

20/02/2020: News from Ngā Tangata Microfinance Trust

Predatory lenders should be banned for life from company management

Natalie Vincent, GM at Ngā Tangata Microfinance (NTM) says "We applaud the Commerce Commission for banning Budget Loans' Allan and Wayne Hawkins from company management. We would prefer it if they had been banned for life rather than 8 or 10 years."

"At NTM, we remember that in 2018, Budget Loans were fined \$720,000 in the Auckland District Court on 125 charges under the Fair Trading Act, and were also ordered to pay a total of \$53,000 emotional harm reparations to nine victims, and approximately \$38,000 in refunds and credits to borrowers" she said.

From 2009 till 2014 Budget Loans misrepresented its right to repossess goods, recover interest and costs from borrowers, and the amounts borrowers were required to pay under attachment orders. It then made misrepresentations about the benefits of refinancing existing loans, convincing borrowers to sign new, secured loans by telling them that they would get a discount on their loan balance, when in fact the amount of the discounted loan was higher than the amount the borrower was actually required to pay.

Budget Loans attempted to create cash flow by continually adding costs and interests to loans and then repossessing essential goods from borrowers without notice when they couldn't pay, regardless of whether it was legally entitled to do so. Sometimes Budget Loans simply threw repossessed goods away rather than selling them. The purpose of repossession was intimidation.

Budget Loans kept vulnerable borrowers already living in hardship in a cycle of debt and repossession. This conduct to borrowers and their families caused immeasurable financial and emotional distress.

Allan and Wayne Hawkins, through Budget Loans, were predatory lenders. They deliberately trapped their clients in perpetual poverty.

Natalie says: "Working in partnership with Kiwibank and Financial Mentors, NTM offers safe, fair loans, with no interest or fees, to low income families. We welcomed this Government's pledge in 2017 to support the expansion of microfinance. In 2020, we challenge the Government to honour that pledge. Access to safe, fair credit will end the stranglehold the predatory lenders still have on our poorest communities."