

FOUR FAST FACTS

ON: THE RESPONSIBLE LENDING CODE

MARCH 2021

Responsible Lending code revised

1

The Responsible Lending Code (the Code) helps lenders comply with the lender responsibility principles set out in the Credit Contracts and Consumer Finance Act and associated regulations. MBIE has revised the Code to take into account recent changes to the relevant legislation. The Code is non-binding, but evidence of compliance with the Code is treated as evidence of compliance with the relevant obligations under the Act.

New guidance

2

The Code provides guidance on some of the new legal requirements: advertising (including what it means to display information in a “prominent manner”), record keeping, suitability and affordability, and helping borrowers make informed decisions when using online platforms to borrow. Helpfully, subject to requirements in the regulations to verify particular information about income and expenses, the Code allows lenders to rely on information provided by the Borrower, unless they have reasonable grounds to believe the information is unreliable.

Dealing with vulnerable borrowers

3

The Code provides further guidance on how lenders should deal with borrowers struggling to repay loans, including some examples of “key signs” of potential repayment difficulties. There’s guidance on what to do when borrowers miss payments or exceed credit limits, and there are extensive new recommendations around dealing with unforeseen hardship applications from borrowers.

Implementation

4

Most of the changes to the Code take effect on 1 October 2021.

Guidance on missed payments and repayment difficulties takes effect in February 2022.

Bell Gully will issue a more detailed publication on the revised Responsible Lending Code before its implementation. In the meantime, please contact your usual [Bell Gully adviser](#) for more information.

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