted in a consultative framework through the agency of an independent Code reviewer.

The ABA is the national organisation of licensed banks in Australia. The ABA's aim is to ensure Australian banking customers continue to benefit from a healthy, stable and competitive banking industry. Currently the ABA has 25 member banks. Importantly, any bank is free to adopt the Code, not just ABA member banks.

How can I enforce my rights under the Code?

You must first wait until your bank announces that it has adopted the 2013 Code. The ABA will publish on its website a list of banks that subscribe to the Code. Then, if you think your bank has breached the Code, there are a number of steps you can take.

A good first step is to raise the issue with your bank. Your bank has an internal complaint handling service to assist you. If your complaint is not immediately resolved and the internal complaint handling service cannot resolve it, the Financial Ombudsman Service (FOS) may be able to help. In this case, the FOS can be contacted on:

- Telephone: 1300 78 08 08 (toll free) or (03) 9613 7366
- Website: www.fos.org.au

The Code Compliance Monitoring Committee (CCMC) can also investigate possible breaches of the Code (see below: How can I make a complaint to the CCMC?). Anyone can refer a possible breach of the Code to this committee which is an independent compliance monitoring body established under

Clause 36 of the 2013 Code. However, the CCMC cannot determine claims for financial loss. Such claims should be referred to FOS.

2. General information about the Code Compliance Monitoring Committee (CCMC)

What is the CCMC?

The CCMC is an independent compliance monitoring body established under the Code (see clause 36 of the 2013 Code).

The CCMC has three main roles as set out in the 2013 Code and the CCMC Mandate:

- 1) to monitor Code subscribing banks compliance with the Code;
- 2) to investigate any allegation from any person, including the FOS, that a Code subscribing bank has breached the Code i.e. that a Code subscribing bank has not met their obligations under the Code; and
- 3) to monitor any other aspects of the Code that are referred to the CCMC by the ABA.

What is the CCMC mandate?

The CCMC Mandate is a public document that sets out the role, functions and powers of the CCMC for monitoring subscribing banks' compliance with the Code, including undertaking investigations into allegations of a breach of the Code and own motion inquiries. The Mandate replaces the "Constitution of the Code Compliance Monitoring Committee Association".

Clause 36 of the 2013 Code and the CCMC Mandate is in force from 1 February 2013.

Although the Code and the Mandate are separate instruments they are contained in a single document to make it easier to read both. The information contained in the Mandate will assist consumers to better understand the role of the CCMC.

The Mandate covers:

- operating procedures;
- membership of the Committee;
- structure;
- compliance monitoring process;
- compliance investigation process;
- making determinations; and
- sanctioning code subscribers.

How can I make a complaint to the CCMC about a breach of the Code?

You can make a complaint to the CCMC by visiting the CCMC website (<http://www.ccmc.org.au/>) and filling in an online complaint form.

Or you can contact the CCMC by:

- E-mail: info@codecompliance.org.au
- Telephone: 1300 780 808 (this is a telephone service provided by the FOS)
- Fax: 03 9613 7481
- Postal address: PO Box 14240, Melbourne VIC 8001

How does a CCMC Compliance Investigation work?

Usually, a compliance investigation starts when a consumer writes to the CCMC or uses the CCMC's online form to allege a Code subscribing bank has breached the Code. The CCMC Mandate provides the process that must be followed when a breach is alleged.

If the matter is to be investigated it may be referred to the bank for the bank's response to the alleged breach. The final decision on a breach of the Code is made by the CCMC. The CCMC will decide to either make a written Determination (which will be provided to the person alleging a breach and to the Code subscribing bank) or to not make a Determination.

An allegation of a breach may not proceed to a Determination where the CCMC considers that there is no basis to determine a breach of the Code has occurred or the Code subscribing bank has acknowledged that it has, or may have, breached the Code and the bank has taken, or proposes to take, appropriate action to remedy any breach, potential breach or to prevent a reoccurrence of a breach.

If the CCMC establishes that a bank has breached its obligations under the Code, it may ask the bank to take remedial action, or give undertakings as to its future conduct.

The Code gives the CCMC the power to name a bank in connection with a breach of the Code if the bank has been guilty of a serious or systemic breach, has not promptly remedied a breach as requested by the CCMC, has breached an undertaking given to the CCMC or has not taken steps to prevent a breach recurring after being warned that it may be named by the CCMC.

