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ME backs court ruling against low doc loans

Members Equity Bank (ME) welcomes the recent court ruling that will force an overhaul of low doc lending offered by many financial institutions.

The court ruling has sounded the alarm regarding the rapid growth of low doc/no doc loans.

The ruling highlights concerns around the practice of low doc loans, especially around the sales techniques that fail to check whether a borrower can adequately meet payments.

Recent interest rate rises have seen a sharp increase in arrears.

Tony Beck, Head of Workplace Business, said financial institutions have a social responsibility to their customers.

"ME is concerned that some lenders are acting unethically to achieve a sale.

"The aggressive marketing of low/no equity and low doc lending is a cause for real concern. These products are often promoted to those consumers most vulnerable to increased interest rates and changed economic circumstances.

"The household budget is becoming increasingly difficult to manage in today's economic climate, and placing vulnerable customers at risk of excessive debt is unacceptable.

"ME balances customers' needs for ease of borrowing with responsible lending. ME's incidence of serious default is a quarter of the industry average," he said.

ME works in partnership with the ACTU, affiliated unions and various industry super funds to deliver a fair deal to working Australian families. ME is 100% Australian owned and is committed to providing exceptional customer service.

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