

Labyrinth of 'Concealed Spiders' or Unconscionable Credit Card Advertising or Nine Examples Of Predatory Advertising means:

1. [Quotes from reputable authorities about unconscionable advertising of Credit Cards by Credit Card Issuers](#). Those 'reputable authorities' would be adept at identifying examples of patent misrepresentation (eg [Example 4](#) below), confusing fees and charges and a lack of transparency of costs.
2. [The Writer's submission to the RBA on CD dated 8 Dec 2011](#) set out in [Attachment 'A'](#) of that submission evidence of -
 - (A) the enormous variances in interest costs on [Unsecured Personal Loans](#) (currently as low as 14.01% [Comparison Rate](#) from Westpac) up to the [Usurious Unsecured Personal Loan Interest Rates Charged On Many Credit Cards](#) of the [Four Pillars](#) eg. [CBA Platinum Card](#) 20.24% on [Purchases](#) and 21.24% on [Cash Advances](#) and an annual fee of \$249. A few [Credit Cards](#) offer 'loyalty reward points' as high as 3 points for every \$1 spent where the annual fee (often paid by the employer or as a tax deduction) is very high; and
 - (B) mischievous and contrived advertising of some [Credit Card Products](#) by too many [Credit Card Issuers](#) intended to mislead prospective [Credit Cardholders](#) with 'level 1' and 'level 2' [Financial Literacy](#) which constitutes [Numeracy And Literacy Discrimination](#) and violates the ACCC's definition of [Unconscionable Conduct](#)

Below are **Nine Examples** of [Unconscionable Conduct](#) by [Predatory Advertising](#) of some [Credit Cards](#):

*** Click on: [Example 1 - Unconscionable Conduct - St George Visa Card](#)**

[Example 1](#) notes that if a St George Visa [Cardholder](#) does not pay 100% of its [Closing Balance](#) by the [Payment Due Date](#), the [Cardholder](#) is charged interest at a [Usurious Interest Rate](#) of 20% -

- + on all its [Previous Month's Purchases](#) (from the date of each [Purchase](#)); and
- + forfeited its [Interest Free Period](#) entitlement for the subsequent two months. Therefore the [Cardholder](#) enjoys no [Interest Free Period](#) for three months even if s/he paid only \$1 less than their [Closing Balance](#) or paid their [Closing Balance](#) one day after their [Payment Due Date](#).

Summary information in St George Bank's monthly credit card statement deliberately seeks to deceive level 1 and level 2 [Financial Literacy Credit Cardholders](#) into paying only the 2% 'Minimum Payment' which immediately triggers the above described interest rate of 20% on all [Purchases](#) for three consecutive months.

Below is an extract from the bottom of page 2 of St. George Bank's "[Conditions of Use - Credit Guide](#)" (Effective: 20 May 2014). 62 pages of the 64 pages are in tiny Arial 9 font.

".....We strongly recommend that you read this booklet carefully and retain it for your future reference. If you do not understand any part of it, please contact our staff on 13 33 30. They will be happy to explain any matter for you."

The **Writer** defies anybody to 'carefully' read and understand the "**Conditions of Use - Credit Guide** [64 pages] (in Arial 8 font) "...**read this booklet carefully**". Requiring each **Cardholder** to read 64 pages of complex and detailed legal clauses is **Unconscionable Conduct** when the key information of the real costs and real benefits can be set out in a dozen bullet points on a single page.

As defined by the ACCC, Unconscionable Conduct notes '*inter alia*' under 'How to avoid engaging in unconscionable conduct':

"do not exploit the other party when negotiating the terms of an agreement or contract"

"make sure your contracts are thorough, easy to understand, not too lengthy and do not include harsh, unfair or oppressive terms"

"ensure you have clearly disclosed important or unusual terms or conditions of an agreement"

Unconscionable Conduct notes that the **Australian consumer law – unfair contract terms** (new provisions since 1 July 2010):

"In determining whether a term of a consumer contract is unfair a court must take into account the extent to which the term is transparent (that is, expressed in reasonably plain language, legible, presented clearly and readily available to all parties), and the contract as a whole."