In those circumstances, the bank and the grounds for naming the bank would be published on the CCMC's website and/or in the CCMC's annual report.

3. Financial Difficulty

What happens if I am in financial difficulty with my loan?

If you think you are in financial difficulty with your loan you should contact your bank straight away. A list of contact numbers for the bank's hardship teams is available at: www.doingittough.info (see "Contact your bank now").

If the bank discovers you are having difficulties meeting your repayments they may contact you and invite you to discuss your situation.

Under the 2013 Code, if you agree, your bank will try to help you overcome your difficulties and could, for example, work with you to develop a repayment plan. This may include extending the term of the loan or changing your repayment schedule, if that is suitable.

To assist this process, banks will deal with you or your authorised financial counsellor. If they can't contact your financial counsellor, the bank will revert back to dealing with you.

If the hardship provisions of the National Credit Code (schedule 1 to the *National Consumer Credit Protection Act 2009*) apply to your circumstances, banks will inform you about them. The National Credit Code allows for changes to be made to loan contracts where the borrower has given notice of their inability to comply with their obligations under the credit contract, for example because of unemployment or illness.

The bank will inform you in writing of its decision whether or not to provide assistance and the reasons if assistance has been declined.

Code subscribers will provide information about the assistance which may be available to you if you are experiencing financial difficulties on their website or in another format if you cannot access the website.

Can I use my superannuation if I am experiencing financial difficulties?

When you are in financial difficulty, you have the option of applying for early release of your superannuation. But the bank will not require you to access those funds to repay a loan. A bank will also recommend you seek independent advice on this option, for example from a financial counsellor or financial advisor.

More information about the early release of superannuation is available from the Federal Government's Department of Human Services: www.humanservices.gov.au

4. Debt Collection

What guidance is there for debt collection?

Banks and their collection agents will comply with the Australian Competition and Consumer Commission's (ACCC) and the Australian Securities and Investments Commission's (ASIC) "Debt Collection Guideline: for Collectors and Creditors and "Debt Collection Guideline", October 2005 and with any later amendments to that guideline. Banks will direct their agents to comply with the guidelines if they become aware the agent is not complying with the guidelines.

Also your debt will not be sold to a third party (except as part of a funding arrangement such as securitisation or covered bonds) if the bank is actively considering your situation because you are experiencing financial difficulties under section 28 of the 2013 Code or the hardship provisions of the National Credit Code.

5. Account Suitability

How can I find out what account is best for me if I am on a low income or otherwise disadvantaged?

Banks will provide existing or prospective customers with information about suitable accounts which may include accounts which attract no or low standard fees and charges if:

- you tell the bank that you are a low income earner or a disadvantaged person;
- you tell the bank that you would like factual information about accounts which attract no or low standard fees and charges; or
- if in the course of speaking with you the bank becomes aware that you may be the holder of a:
 - Commonwealth Seniors Health Card;
 - Health Care Card; or
 - Pensioner Concession card.

The bank does not continually assess whether customers are low income earners or disadvantaged, but banks encourage you to tell staff if this is the case.

Banks will also have information on their websites or other means about low and no-fee accounts and also train staff to recognise customers that may qualify for a no or low fee account.

These obligations do not apply to small businesses.

6. Terms and Conditions

How will I find out about the terms and conditions of my banking service?

Your bank will give them to you either before, or as soon as practicable after, you take up an ongoing banking service. You can also ask for a copy of the terms and conditions at any time.

You will also be notified about changes to the terms and conditions of the banking service and the terms and conditions will explain how the bank will tell you about any changes.

Changes to terms and conditions for a small business

If you are a small business with a credit facility, there is now a standardised notice period in the 2013 Code for notifying a particular business borrower of materially adverse changes to their loan terms and conditions. This notice requirement does not apply where the bank makes across the board changes to its small business customers' terms and conditions.

The standardised period of notice is not less than 10 business days' notice in writing, unless the banks need a shorter notice period to avoid or reduce an increase in the bank's credit risk.

What will my bank tell me about home insurance?

