

THE COOL CONSUMER

**Things you need to know so
you:**

- **Don't get ripped off – get value for money**
- **Stay out of debt**
- **Buy safely on the Internet**

APRIL 2005

QUESTIONS AND ANSWERS

HOW COME?

I can't get my bond back when I move out of my unit...

Question: Peter, Jan and I moved into a unit and shared the rent and the bond. Now there are only two of us sharing so we are moving out. We can't get our bond back because it was in Peter's name, and he's gone overseas.

Answer: That's right - because the bond is in the name of your friend, it is technically his money and the money can't be released to anyone else.

Next time, make sure that **ALL** names are on the receipt, or that you notify your landlord when the tenancy changes.

HOW DO I?

make sure that the car I'm buying from my mate doesn't have money owing on it...

You can check if there is any money owing on the car or that it is not stolen by phoning the Registrar of Encumbered Vehicles (REVS) on Freecall 1800 424 988 or on the web at www.revs.nsw.gov.au

WHY CAN'T I?

give my friends my PIN...

You can, but the bank or credit union has given you a PIN to protect your money and ensure that only you can access it. If you don't keep your PIN safe, someone may be able to take all your money out of your account, and there is **NOTHING** you can do about it.

WHAT HAPPENS IF?

I decide to declare myself bankrupt...

Question: I can't pay my monthly bills and my friend said I could declare myself bankrupt.

Answer: Bankruptcy is not a good idea, even if the debt collectors are hammering on your door.

Going bankrupt is a bad career move. It remains on your record for a long, long time, and could affect your future.

There is help available. There are a number of financial counsellors in the Territory you can talk to. They will act as an advocate on your behalf and provide you with professional advice.

Contact Consumer Affairs for more information or for a referral to a financial counselling service.



It's great to be young - and it pays to be in charge of your money.

A message from the NT Minister for Consumer Affairs

As a Northern Territory Government Minister, I often travel around the Territory and have the privilege of meeting many young people from all walks of life. The enthusiasm, energy and initiative of young Territorians who continue to make an enormous contribution to the community and lifestyle of the Territory is heart warming.

A new challenge

However, as a generation, young Australians are facing a new challenge – an ever-increasing cycle of debt.

Recent research shows that young Australians spend about \$4 billion each year and are becoming favoured targets for commercial and marketing pressures.

Advertising campaigns encourage young people to buy, using trendy language and gimmicks. For example, something is 'a great new product', has 'more features', 'drives faster' or is used by sports and TV stars.

Advertising companies work on a must have and a must keep up with your mates approach.

Credit good, debt bad

Many young people think credit is good – "it allows you to buy goods you can't normally afford". But

when they find out they have to pay back more each month than they earn, the debt is seen as bad.

There is little understanding that credit and debt are the same thing. One is borrowing, the other the repayment.

I believe we need to provide youth with the tools to manage their finances properly. This starts with parents teaching their kids to manage their pocket money and continues with offering financial consumer literacy skills courses in schools.

Along with my interstate colleagues, I agreed to support the development of a national consumer education program for schools.

National research

I am supporting a national research study to measure the true amount of debt among young people, and the range and level of different types of debt. This will help us understand what influences and attitudes lie behind youth debt.

The study will also look at:

- society's attitude to debt;
- young people's lack of knowledge about managing money;
- the active targeting of young people by mobile phone providers, banks, finance companies etc;



- ease of access to credit cards;
- parents' behaviour towards money ('role modelling'); and
- peer group pressure to 'keep up'.

The study will target parents or guardians (of children aged 12-24 years), youth (15-24 year olds) and teachers (Years 7 to 12) throughout Australia.

I also support the proposal to ask Education Ministers to include basic consumer and financial literacy skills in curricula throughout Australian schools.

In the meantime, I encourage all young Territorians to look through this youth guide and if things go wrong, don't hesitate to contact Consumer Affairs.

