

## BCCC Finding CX4613 - Appendix 1

### Good Practice Guidance

The Banking Code Compliance Committee (BCCC) issues this guidance based on the Findings it made in relation to investigation CX4613. It sets out the BCCC's expectations for how Code-subscribing banks (banks) should ensure ongoing compliance with the Code.

#### Responsible Lending

1. Clause 49 of the 2019 Code requires banks to exercise the care and skill of a diligent and prudent banker when providing a new loan, or an increase in a loan limit.
2. [Regulatory Guide 209: Credit Licensing: Responsible lending conduct](#) (RG 209) establishes industry standards for making reasonable inquiries and verifying information when approving a loan or credit application.
3. RG209 requires banks to gather enough information in credit applications to understand the needs of the customer. Specifically, RG 209.75 requires a bank to gather additional information to verify the expenses a customer may share with another person, and RG 209.88 requires banks to consider 'red flags' when verifying a customer's financial situation.
4. To comply with clause 49 of the 2019 Code, banks are expected to take reasonable steps to ensure the information provided by a customer in an online application is accurate.
5. As such, banks are expected to ensure their systems and processes sufficiently identify any discrepancies between a customer's online credit application and their actual expenditure to ensure a customer is able to repay their credit limit. This approach should be extended to applications received by other means.

#### Overcoming Financial Difficulty

6. The BCCC notes that clause 167 of the 2019 Code states:

*With your co-operation, we will work with you to help you find a sustainable solution to your financial difficulties. Any help we can give will depend on your individual circumstances. We provide help to customers on a case-by-case basis.*

7. The BCCC expects banks to ensure they take care to provide appropriate and adequate assistance to customers who may be experiencing financial difficulties and vulnerable circumstances.
8. To achieve this, banks must ensure staff are capable of identifying customers that need assistance. The Code Compliance Monitoring Committee's (CCMC) report [Assisting customers in financial difficulty](#) provides banks with further information about the identification of customers that require financial difficulty assistance.

## Fair, Reasonable and Ethical Behaviour

9. The BCCC notes that clause 10 of the 2019 Code and its Guiding Principles reiterate that banks must act fairly and reasonably towards customers.
10. The BCCC has published [Guidance Note: Clause 10 – fair, reasonable and ethical behaviour](#), which outlines how it will assess banks' compliance with this 2019 Code obligation, in particular having regard to:
  - a. *whether the bank can demonstrate that its engagement or decision making was guided or informed by clause 10 and the Guiding Principles*
  - b. *community standards and expectations, and*
  - c. *standards set by the Australian Financial Complaints Authority (AFCA).*
11. The Australian Banking Association's (ABA) [Industry Guideline: Financial abuse and family and domestic violence policies](#) sets industry standards for how banks should treat customers who may be experiencing family violence. In particular, banks are asked to demonstrate sensitivity to a customer's circumstances and minimise the information that is requested by the bank, when notified of potential family violence.
12. The BCCC expects banks to ensure ongoing compliance with this obligation in all their interactions with customers, taking into account the BCCC's Guidance Note and the ABA's Guideline.