

## Why have a Responsible Borrowing Code ?

This Code is for anyone thinking about taking out a loan or entering into a credit contract.

82% of New Zealand families have debt of some kind, and collectively we spend more than we earn.

These guidelines will help you avoid penalties, repossession, stress and heartache.

It establishes minimum expectations for New Zealanders considering a loan or credit contract.

## WHAT IF YOU'VE BEEN DECLINED?

If a lender has declined your loan application, it's because they don't believe it would be responsible to provide you with a debt you may not be able to repay.

### Talk to someone independent

Sometimes it's hard to step back from your own finances and see the big picture. When you feel like this, it's important to talk to someone independent - not another money lender. We suggest you talk with a financial mentor, who will offer free, confidential and non-judgemental advice.

Call 0800 345 123

Email [help@moneytalks.co.nz](mailto:help@moneytalks.co.nz)

[www.Moneytalks.co.nz](http://www.Moneytalks.co.nz)

## 1 WORK OUT YOUR BUDGET

**A responsible borrower is sure they can afford the repayments.**

Your budget lists your income and expenses, and shows if you have a deficit or a surplus. It includes both regular and occasional items.

By making a budget showing your current income and expenses, you can see if there's any room for additional expenses like loan repayments.

If your current budget shows a deficit, then a loan is not the answer.

## 2 LOOK AT ALL YOUR OPTIONS

**A responsible borrower considers whether there are other ways to meet their needs.**

A loan might not be the answer.

For example, if you want to buy a car, think about: other forms of transport, rescheduling your appointments, or a smaller vehicle like a scooter. Think about all these things before buying a car on credit.

Another example: If you want to buy something that's not urgent, think about saving up and buying it later.

Work and Income will sometimes advance small amounts to people on a benefit, to cover essential items. They recover the advance slowly, without interest.

## 3 FIND OUT MORE ABOUT IT

**A responsible borrower knows what they are signing.**

You might need someone else to help explain it to you - a translator or budget adviser, for example. Look out for details on the total cost of the loan, including administration fees and what penalty fees could apply.

## 4 PROVIDE REAL INFORMATION

**A responsible borrower provides all the information the lender needs to make an informed lending decision.**

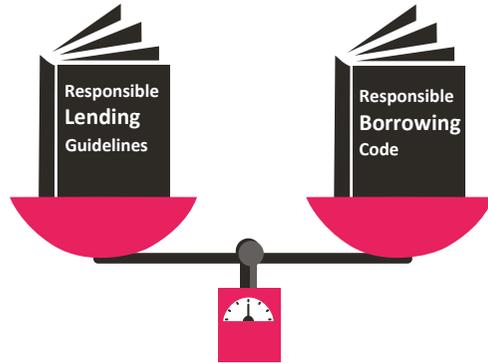
A responsible lender will ask you questions about your ability to repay, and may ask for things like bank statements, payslips, proof of debts, etc.

A responsible borrower will not hide relevant information from the lender, or mislead them in any way.

## 5 KEEP THEM INFORMED

Unexpected life events can make repayments difficult. Talk to your lender when this happens. You might need to ask about their hardship provisions and talk to a budget adviser about your options.

## THERE ARE TWO PARTS TO THIS EQUATION



### Lenders have an obligation to lend responsibly

Lenders are regulated by the Credit Contracts and Consumer Finance Act and guided by the Responsible Lending Code.

### Borrowers have an obligation to borrow responsibly

These guidelines set out the expectations of responsible borrowers, completing the other half of the equation.

It is voluntary, but following these guidelines shows your commitment to borrowing responsibly.

## TALK TO SOMEONE INDEPENDENT

Visit [www.moneytalks.co.nz](http://www.moneytalks.co.nz) or call 0800 345 123 to talk to a financial mentor.

It's important you get some advice before taking on a loan or credit contract.

Talk to someone who is independent so you can be sure the advice is robust.

MoneyTalks is a free helpline available to provide free budgeting advice to individuals, family and whānau.



## THE RESPONSIBLE LENDING GUIDELINES

### There are two parts to this equation: lending and borrowing.

The Responsible Lending Guidelines outline what you should expect from your lender when you are borrowing money.

Both The Responsible Borrowing Code and

The Responsible Lending Guidelines can be found at the Financial Services Federation website: [www.FSF.org.nz](http://www.FSF.org.nz).

# THE RESPONSIBLE BORROWING CODE:

WHAT TO THINK ABOUT BEFORE YOU BORROW

