# Amendment No 7 to the Credit Reporting Privacy Code 2004

## Information Paper

This information paper explains Amendment No 7 to the Credit Reporting Privacy Code 2004, which was issued by the Privacy Commissioner on 1 February 2013.

In summary, Amendment No 7:

1. permits credit reporters to disclose credit information to credit providers and credit insurers for the purpose of identity verification under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 ("AML/CFT Act");
2. continues for a further four years the obligation on credit providers to notify existing customers if they intend to share credit account information with credit reporters; and
3. corrects an error in the summary of rights.

Where the amendment differs from the proposed amendment notified on 19 September 2012, this is highlighted in the relevant section below.

### 1. Disclosure of credit information for AML/CFT Act identity verification

The amendment permits credit reporters to disclose credit information to credit providers and credit insurers, with the authorisation of the individual concerned, for the purpose of AML/CFT Act identity verification.

A small number of submitters called for the widening of this amendment to permit all agencies required to conduct customer due diligence under the AML/CFT Act to have access to credit information for that purpose.

The proposed amendment was limited only to credit providers. However, having considered the submissions made, the Commissioner sees merit in widening the amendment slightly to include credit insurers.

The amendment seeks to address the reasonable needs of the industry without undermining the integrity of the credit reporting system. Credit providers and credit insurers are already

involved in the credit reporting system and will usually have an existing relationship with credit reporters. There is an expectation that access to credit information is tightly limited. This amendment meets that expectation and maintains public trust in the system.

This issue may, however, be revisited as part of the next review of the code scheduled for 2015.

Some submitters were concerned about possible negative impacts on consumers from the AML/CFT enquiry footprints on their credit reports. A number of consumer safeguards address this concern:

- An AML/CFT enquiry that is not associated with a normal credit enquiry should not show on a credit report.
- The amendment prohibits the use of these enquiries in credit scoring.

## 2. Continuing the obligation on credit providers to notify existing customers

The amendment continues the requirement on credit providers to notify existing customers of their intention to list credit account information with credit reporters (contained in schedule 8 of the code) for a further four years, to 31 March 2017.

So far, only a small number of credit providers have moved to make the change to positive credit reporting. The notice obligation is fundamental to maintaining openness and accountability. Existing customers should expect to be properly informed whenever the change affecting them occurs.

In a change to the proposed amendment, the amendment also:

1. similarly extends the requirement on credit reporters to provide an assurance to the Commissioner that it has taken steps to ensure credit provider notification; and
2. amends clause 4.1(c) of schedule 8, with the effect that an “existing customer” is a customer who authorised the credit provider to share credit information before 1 January 2013.

## 3. Correcting the summary of rights

Credit Reporting Privacy Code Amendment No 6 (Temporary) made a small correction to the code to ensure that the summary of rights was an accurate reflection of the law. That amendment expires on 31 March 2013 and so the amendment makes this correction permanent.

## 4. Proposal to remove “and imminent” from rules 10(1)(d) and 11(1)(c)

The proposed amendment sought to align the code with changes to the wording of principles 10(d) and 11(f) of the Privacy Act being made by the Privacy (Information Sharing) Bill. As this bill has not yet passed into law, this part of the amendment has been put on hold. It will be issued after the Privacy (Information Sharing) Bill has been passed.