

MEDIA RELEASE

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TRAINING PROVIDERS AND MARKETERS ON NOTICE

Australian Consumer Law regulators including Northern Territory Consumer Affairs have put the training industry on notice after a two year national compliance and education project targeting misleading, deceptive and unconscionable conduct by training providers and marketers revealed a number of unethical business practices.

While many of the activities under that project have now been undertaken, ACL regulators will continue to work together to pursue resulting investigations and actions.

The focus of this project is courses funded by student loans through the Commonwealth Government's VET FEE-HELP scheme. Students pay back their course debt through the tax system when they meet specified income thresholds.

NT Commissioner of Consumer Affairs, Gary Clements, said low-income and vulnerable consumers had been seduced by a number of unscrupulous businesses into signing up for diploma courses they did not need and were unlikely to complete.

"Some consumers called Consumer Affairs with concerns about training courses they had been sold," he said, "They had the sense to know that if something seems too good to be true it usually is. They were duped by bait incentives such as laptop computers and high pressure sales tactics during door-to-door marketing approaches.

"Many of the affected consumers live in regional and remote communities which made these offers appear even more attractive. We were able to secure cancellations of enrolments and loans, including 300 enrolments for consumers in the Northern Territory and Western Australia."

Some consumers were enrolled despite being unable to complete diploma courses because of circumstances explained to the marketers, including disabilities, limited literacy or no internet access for online courses. Many consumers ended up with multiple enrolments and loans worth tens of thousands of dollars each, without their knowledge.

As part of a series of investigations, including joint investigations with NSW Fair Trading, the Australian Competition and Consumer Commission (in some cases with the Commonwealth) has to date taken Federal Court action against five groups of training providers, brokers and marketers.

The ACCC is seeking: to overturn VET FEE-HELP debts of consumers who were misled or subject to unconscionable conduct; for training providers to repay course fees paid by the Commonwealth back to the Commonwealth; and, penalties for training providers and brokers who acted unconscionably when signing up vulnerable consumers.

Businesses found to be acting unconscionably in their dealings with vulnerable consumers can be penalised under the Australian Consumer Law - up to \$1.1m per contravention for corporations and \$220,000 for other businesses. Details of the ACCC actions can be obtained from its website (www.accc.gov.au).

Consumer regulators across Australia are investigating other training providers and marketers, with further enforcement action expected in the near future.

Regulators have been warning consumers about unethical marketing and are negotiating to cancel enrolments and loans. As well as warning businesses about their obligations under the Australian Consumer Law, regulators have also been working with community service providers to help vulnerable consumers.

Consumers, family members and community service providers should report any illegal or unethical marketing of products and services by contacting Northern Territory Consumer Affairs by phone on 1800 019 319 or emailing consumer@nt.gov.au