

# Thorn Group Limited

ACN 072 507 147

ASX ANNOUNCEMENT

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## **THORN RECEIVES LICENCE UNDER NEW CREDIT LEGISLATION**

Retail and financial services company, Thorn Group Limited, has received its licence under the National Consumer Credit Protection Act.

The licence applies to all Thorn brands involved in the provision of credit and consumer leases and includes Radio Rentals, Rentlo, Thorn Business Services and Cashfirst.

The new Act requires all credit providers to be licensed and to meet requirements for responsible lending, which means providing consumers with products and services suited to their needs and capacity to pay.

To ensure high standards of compliance and its continued position at the forefront of responsible lending, Thorn has invested heavily in new technology, systems and staff training.

According to Thorn Managing Director, Mr John Hughes, the legislation was a positive and necessary step towards improving industry standards.

“We see responsible lending as a point of difference between Thorn and its competitors and it is an important component of our reputation built over 70 years as a provider of household goods,” Mr Hughes said.

“We particularly hope that the regulator has the resources and resolve to pro-actively ensure widespread compliance, especially in addressing the circumstance of businesses completely ignoring the legislation or claiming exemption through the sham of a lease of indeterminate length”, Mr Hughes said.

Additionally, one of Thorn’s broader industry concerns is the provision of credit which falls outside the National Consumer Credit Protection Act, such as that of telecommunications providers and utility companies.

Industry statistics show that during the past year, over 50 per cent of payment defaults relate to telecommunications providers and utilities, with the vast majority being in the telecommunications sector.

Thorn is very concerned that many people are provided with a mobile phone account that has an unrestricted credit limit and which can inadvertently lead to consumers incurring charges they cannot afford.

This type of indiscriminate provision of credit is well outside the realms of what would be deemed responsible lending and has certainly led to a significant increase in consumer credit defaults.

Under current credit reporting provisions of the Privacy Act, any debt over \$100 and 60 days past due can be entered as a default on a customer’s credit report and remain there for up to five years.

Also, customers may not even be aware of the default listing until they apply for credit elsewhere, due to the lack of requirement for people to be notified of actual default listings by credit providers.

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This type of situation is the reason Thorn does not place a major emphasis on a customer's credit history, preferring instead a forward looking approach with strict scorecard criteria which focuses on a customer's current financial situation and capacity to pay.

Thorn considers this approach has been the fundamental reason for it achieving record low arrears.

It is also the basis of Thorn's argument that Australia would be better served by a positive credit reporting regime, in which a customer's actual commitments and ability to pay are assessed, rather than only default listings.

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**ABOUT THORN GROUP LIMITED (ASX: TGA, [www.thorn.com.au](http://www.thorn.com.au) )**

Thorn Group is a retailing and financial services company and a leader in the household goods rental market. Its core business is Radio Rentals, a brand in Australia since 1937 and now with 70 stores nationally. Other group businesses comprise Thorn Business Services, providing commercial finance for SMEs, Cashfirst for personal loans and [www.bigbrownbox.com.au](http://www.bigbrownbox.com.au) , online retailer. Thorn trades as Radio Rentals in all states and territories except South Australia, where it trades as Rentlo.