Dr Peter Toyne, MLA

And from Cheryl Kuhn, Chair of the Consumer Affairs Council, and Richard O'Sullivan, Consumer Affairs Commissioner

Consumer Affairs is committed to increasing consumer rights awareness among young people.

Late last year, the Commissioner accompanied the Council Chair to a meeting with the NT Minister for Employment, Education and Training Syd Stirling, to discuss the issue of financial consumer education forming part of the school curriculum. To support this move, Consumer Affairs would provide additional interactive resource material to Territory schools and teachers.

There have already been preliminary talks between officers of both departments to try to 'make it happen'.

The interactive resource will be based on the 'Money Stuff' program which will be specifically adapted for NT consumers.

It will provide advice, including 'online', to young people buying cars, shopping, making a complaint and credit advice. It also provides question and answer segments, and teacher resource kits.

Young Territorians have your say. We are interested in hearing your views. Log onto www.moneystuff.net.au.

Dare to take the challenge. We would appreciate your feedback on the program and your views on how it could be improved to suit your needs.

Send your comments to consumercouncil@nt.gov.au

IT'S YOUR MONEY - SO BE

Do you know about?

Debit and credit card transaction fees

Did you know that if you use your debit or credit card some banks and credit unions charge a fee of between \$1.50 and \$2.50 for each transaction (depending on your bank's fee charges). This fee might apply even if you are just checking your balance.

Check with your bank – you could have some cost savings if you use your bank's ATM only.

This is particularly costly for rural and remote consumers who have only one type of ATM in their community or local store.

Some consumers have been caught out when waiting for wages or social security



payments to be put into their bank account. Using the ATM to check a bank balance can be costly.

One consumer in a remote community was checking her balance every hour, not realising that she was being

charged \$2.50 a time. By the end of the day, \$15 had been deducted from her account in bank fees!

Drowning in credit card debt - a case study

When Natalie first got a credit card, her limit was \$2000. Because she had a good job and paid what she owed on the card on time, the bank increased her limit over several years to \$7500.

Natalie went on an overseas trip and charged all her costs to the card, so when she returned her debt had blown out to her limit, which left her with a minimum payment each month of \$240. No matter how hard she tried to pay off a little more each month, she was not having any success in reducing the balance as she kept spending.

Natalie sought help from a financial counsellor. She was shocked to be told that her \$7500 credit card debt would take almost 20 years to repay if

minimum payments were made at an interest rate of 17%. She would also pay almost \$20,000 in interest!

Worse news was to come. If Natalie keeps on spending up to her limit and only makes the minimum repayment to pay off the interest, she will never pay off the debt.

With the advice of the financial counsellor, Natalie got a personal loan to pay off the debt at a much lower level of interest. It will now take her only four years to pay off the debt at \$228 per month.

Natalie still has her credit card but the limit is back to \$1500 and she tries to pay off the full amount owing every month. She now has control over her financial affairs.

CONTRACTS - check before you sign

- Don't sign anything *until* you have read and understood the contract!
- If you are not certain of the contract terms and conditions, take the unsigned contract away, and get some independent advice (ask your parents, friends or a lawyer) *before* you sign!
- Make sure you understand exactly what you're getting yourself into, including warranty terms and conditions if applicable.
- Ask yourself, 'can I afford the payments? Would a lay-by arrangement be better or should I just save until I can buy the item outright?'
- And make sure that you are aware of any penalties that apply for late payments on a loan or cancellation of the contract.

SURE YOU'RE IN CONTROL

Do you know about?

Debit cards

Debit cards are linked to your savings account and allow you to withdraw money or use your card at a store to buy goods. With a debit card, your spending is limited to the money that is in your account.

Some debit cards can be linked to a 'line of credit'. This is really a personal overdraft, and means that you can 'overdraw' your account up to a specified limit.

Withdrawing money from an ATM is easy – just insert your card, put in your PIN and you have access to your money.

BUT, if you give your card and your PIN to someone else they can access your account, withdraw all of the money and – there is nothing you can do about it.