In the afore-mentioned **Example 1 - Unconscionable Conduct - St George Visa Card**, forfeiting the **Interest Free Period** for three consecutive months due to not paying the entire **Closing Balance** by the **Payment Due Date** was not transparent to the **Credit Cardholder** because that penalty was not "expressed in reasonably plain language, legible, presented clearly and readily available to all parties".

* **Click on: Example 2 - Unconscionable Conduct - Coles 'No Annual Fee MasterCard' and Coles 'Rewards MasterCard'**

Example 2 notes that if a Coles Rewards MasterCard **Cardholder** does not pay 100% of its **Closing Balance** by the **Payment Due Date**, the **Cardholder** is charged interest at a **Usurious Interest Rate** of 19.99% p.a. on all its **Previous Month's Purchases** (from the date of each **Purchase**) and also for the subsequent two months, because the **Cardholder** forfeits its **Interest Free Period** entitlement for another two months. Hence, the **Cardholder** enjoys no **Interest Free Period** for three consecutive months even if s/he paid only \$1 less than his **Closing Balance** or paid his **Closing Balance** one day after his/her **Payment Due Date**. Summary information in Coles' monthly credit card statement deliberately seeks to deceive level 1 and level 2 **Financial Literacy Credit Cardholders** into paying only the 2% 'Minimum Monthly Payment' which immediately triggers the above described interest rate of 19.99% on all **Purchases** for three months.

Coles "**Contract Documents and Credit Guide**" [72 pages] for its two MasterCards (administered by GE Money) notes at the top of page 3:

We strongly recommend that you read these Conditions of Use and the Coles MasterCard Financial Table carefully and ensure that any additional cardholder also does so. If you have any questions please contact us.

The **Writer** defies anybody to read the "**Contract Documents and Credit Guide**" [72 pages] "...carefully and ensure that any **additional cardholder** also does so." Requiring each **Cardholder** to read 72 pages of complex and detailed legal clauses is **Unconscionable Conduct** when the key

information of the real costs and real benefits can be set out in a dozen bullet points on a single page.

In the afore-mentioned [Example 2 - Unconscionable Conduct - Coles 'No Annual Fee MasterCard' and Coles 'Rewards MasterCard'](#), forfeiting the [Interest Free Period](#) for three months due to not paying the entire [Closing Balance](#) by the [Payment Due Date](#) was not transparent to the [Credit Cardholder](#) because that penalty was not "expressed in reasonably plain language, legible, presented clearly and readily available to all parties".

[As defined by the ACCC, Unconscionable Conduct](#) notes '*inter alia*' under '[How to avoid engaging in unconscionable conduct](#)':

"make sure your contracts are thorough, easy to understand, not too lengthy and do not include harsh, unfair or oppressive terms"

"ensure you have clearly disclosed important or unusual terms or conditions of an agreement"

* [Click on: Example 3 - Unconscionable Conduct - ANZ's 'First Visa Card' and 'Low Interest Visa Card'](#)

ANZ's advertising of its 'First Card' and 'Low Interest Card' seeks to mislead prospective new [Cardholders](#), particularly [Financially Uneducated And Vulnerable Australians](#), that if they pay their '[Closing Balance](#)' (as defined on page 65 of its 98 pages "[ANZ Credit Cards - CONDITIONS OF USE | 19.09.2014 CONSUMER CREDIT CARDS](#)") in tiny Arial 9 font that any prospective new 'First Visa Card' or 'Low Interest Visa Card' [Credit Cardholder](#) would enjoy "Up to 44 days interest free on purchases³ as asserted in its webpage at '[Features and benefits](#)'. But that is not the case.

ANZ First Card offers 0% p.a. interest rate for initial 16 months asserting a savings of \$2,001 on a \$8,000 [Balance Transfer](#).