If you have a residential or investment home loan with your bank, your bank will remind you annually of your obligation to insure the property under the terms and conditions of your mortgage. This was included in the Code following a recommendation from the "Natural Disaster Insurance Review: Inquiry into Flood Insurance and Related Matters," September 30, 2011.

The review recommended:

"That lending institutions remind mortgagors annually of their obligations to hold home insurance and of the risks of under-insurance in order to minimise non-insurance and under-insurance of homes."

The review was conducted following a series of storms, floods and cyclones which affected many parts of Queensland and some parts of Victoria in late 2010 and early 2011. The review was prompted by the absence of flood insurance for many residents.

7. Banking Services

What types of banking services are covered in the Code?

The banking services and transactions that are covered by the Code are banking products and services provided to individuals and small business customers.

Examples of banking products and services covered are:

- deposit and transaction accounts;
- personal and home loans;
- credit cards;
- debit cards;
- safe custody facilities;
- small business loans;
- investment loans; and
- lease financing.

What will my bank tell me about its banking services?

The bank is committed to help you with an explanation or advice about its banking services if you ask for it. A properly trained staff member may provide this information, will refer you to the appropriate adviser, or recommend you seek or use your own adviser.

You can ask the bank for information about:

- account opening procedures;
- the bank's obligations regarding the confidentiality of your information;
- complaint handling procedures;
- the nature of bank cheques and a bank's right to dishonour a bank cheque;
- whether and when to inform the bank if you are in financial difficulty;
- account identification requirements of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006; and
- tax file number legislation.

What will my bank tell me about fees and charges on my banking services?

These will be included in or with the terms and conditions given to you and you will also be notified about any changes to fees and charges or any new fees and charges.

What information will I be given about application fees?

Your bank must tell you about the existence of any application fee or charge, and tell you in advance whether the fee or charge is refundable, if your application is declined or not pursued.

How does my bank decide if I can get credit?

Your bank has to form its own opinion about your ability to repay a loan and it has credit assessment tools to help with this decision.

The Code says that during this assessment and decision process, the bank must exercise the care and skill of a diligent and prudent banker.

There are also responsible lending requirements under the *National Consumer Credit Protection Act 2009* that the bank must observe.

If I open an account with cheque access, will the bank help me with information about cheques?

You will be given information on:

- cheque clearing;
- the effect of crossing a cheque;
- the meaning of "not negotiable" and "account payee only";
- the significance of deleting the words "or bearer";
- stopping a cheque;
- hints on how to reduce the risk of someone altering your cheque;
- cheque dishonours; and
- fees for provision of a bank cheque or an interbank transfer.

Can I ask my bank to give me copies of my documents?

Yes, in particular, you can request a copy of any contract between you and your bank relating to a banking service you have or had with the bank, which will include applicable terms and conditions and standard fees and charges.

You can also obtain a copy of any related mortgage or security document, statement of account and any notice given to you about the bank exercising its rights. A copy of a document provided to you may be in electronic form – containing the same information as the original – for your convenience.

Can the bank send me electronically information required under this Code?

Yes, if the law doesn't prohibit it. Banks will also follow the requirements of the ePayments Code which commences on 20 March 2013 after periodic review and which regulates electronic payments, including ATM, EFTPOS and credit card transactions, online payments, internet and mobile banking, and BPAY. It was formerly known as the Electronic Funds Transfer Code of Conduct which has existed since 1986 and will apply up to commencement of the new ePayments Code. ASIC continues to be responsible for the administration of the ePayments Code, including monitoring compliance and reviewing it regularly.

What will the bank tell me about how I should protect my credit and debit cards, cheques and passbooks?

Your bank will give you information (usually tips) on the advisability of safeguarding your credit and debit cards, cheques and passbooks. This information could include:

- how to notify the bank of the loss, theft or misuse of these payment instruments*; and
- consequences of not notifying the bank as soon as possible of the loss, theft or misuse of your payment instruments.

If your bank has given you this information on a previous occasion, it does not have to do this again.

* Banks usually require you to notify them, as soon as possible, of the loss, theft or misuse of your credit and debit cards, cheques, passbooks, Personal Identification Numbers (PINs) and passwords.

How often should the bank send me a statement of account for deposit accounts?

For a deposit account, at least every six months unless your account is a passbook account – in which case your passbook is your statement record.

You may ask for more frequent statements on a deposit account.

