Question 1: Do you agree with approach that we now propose taking with regard to client leads? If not, please explain why.

No.

I agree that lead generation firms offer little, if any, value to consumers. However, they clearly offer something of value to debt management firms if debt management firms are willing to pay for the service provided. They allow debt management firms to target consumers who might otherwise be unaware of their services. This reduces costs for the debt management firms and may lead to reduced charges.

The proposed changes at 13.6 would not allow lead generation firms to operate because they could not generate income from debt management firms. I would recommend the retention of the previous restriction be retained:

"A ***debt management firm*** must not pay a fee, commission, other reward or remuneration to any ***person*** in respect of client leads or referrals unless the ***debt management firm*** is satisfied that information used by that ***person*** in any marketing and advertising material about the nature of the service being offered is clear, fair, accurate and not misleading. A ***debt management firm*** must retain documentation evidencing that such an assessment was carried out."

I note that this means that a regulated entity is responsible for ensuring that an unregulated entity complies with provisions of the Code. This is similar to what occurs when a regulated entity outsources activity to an unregulated entity and I have no difficulty with it. The regulated entity must ensure that the services it is buying comply with the relevant aspects of the Code.

Question 2: Do you agree with approach that we now propose taking with regard to credit as a means of paying fees for debt management services? If not, please explain why.

No

I would not consider that it is necessary or appropriate for debt management firms to be prohibited from arranging or recommending credit as long as the fees and charges associated with the credit are transparent and the effect of the credit is clearly explained to the consumer.

It seems overly complicated to expect a vulnerable consumer to go elsewhere to seek credit with no guarantee of a successful credit application when the debt management firm is willing to arrange or recommend the credit. On balance, allowing debt management firms to arrange or recommend credit is likely to mean that more consumers are able to avail of the debt management firms.

Question 3: Does the approach that we now propose provide sufficient protection for a consumer?

Generally speaking, I agree that the approach recommended will provide a sufficient level of protection for the consumer.

Question 4: Do you agree that the above protections are appropriate and adequate to ensure transparency and control for the consumer in relation to the progress being made to resolve their problems? If you disagree, please provide the reasons.

Yes