What is not explained in the ANZ offer documents ([5 pages posted to the Writer's home address](#)) is that -

- A. the only way to achieve the material savings of \$2,001 in interest costs on an \$8,000 [Balance Transfer](#) is to NOT make any [Purchases](#) during the initial 16 months; making [Purchases](#) is the fundamental purpose of applying for a Credit Card. If any [Purchases](#) are made whilst ever any part of the [Balance Transfer](#) amount @ 0% interest for 16 months remains unpaid, then interest is charged (at the below interest rates) from the date of each [Purchase](#) (with no [Interest Free Period](#) entitlement):
- * "First Card" @ 19.74% p.a.
 - * "Low Rate Card" @ 13.49% p.a; and
- B if a [Cardholder](#) makes any [Purchases](#) and does not repay the [Balance Transfer](#) amount '*in toto*' he/she pays interest on a "First Card" @ 19.74% p.a. on all [Purchases](#) during that month from the date of each [Purchase](#). In addition, s/he forfeits the [Interest Free Period](#) for the subsequent two months, whereupon a "First Card" [Cardholder](#) continues to pay interest at the [Usurious Interest Rate](#) of 19.74% p.a. for an additional two months until his/her [Interest Free Period](#) is re-installed - a total of three months interest on all [Purchases](#) @ 19.74% p.a. from the date of each [Purchase](#).

ANZ recognizes (on [page 10](#) of its 98 pages booklet titled "[ANZ Credit Cards - CONDITIONS OF USE | 19.09.2014 CONSUMER CREDIT CARDS](#)") that it has misled many new [Cardholders](#), which includes its [First Visa Card Low annual fee \\$30](#), into believing that they would enjoy, with regard to the [First Visa Card](#), "Up to 44 interest free days on purchases³" when, in fact, [First Visa Cardholders](#) are charged at the [Purchase](#) interest rate of 19.74% pa from the date

of each Purchase. This acknowledgement of a misconception by ANZ is reprinted in yellow background immediately below and evidenced in detail further below in this page:

"A misconception about balance transfers is that a 0% balance transfer means that interest will not be charged on any component of your credit card account. Whilst interest will not be charged on the 0% balance transfer, interest will still be charged in the normal manner on any other debits to your account. For example, interest will be charged on your purchases balance, except to the extent an interest free period applies."

The amount of the 0% balance transfer will be included in the Closing Balance shown on a relevant statement of account. Accordingly, an interest free period will generally not apply in relation to relevant purchases if you do not pay the full Closing Balance (including the 0% balance transfer) for such a statement of account by the applicable DUE DATE.

Below is clause 3 under 'Important information' from the below ANZ First Card webpage:

3. **Interest free periods on the purchases do not apply if you do not pay your Closing Balance** (or, if applicable, your 'Closing Balance' less Instalment Plan and Buy Now Pay later plan balances) shown on each statement of account in full by the applicable due date. Payments to your account are applied in the order set out in the ANZ Credit Cards Conditions of Use.

ANZ has commenced the words Closing Balance with a capital letter which constitutes a 'Defined Term' or 'Definition'. ANZ has not provided a definition of Closing Balance in its below extracted webpage advertising its First Visa Card Low annual fee \$30.

ANZ provides the below definition of 'Closing Balance' on page 65 of its 100 pages "ANZ Credit Cards - CONDITIONS OF USE | 19.09.2014 CONSUMER CREDIT CARDS". (Page 65 commences 48 'Definitions' under heading 'Meaning of words'):

'Closing Balance' means, in relation to a statement period, the outstanding balance on the credit card account as at the close of the statement period (and, for the avoidance of doubt, includes the Instalment Plan and Buy Now Pay Later plan balances as at the close of that statement period);

Significantly, ANZ's above 'Definition' of Closing Balance does NOT include 'the amount of any 0% balance transfer' as a part of the Closing Balance which materially flaws ANZ reliance upon page 10 of "ANZ Credit Cards - CONDITIONS OF USE | 19.09.2014 CONSUMER CREDIT CARDS" [100 pgs] as part of "Important things to know about using your ANZ credit card - Balance transfers can affect how interest is charged on your credit card account" which includes:

"A misconception about balance transfers is that a 0% balance transfer means that interest will not be charged on any component of your credit card account. Whilst interest will not be charged on the 0% balance transfer, interest will still be charged in the normal manner on any other debits to your account. For example, interest will be charged on your purchases balance, except to the extent an interest free period applies."