In some circumstances, your bank will not give you a statement of account, for example, if it has tried unsuccessfully to locate you or you have not conducted any activity on your account.

How often should the bank send me a statement of account for credit accounts?

Depending on the type of credit account you have, you will be given a statement at least either:

- every 40 days (for example, for a credit card account);
- every three months; or
- every six months.

In cases of default, if practicable, you will get a statement of your loan account or your bank will tell you that statements of account are available and how to obtain them.

In some circumstances, your bank will not give you a statement of account, for example, if it has tried unsuccessfully to locate you or you have not conducted any activity on your account.

Can the bank use funds from my other accounts at the bank to repay my overdrawn account?

The law gives a bank the general right to combine your account with another account you have with the bank which is in credit, unless there is an agreement to keep those accounts separate. Your bank must tell you when you open an account whether the new account can be combined with your existing account and the consequences. Your bank will tell you if it has combined your accounts.

If you are in an agreed financial hardship arrangement with the bank or your bank is actively considering your financial situation (under clause 28 of the 2013 Code or under the hardship provisions of the National Credit Code), then the bank won't combine your accounts. However, as a condition the bank may require you to retain funds in an account until a decision has been made.

7.1. FOREIGN EXCHANGE

What information can I expect to be given about a foreign exchange service?

A foreign exchange service includes changing currency or sending money overseas.

You must be given the following information about a foreign exchange service:

- the exchange rates and commission charges that will apply (if known); or
- details of the basis on which the transaction will be completed; and
- an indication of when money sent overseas would normally arrive.

Note: Credit, debit cards and travellers' cheques are not covered by the above obligations.

What will the bank tell me if I want to take a loan in foreign currency?

Before the bank advances you a foreign currency loan, you will be given:

- a general warning in writing of the risks arising from exchange rate movements; and
- general information about how you might be able to limit these risks.

7.2. DIRECT DEBITS

Direct debit allows customers to authorise merchants, such as a retailer or supplier, to regularly deduct amount from your transaction account, or credit or debit card in return for goods or services.

How do I cancel a direct debit request on my transaction account?

You can ask your bank to help you if you want to cancel a direct debit request applying to your transaction account. Under the 2013 Code your bank must promptly process your instruction to cancel the direct debit request.

While a bank must not *require* you to first contact the retailer or supplier (the 'debit user' also known as the 'merchant'), the bank may *suggest* you also contact them.

How do I complain about an unauthorised or irregular direct debit on my transaction account?

If you want to lodge a complaint about an unauthorised or irregular direct debit on your transaction account, your bank must promptly process your complaint.

While a bank must not *require* you to first contact the debit user (retailer or supplier), the bank may *suggest* you also contact them.

How do I cancel a direct debit request on my credit or debit card?

If you set up a direct debit on your credit or debit card (for example, with a Visa or MasterCard logo) the Code rules on cancelling direct debits do not apply. This is because these types of payments are processed through the card schemes (such as Visa) and not the banking payments system.

To cancel this type of direct debit you will need to contact the retailer or supplier (the 'debit user' also known as a 'merchant').

How do I complain about a transaction on a credit or debit card?

Under credit card scheme rules, your bank may reverse a disputed transaction on credit or scheme debit cards* if the scheme rules permit and the claim is made within the relevant time limits. This process is called a 'chargeback.'

The 2013 Code provides that your bank will claim a chargeback right where one exists and you have told your bank about the dispute within the relevant time period.

It is important if you dispute a credit card or a scheme debit card transaction* (this includes an unauthorised payment debited to your card account because of a recurring payment arrangement) to let your bank know as soon as possible to make sure your claim is made within the required timeframe. You can ask your bank if you are unsure about the relevant timeframe.

You will also be given general information about chargeback rights in or with the credit card terms and conditions. This general information will also be included with credit card statements at least once every twelve months.

*This is a transaction on for example a Visa or MasterCard debit card which is issued by a bank.

TIP: As soon as you decide to dispute a transaction contact your bank straight away.

7.3. JOINT DEBTORS

Can I become a co-borrower (or a 'joint debtor') on a loan?

Before the bank allows you to become a co-borrower, your bank has to take all reasonable steps to ensure that you understand you may be liable for the full debt and how you can stop your liability for further debt building up on the account.

