

Credit Card Reforms

Frequently Asked Questions



Reform 1: Serviceability

'Serviceability' tightens responsible lending obligations for Credit Card contracts implemented 3 December 2018 by People's Choice.

Q What does 'serviceability' mean?

Serviceability is how we assess your ability to repay your Credit Card, Overdraft and other credit facilities like Home Loans and Personal Loans. We take into consideration your income and expenses to ensure you are able to repay your debts.

Q How does this affect a credit card?

To adhere to the responsible lending requirements of this reform, we have made changes to ensure we are providing a suitable credit limit to our members that can be repaid in full within 3 years. In addition to this, when you apply for another loan and have a current Credit Card commitment, the application will be assessed based on your Credit Card credit limit being able to be repaid in full within 3 years.

Reform 2: Unsolicited offers

Prohibit unsolicited credit limit offers in relation to Credit Cards implemented 1 July 2018.

Q What is an unsolicited offer?

An unsolicited offer is when you are approached by your credit provider to increase a current credit card limit. Credit Card limit increases are only permitted when the Credit Card holder has sought or initiated the conversation about an increase. This applies to all forms of communication. As such, from 1 July 2018 we no longer collect your permission to promote increases in limit offers to you in the future, at the time of application. If you had provided permission before this time you will still no longer receive any offers or promotions to increase your limit.

Q Can I still increase the credit limit of my Credit Card contract?

Yes! You will need to ask us about increasing your credit limit, your request can then be assessed and if approved your new credit limit will be provided (terms, conditions, fees, charges and lending criteria apply and are available on application).

Reform 3: Calculations of Interest

Simplify the calculation of interest charges in relation to interest free periods under Credit Card contracts taking effect from 1 January 2019.

Q What has changed?

The objective of this reform is to make it easier for consumers to be able to understand whether their current purchases are interest free eligible or not and also to cease retrospectively charging debit interest to Credit Card holders when interest free eligibility is lost, that is charging interest on the transaction back to the date it was performed. These changes ensure that whilst you are interest free eligible all your interest free purchases will not accrue any interest. Interest will only accrue and charge on these purchases from the date you lost interest free eligibility.

Q How will interest be charged on my credit card from 1 January 2019?

Interest Free Purchases: while your account is interest free eligible, you do not pay any interest on any interest free purchases that form part of the outstanding balance. If you do not pay the closing balance of your Credit Card statement in full by the due date, you will lose your interest free eligibility and interest will accrue on these purchases from the day after the payment due date (i.e. the day after you lose interest free eligibility) until the date the closing balance is paid. Interest is not backdated to the date of the purchase. These purchases and any purchases made while an account is not interest free eligible will incur interest from the date of the purchase until interest free eligibility is regained.

Cash Advances & Transfers: interest will accrue from the date of the transaction and will be charged at the end of the month. It is possible to perform a non-interest free transaction in a month and it not effect your interest free eligible purchases as long as you pay the closing balance of your Credit Card statement in full by the due date. Interest will continue to accrue and charge on these transactions until the transaction is paid off in full.

Q If my account is not interest free eligible how can I make it interest free eligible?

You will need to pay the closing balance of your account as it was on the last day of the previous calendar month in full, and once this is done your interest free eligibility will be regained and interest will stop accruing on any purchases that form part of your unpaid daily balance, from the date you make this payment (until your account ceases to be interest free eligible again). This can be done at any time during the month. Interest accrued up until the eligibility is regained will be charged at the end of the month.

Q How do I know if I am interest free eligible on 1 January 2019?

If you pay the closing balance of your 30 November 2018 statement in full by 31 December 2018 or your Credit Card was a new account in December 2018, your account will be interest free eligible on 1 January 2019. Otherwise, you will not be interest free eligible on 1 January 2019.

Q What happens if I pay my statement closing balance off in full every month?

This change won't impact you, as you're not paying interest on your interest free purchases. If you continue to pay the statement closing balance off in full by each due date, you will continue to pay no interest on your interest free purchases.

Q What happens if I sometimes miss paying my statement closing balance off and pay interest on my purchases?

From 1 January 2019, if your account is in an interest free eligible status but you don't pay the statement closing balance in full by its due date, interest will only be charged on purchases that are included in your unpaid daily balance after the due date. Interest will not be back dated to the original purchase dates. This may mean that you end up paying less interest.

Q What happens if I am already paying interest on purchases?

This change won't immediately impact you, as you will continue to pay interest just like you do today. You can stop interest accruing on purchases at any time by paying off the full closing balance of your account as at the last day of the previous calendar month.

Q What transactions are considered interest free?

Visa purchases using your Visa Credit Card whether they are made online, in person or are a recurring payment using your Credit Card number are interest free purchases. In addition, any BPAY Payment made from your Credit Card account is interest free. Interest free purchases do not include cash advances, cash withdrawals, transfers from your account using internet or phone banking, automated transfers using your account number and BSB (including direct debits), corporate cheque withdrawals, debit interest or fees debited to your account.

Reform 4: Limit reductions and termination rights

Introduces an obligation that all new Credit Card contracts give consumers a credit limit reduction entitlement and a Credit Card termination entitlement (including by online means) implemented 3 December 2018 by People's Choice.

Q What is a credit limit reduction entitlement?

A credit limit reduction entitlement means that for a Credit Card contract that has a minimum credit limit, the member is entitled to reduce the credit limit to an amount that is equal to or exceeds that minimum. We will also apply this change to Overdrafts.

Q What is a credit card termination entitlement?

A credit card termination entitlement means that the member is able to terminate the Credit Card contract. We will also apply this change to Overdrafts.

Q How do I request a credit card or overdraft limit reduction or cancellation?

You can request a credit limit reduction or termination of your Credit Card or Overdraft contract online via the People's Choice website, over the phone and in a branch. If you want to reduce your credit limit to an amount that is less than the balance of your account, you will need to pay the amount necessary to reduce the balance of your account to the reduced credit limit you want before we can action your request. If you want to terminate your credit contract, you will need to repay the balance of your account, the amount of any transaction that you have authorised that does not yet form part of that balance and any interest that has accrued but not yet been charged to the account before we can action your request. You will also need to stop using any access facilities attached to your account and cancel any authorisations on the account such as direct debits or recurring payments.