The amount of the 0% balance transfer will be included in the Closing Balance shown on a relevant statement of account. Accordingly, an interest free period will generally not apply in relation to relevant purchases if you do not pay the full Closing Balance (including the 0% balance transfer) for such a statement of account by the applicable DUE DATE.

Having regard to the afore-mentioned inconsistencies about what indebtedness constitutes the Closing Balance, any prospective Cardholder of an ANZ First Visa Card is entitled to believe that if it pays the Closing Balance as defined above that it would enjoy "Up to 44 days interest free on purchases"³ as asserted in its webpage at 'Features and benefits' below. But that is not the case.

Little wonder that ANZ notes "A misconception about balance transfers is that a 0% balance transfer means that interest will not be charged on any component of your credit card account because ANZ has advertised that "Up to 44 interest free days on purchases³ if the Closing Balance is paid by the Due Date.

ANZ has been mischievous in its Key Facts Sheet for its First Visa Card whereupon too many new customers with a Balance Transfer believed that they would enjoy an Interest Free Period on Purchases provided they have paid their Closing Balance (defined above) by the Due Date.

ANZ has breached its obligations under Regulation 28LFA of the National Consumer Credit Protection Amendment (Home Loans and Credit Cards) Act 2011 due to a legal drafting error in its definition of Closing Balance which does not include Balance Transfer amount; this omission has resulted in ANZ charging vast amounts of interest at 19.74% p.a. on its 'First Card' and 13.49% p.a. on its 'Low Rate Card' against the terms of its definition of Closing Balance.

As defined by the ACCC, Unconscionable Conduct notes '*inter alia*' under 'How to avoid engaging in unconscionable conduct':

"make sure your contracts are thorough, easy to understand, not too lengthy and do not include harsh, unfair or oppressive terms"

"ensure you have clearly disclosed important or unusual terms or conditions of an agreement"

* **Click on: Example 4 - Unconscionable Conduct - Bankwest More MasterCard Bankwest's '0% p.a. on balance transfer for 18 months' offer letter to Ms. K. Gordon dated 12 Jan '15 [1 pg] -**

- a) informs "Start the year fresh with a great balance transfer offer of 0% for 18 months[^], plus be rewarded with up to 50,000 bonus points"
- b) but does not inform the high Purchase rate of 19.99% p.a. and high Cash Advance rate of 21.99% p.a

If a new Bankwest More MasterCardholder makes any Purchase/s, until the Purchase/s and Balance Transfer amount is repaid '*in toto*', the Bankwest More MasterCardholder -

- (i) continues to be charged interest @ 19.99% p.a. on the Balance Transfer amount, plus the Purchases from the date of each Purchase, unless both are repaid in full by the Due Date; and
- (ii) forfeits its Interest Free Period.

* **Click on: Example 5 - Unconscionable Conduct - American Express Low Rate Card**

Offers a \$7,500 or 50% of your approved Credit Limit whichever is less at 0.99% Balance Transfer fee. After the 6 months, any o/s 'Balance Transfer' amount is charged @ 11.99% p.a, as are Purchases. You have to learn in the exceedingly fine print in '**Terms and Conditions**' that Interest free days do not apply if you do not pay your Closing Balance (which includes any outstanding balance transfers, cash advances, purchases and fees) in full by the due date each month. This key additional cost is not set out in the key features.