The costs of phone calls

1900 (commonly known as *InfoCall*) This is the phone number used for consumers to access information, be entertained or enter competitions. It is **not** a free call.

Call charges may be timed, fixed or a combination of both. The service provider *must* advertise the price of the Infocall in its advertising material.

1800 (*Freecall*) is free to the person calling, provided they are calling from a phone service anywhere in Australia. Applicable **call rates** (depending on distance and time of day and type of plan) will apply if calling from a **mobile phone**

13 numbers (6 digits in total) and **1300** (10 digits in total) cost **25c** from a phone service. **Call rates** will apply if calling from a **mobile phone**.



What to do if goods or services are faulty

If there is a problem with faulty goods or unsatisfactory services, go back to the place of purchase and ask them to fix the problem.

Goods – you have a right to a refund, replacement or repair if the goods you purchased are faulty. You cannot expect a refund if you have just changed your mind, don't like the colour or have misused or broken the item through rough handling.

Services (such as car repairs) – go back to the service provider and explain the problem and ask them to fix it.

Always keep a record of the time and date and the name of the person you spoke to.

If you are not satisfied with the response you get, contact Consumer Affairs 7 days a week on 8999 1999 or toll free 1800 019 319.

If you're buying a used car...

Here are a few tips to think about before buying a used car, so that you don't get caught out.

If you buy a used car from a Northern Territory Licensed Motor Vehicle Dealer (LMVD) they have to make sure that it is fit for registration. It is covered by a 3 month or 5000 kilometre warranty, whichever comes first, if the car is less than 10 years old or has travelled less than 160,000 kilometres.

PROTECT YOURSELF

If you buy a car from the side of the road, from a person visiting your town, or from one of your mates, the 'good deal' may not be the 'best deal' in the long run.

There is no protection when buying from a private person. You might end up paying thousands of dollars more than the car is worth.

Check that no money is owing on the car or that it is not stolen by telephoning the Registrar of Encumbered Vehicles (REVS) on Freecall 1800 424 988 or on the web at www.revs.nsw.gov.au.

A checklist is available on www.caba.nt.gov.au under forms and publications 'Buying a Used Car' or phone 1800 019 319 and a copy will be posted out to you.

MOBILE PHONES? GIVE PHONE BILLS A MISS!

Consider the pre-paid options:

- NO contracts
- NO bills
- NO worries



Do you know about?

Buying over the Internet

The Internet is a great way to shop, and a convenient way to shop around, without leaving your computer.

Most sellers are reputable but there are some who aren't, so do yourself a favour before you buy and check that they provide full contact details, including the company name, a street address, telephone number or email address

Also make sure that you have a full description of the goods, a firm price and a delivery date.

There's no doubt that there are some risks, so for extra protection, it's a good idea to have a 'special' credit card to use for Internet purchases. That way if there is a security breach with your card number, your losses can be kept to a minimum.

Telstra remote areas hotline

Last year, when Consumer Affairs staff visited remote communities, they heard about concerns with telephone services, the difficulty in both response time and understanding remote issues and the lack of telephone connection services because of communities not having a street address.

The Consumer Affairs Council also met with Danny Honan from Telstra Countrywide to express their concerns about services in the bush.

It is pleasing that Telstra has responded to Territorians' needs and has set up a hotline for people living in remote areas of the Territory.

General Enquires, Sales and Billing – 1800 688 437

Remote area faults – 1800 772 346

Indigenous Hotline number specially set up for Aboriginal and Torres Strait Islander people to call with any queries or questions – 1800 444 403



Be aware when sharing a house

If you are sharing premises you need to be aware of your tenancy status, rights and responsibilities. Most people who share houses are covered by the *Residential Tenancies Act*, but in some circumstances they may have few legal rights.

People in share housing usually have their own bedroom and share the rest of the premises. If you decide on moving into share housing it is important that you find out what your legal status will be before moving in. It will be one of three groups:

- Co-tenant
- Sub-tenant
- Boarders and lodgers

If you're in doubt about your tenancy status, contact Consumer Affairs.