A bank must not allow you to become a co-borrower if it appears that you will derive no benefit from the loan. In this case, if you still wish to provide assistance to the borrower, it may be possible for you to guarantee the loan.

7.4. JOINT ACCOUNTS AND SUBSIDIARY CARDS

What should the bank tell me about having a joint account with another person?

You should receive information on:

- how funds can be withdrawn;
- how to vary your instructions to the bank; and
- how you might be liable for a debt on the joint account.

Can I protect myself against someone continuing to use a subsidiary card on my account?

Yes, you can. You tell your bank that you want the subsidiary card cancelled. But before cancelling the card, you will have to show your bank you have taken all reasonable steps to have the subsidiary card returned.

7.5. GUARANTEES

What information can I expect to be provided with about becoming a guarantor for a loan?

Before taking a guarantee from you your bank must provide a prominent notice to you:

- to seek independent legal and financial advice on the effect of the guarantee;
- that you have the right to refuse to enter into the guarantee;
- that there are financial risks involved;
- that you have a right to limit your liability; and
- that you have a right to request additional information about the facility you are being asked to guarantee.

What if I am a sole director of a company guaranteeing the loan for my company?

When a borrowing company has only one director, some pre-contractual disclosure provisions of the 2013 Code will not apply to that sole director's guarantee of the company's loan. This recognises the responsibility of the sole director, who is operating a corporate business, to be duly cognisant of his or her company's financial performance.

Will the bank give me information about the debtor that helps me understand the risk I may be taking on as a guarantor?

Yes. A bank must tell a prospective guarantor whether there have been excesses on the debtor's credit facilities or overdrawings on the debtor's accounts of \$100 or more within the previous six months. A bank will provide this in list form for the prospective guarantor. Progression to a list delivers more useful information for the prospective guarantor. The \$100 threshold highlights amounts of excesses and overdrawings of a material nature that might affect the decision of a prospective guarantor whether to give the guarantee to the bank.

For commercial asset financing facilities, the bank does not have to tell you about these things in some circumstances if you are a director of the debtor company and for other credit facilities if you are the sole director of the debtor company.

A bank will also tell a prospective guarantor about notices of demand and dishonours on the debtor's accounts within the last two years.

What other information will I receive from the bank before I guarantee a loan?

If you are entitled to receive the information in the preceding question:

- a) the bank will give you a copy of:
 - any related credit contract, a list of any related security contracts and, on request, copies of the related security contracts;
 - any related credit report from a credit reporting agency;
 - the final letter of offer provided to the debtor by the bank and, if earlier letters of offer have contained conditions which have since been satisfied, details of those satisfied conditions;
 - any current related credit insurance contract held by the bank;
 - financial information about the loan you are to guarantee, given to the bank by the debtor in the prior two years;
 - the latest statement of account for the loan you are to guarantee;

- any statement of account covering the relevant period where notice of demand has been given to the debtor or where there has been any dishonour on a facility the debtor has or has had with the bank;
- any unsatisfied notice of demand within the past two years in relation to the loan to be guaranteed;
- any other information about the loan you reasonably request.

b) you will be allowed until at least the next day to consider this information before the bank asks you to sign the guarantee. If you have received independent legal advice beforehand, the bank is allowed to request that you sign the guarantee on the same day you receive the information.

Despite (a) and (b), the 2013 Code contains additional protection for guarantors including limiting your liability to a set amount and allowing you to withdraw from the guarantee before funds are advanced or if the terms of the loan change materially between the time the loan contract was first shown to you and when you sign the guarantee.

Will this information always be provided to a prospective guarantor?

No. To maintain competitive neutrality, in some circumstances company directors who guarantee commercial asset financing facilities such as commercial leasing and hire purchase facilities will not receive some pre-contractual disclosure that would normally apply to a prospective guarantor. This exemption is strictly limited and recognises the dynamic features of this type of financing. Banks would not be able to compete with finance companies which do not have to comply with a code such as the Code of Banking Practice.

When a borrowing company has only one director, most of the pre-contractual disclosure provisions of the Code will not apply to that sole director's guarantee of the company's loan. This recognises the sole director who, in operating a corporate business, is responsible for the company's financial performance.