* **Click on: Example 6 - Unconscionable Conduct - Citi Rewards Signature Credit Card** Nowhere in the web add, which includes 'Important Information', does it inform the Purchase interest

rate of **20.99%**p.a. Nor does it list the annual fee of \$395 from 2nd year. Nor does it inform that there is no **Interest Free Period** if you have a **Balance Transfer**.

Citibank's Late Payment Fee (for accounts opened prior to 1 July 2012) of \$10 is "Charged when the Total Minimum Payment Due is not paid by Payment Due Date and every 7 days thereafter until the Total Minimum Payment Due is made **Citibank's Key Facts Sheet** which confirms the above Purchases interest rate and that the **Late Payment Fees** is levied every 7 days, is not accessible from this advertisement for **Citi Rewards Signature Credit Card**.

* **Click on: Example 7 - Unconscionable Conduct - HSBC Platinum Credit Card**

Enjoy 0% p.a. on Balance Transfer for 15 months from non HSBC credit cards (reverts to the variable cash advance rate *21.99% p.a.*). In the Fine Print in 9 font Arial is "There are no interest free days for cash advances or balance transfers.". Meaning if you utilise the 15 months Balance Transfer @ 0% p.a. option, you pay interest on all Purchases @ 19.99% p.a. from the date of each Purchase.

The **Key Facts Sheet** notes "Interest-free period - Up to 55 days on purchases". This is incorrect, as pursuant to clause 21.2 of **HSBC Credit Card Conditions of Use - effective 1 April 2016** if the full *closing balance* is not repaid by the *due date*, then the Cardholder forfeits the "Interest-free period - Up to 55 days on purchases" for the subsequent month: "until the *closing balance* of that statement of *account* and any subsequent statement of *account* is repaid in full by the *due date*."

This **Conditions of Use** of 72 pages notes on page 2:

"We strongly recommend that you and any additional cardholder read this booklet carefully and retain it for future reference."

It informs that all interest rates, fees and Card Limit 'et al' are in the *Schedule* which the Definitions note "the *schedule* that is set out in the letter we sent you advising of our approval of your application for the card". HSBC "strongly recommend that you read this booklet carefully, but you cannot access the *Schedule* (referred to 80 times in **Conditions of Use**) until after the prospective Cardholder has applied On-line', been accepted and paid the Annual Fee.

* **Click on: Example 8 - Unconscionable Conduct - Citibank Platinum Card, Citibank Classic Card and Citibank Simplicity Card**

The **Citibank webpage** for the above three Citibank Credit Cards presents the few Benefits and encourages readers to **Apply Now** without reading the 'Important information' that contains **9 Spiders**.

* **Click on: Example 9 - Unconscionable Conduct - American Express Explorer Credit Card**

Features:

* **"Earn 100,000 Bonus Points³"** "if you spend \$1,500 on your Card within the first 2 months."

* "Start exploring with a \$400 Travel Credit every year⁴"

Terms And Conditions are in tiny 1em font (8½ Helvetica font) and hidden at end.

The 12 **Terms And Conditions** are displayed only three clauses at a time A reader has to scroll down and cannot read the entire T&Cs in their entirety, but only in small sections.

Some Credit Card Issuers deploy the small window scroll so that readers cannot look at all the terms and conditions a page at a time, rather 12 lines at a time in tiny font. Often in dark grey font not black.

Clause 2 in [Terms And Conditions](#) notes that if you have a Balance Transfer amount, there is no Interest Free Period. So the metre is running at 20.74% interest rate on all Purchases, from the date of each Purchase.

3. [The Writer](#) understands that most of the websites which pop up using Google (see 3 websites below) that purport to alert Australians of the pitfalls of [Credit Card Products](#) are funded by different groups of [Credit Card Issuers](#). These websites are conflicted and understandably promote their funders' [Credit Card Products](#) as good value.