Sexually transmitted debt

Adam said to Melissa "come and share a flat with me".

Melissa soon found that the deal was not as good as she first thought.

Adam talked Melissa into taking out loans to buy a car and a rear-projection TV, and he didn't pay his share of the rent or the bills.

Adam thought his money was for having a good time with his mates.

When Melissa got fed up, Adam left, taking the car and the TV with him. Melissa was left with a mountain of debt and soon couldn't keep up the payments.

When the debt collectors came, Melissa didn't know what to do, so she went to see a financial counsellor, who helped her negotiate a repayment schedule.

Melissa has vowed never to get trapped again.

Make sure the power to purchase stays in your hands

Make a budget plan to manage your spending and your savings. That way, you have a choice on what to buy, what to save and you have a plan to pay back what you owe.

Guarantors be warned! Are you willing to pay off someone else's debt?

If a friend asks you to be a guarantor for their debt, be very cautious. This means that you agree to pay back the debt if the borrower can't – or won't.

If the borrower doesn't pay the loan, the credit provider can take legal action against the guarantor. Some people who have gone guarantor have found themselves having to pay back a loan, in full, as if it was their own.

Over time this has been the caused the break up of many long- term friendships.

WHO TO CALL WHEN THINGS GO WRONG

AUTOMOBILE ASSOCIATION OF THE NT	Darwin	8981 3837	Provides vehicle inspection and roadside service for members of their Association
ANGLICARE	Darwin Katherine Alice Springs	8985 0000 8972 1571 8951 8000	Financial Counsellors
ANTI-DISCRIMINATION COMMISSION	Darwin	8981 3813	Discrimination, harassment, bullying issues
FINANCIAL OMBUDSMAN SERVICE	Toll Free	1800 337 444	Unresolved issues and complaints with banks
CENTRELINK		131021	
CASY HOUSE	Darwin	8948 2044	Youth Refuge
CONSUMER AFFAIRS	Darwin Alice Springs Toll Free	8999 1999 8951 8606 1800 019 319	Any consumer related issue
CRISIS LINE	Darwin	8981 9227 or 1800 019 116	
DARWIN COMMUNITY LEGAL SERVICE	Darwin	8982 1111	Free legal advice
EMPLOYMENT AND WORK PLACE RELATIONS	Darwin	8936 5000	Wages, maternity leave, workers' rights and award issues
HEALTH COMPLAINTS COMMISSION	Darwin Alice Springs Toll Free	8999 1818 8951 5818 1800 806 380	Complaints health issues
JOB NETWORK		136 268	Job assistance
KIDS HELP LINE	Toll Free	1800 551 800	
MOTOR TRADES ASSOCIATION	Darwin	8947 6990	Consumer Help Line dispute resolution between consumers and MTA members
NT LEGAL AID COMMISSION	Darwin Katherine Alice Springs	8999 3000 8973 8704 8951 5377	Legal services
OMBUDSMAN FOR THE NT	Darwin Alice Springs Toll Free	8999 1818 89515818 1800 806 380	Complaints Government Agencies
TELECOMMUNICATIONS INDUSTRY OMBUDSMAN	Toll Free	1800 062 058	Unresolved issues and complaints with the telephone or an internet company

THE COUNCIL

Territory consumers can contact the Consumer Affairs Council on:

Telephone: Darwin 8999 6136
 email: consumercouncil@nt.gov.au
 or write to: The Chair
 Consumer Affairs Council
 PO Box 39717
 WINNELLIE NT 0821

CONSUMER AFFAIRS

Available to assist both consumers and traders 7 days a week.

Telephone: Darwin 8999 1999
 Alice Springs 8951 8606
 Toll Free 1800 019 319
 email: consumer@nt.gov.au
 or write to: The Director
 Consumer Affairs
 GPO Box 1722
 DARWIN NT 0801

website: www.caba.nt.gov.au