When the borrowing company has more than one director, the directors can opt out of receiving all or some of the information in part (a) of the preceding question. The bank will tell the directors how to opt out. The directors can also opt out of having to wait until the next day, after receiving information, before they sign or give the guarantee to the bank. These options were added to the Code in May 2004 to fine tune the Code to ensure it worked effectively and efficiently.

The Code is designed to foster good relationships between banks and their customers, including guarantors. The modifications to the disclosure requirements, when the guarantors are also the directors of the borrowing company, were made in response to objections by some company directors to being forced to receive information that they already knew about their company. Banks must not attempt to influence the guarantors' choice on these matters.

8. Branch Closure Protocol

What commitment will the bank give if it plans to close one of its branches?

The Transaction Services and Branch Closure Protocol commits the industry to providing face-to-face transaction services to personal and small business customers, in the event of a bank closing its only branch, or other type of face-to-face service, in a regional or remote location.

After a branch closes, face-to-face services may include an existing outlet, a third party arrangement such as a franchising arrangement with the community, agency arrangements with local businesses or Australia Post and in-store type facilities.

This protocol is consistent with the view from the Hawker Regional Services Parliamentary Inquiry that the industry should develop a minimum standard of service delivery as a guideline for banks in the event of closing rural and remote branches.

9. Resolution of disputes

If I have a dispute with my bank, how should the bank handle my dispute?

If your complaint is not immediately resolved, the bank must handle the dispute through its free internal dispute resolution process. The 2013 Code specifies that ASIC approved internal complaints handling standards and guidelines (such as RG 165*) will apply to you if you are an individual or a small business to which the standard applies.

If the relevant ASIC guidelines do not apply to you, the 2013 Code provisions will apply to you. For example, RG165 does not apply to small business credit facilities.

RG165 and the 2013 Code each impose relevant timeframes and requirements on the dispute resolution process. For example, under the 2013 Code you will be given the name and contact number of the person investigating your dispute and within 21 days you'll be told of the outcome. If more time is needed to complete the investigation, you will be told, but the bank has to complete investigation within a further 24 days (total time from receipt of complaint is 45 days), unless there are exceptional circumstances.

If the bank is unable to resolve the dispute within 45 days, unless the bank is waiting for you to reply to a request, it will tell you why and when a decision can be reasonably expected. In the meantime, the bank will give you monthly updates.

*The Australian Securities and Investments Commission has a regulatory guidance document called Regulatory Guide 165 that applies to banks and other licensed financial services providers. RG165 will apply in applicable cases of complaints rather than the Code's internal complaint handling provisions.

If my complaint is not resolved at my bank, is there any other help I can seek?

Yes. The bank has an external impartial process for resolving disputes - the Financial Ombudsman Service (FOS). If you would like to know more contact the FOS by:

- Telephone: 1300 780 808 (toll free) or (03) 9613 7333
- Website: www.fos.org.au.

The Code Compliance Monitoring Committee (CCMC) can only consider allegations of a breach of the Code, it does not determine broader complaints or claims for financial loss. Such claims should be referred to FOS.

You can contact the CMMC by:

- E-mail: info@codecompliance.org.au
- Telephone: 1300 780 808 (this is a telephone service provided by the FOS)
- Website: www.ccmc.org.au
- Fax: 03 9613 7481
- Postal address: PO Box 14240, Melbourne VIC 8001

Also read more in the above FAQ: How can I make a complaint to the CMMC about a breach of the Code?

How will I find out about my bank's dispute resolution processes?

You can telephone the bank to enquire or information will be available in branches, on internet sites, and through telephone-based banking services. The bank will also tell you about its internal and the external dispute resolution processes if it is unable to immediately resolve your complaint. If you are not wholly satisfied with the internal dispute resolution process outcome, your bank must again provide you with information about the external dispute resolution process.

What if I am a small business with a complaint?

The same applies for individuals as it does for small businesses with a complaint – see above questions regarding dispute resolution.

ENDS

Document Created: January 2013

Any other questions?

For further information, please contact ABA Director Public Relations Heather Wellard on 02 8298 0411, e-mail [Heather Wellard \(hwellard@bankers.asn.au\)](mailto:hwellard@bankers.asn.au) or write to the ABA at Level 3, 56 Pitt Street, Sydney, NSW 2000.

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