1. www.australia.creditcards.com [Credit card news archive](#) CLOSED ITS AUSTRALIAN WEBSITE AFTER THE WRITER'S SUBMISSION TO RBA
2. www.creditcardfinder.com.au/ lists both [Purchases](#) rate and [Cash Advances](#) rate on primary add page - *high integrity*
3. <http://www.creditcards.com.au> "[CreditCards.com.au may receive payment for providing credit service referrals from affiliated partners and agencies, including financial institutions, in the form of sponsorship, commissions and/or advertising. We recommend that you seek the advice of your own financial adviser before making a decision on a product solely on the information you obtain from this website. If you choose to apply for a product please be aware that you will be dealing with the financial institution and not this website.](#)"

(a) does not list its quoted "Interest Rate" as only applying to [Purchases](#); intended to mislead; and

(b) provides a URL to the [Credit Card Issuers](#) particular [Credit Card Product](#).

The RBA has failed level 1 and level 2 Australians by not regulating ['Primary Information' that should be prominently displayed in a regulated summary format on the opening page of every Credit Card Product advertisement](#) be it a 'personal offer letter', brochure, newspaper add or webpage.

The above 3 websites (under point 3. above) that purport to be identifying the best credit card deals, that are paid for by some [Credit Card Issuers](#), generally do not announce the interest rate on [Cash Advances](#) on their primary advertising webpage patently targeting Australians with 1 and level 2 [Financial Literacy](#) by only seeing the [Purchases](#) interest rate which is often around 5% lower than the associated [Cash Advance](#) interest rate.

[Unconscionable Conduct](#) notes *'inter alia'*:

[Australian consumer law – unfair contract terms](#) (new provisions since 1 July 2010)

"The unfair contract term provisions apply to 'standard form consumer contracts'. Standard form contracts are commonly used across a range of industries including telecommunications, utilities, domestic building and finance. Consumers and investors enter into standard form contracts for financial products and financial services every day. Contracts for home loans, [credit cards](#) and client or broker agreements for example, are almost certainly standard form contracts."

"In determining whether a term of a consumer contract is unfair a court must take into account the extent to which the term is transparent (that is, expressed in reasonably plain language, legible, presented clearly and readily available to all parties), and the contract as a whole."

If a court finds that a term in a standard form consumer contract is unfair, the term is void. **This means that the term is treated as if it never existed.** However, the contract will continue to bind parties if it is capable of operating without the unfair term."

If a **Credit Card Issuer** pays third party credit card comparison websites that do not prominently note a second higher interest rate, namely the **Credit Card Issuer's Cash Advance** interest rate, is the **Credit Card Issuer** legally allowed to charge in excess of the advertised interest rate?

Predatory Sale Of A Financial Product summarises that **Balance Transfer Interest-Free Period Offers** have been fraught with **Unconscionable Conduct** both -

- * prior to enactment on 1 July 2012 of **The National Consumer Credit Protection Amendment (Home Loans and Credit Cards) Bill** and subsequent to banning an '**Order of Payments' Allocation Practice**, where some **Credit Card Issuer's** applied the monthly repayment of the **Closing Balance** for the **Previous Month's Purchases** to the **Balance Transfer** amount; and
- * after enactment of **The National Consumer Credit Protection Amendment (Home Loans and Credit Cards) Bill** where some **Credit Card Issuer's** are concealing that the only way to enjoy the advertised saving of interest on a **Balance Transfer** amount is to not make any **Purchases** during the 'Teaser Interest Rate' (Nil or low interest rate) 'Introductory Period' (from 3 months to 24 months).

The brilliant, blunt Governor of the Reserve Bank of Australia between 1949-1968, Dr H.C. Coombs, famously recalled that, when he was trying to explain the complexities of central banking to a friend, the friend replied:

"Come the Revolution, you will be hanged as high as the rest, but as they bear you off to the nearest lamp post, you will be crying plaintively, "But I am a CENTRAL banker!" (quoted from Fast Money 2, Edna Carew, Allen & Unwin, 1985, page 46).