

<b>COMPLAINT NUMBER</b>	19/143
<b>COMPLAINANT</b>	N Warren
<b>ADVERTISER</b>	Moola
<b>ADVERTISEMENT</b>	Moola, Radio
<b>DATE OF MEETING</b>	30 April 2019
<b>OUTCOME</b>	Not Upheld

## **SUMMARY**

The radio advertisement for the financial service provider, Moola, says “Why do thousands of everyday Kiwis choose Moola for fast loans?” The advertisement then has customers referring to their experience of using Moola to obtain a loan. One of these customers says, “Whenever I want extra cash, I just Moola it, easy.”

The Complainant is concerned that the wording "whenever I need extra cash I just Moola it, easy" is irresponsible given the annualised interest. The Complainant said it will entice young people to use the service when they have no idea about interest and what it will cost them.

The Advertiser said that version of the advertisement is not currently playing but may be used again. The Advertiser said its business model ensures that it does not exploit the vulnerable and it rejects two thirds of all applications. The Advertiser confirmed it only lent to those in paid employment and the majority of loans are repaid in under 6 weeks.

The media, NZME, said the advertisement clearly indicates there are costs associated with the loan. In addition, Moola has a very clear lending policy on its website which includes fees and interest rates. No loan would be given without the borrower being informed of the lending criteria.

The Complaints Board said the Advertiser had a clear lending policy on its website that informed potential customers of the fees and interest rates associated with their loan. The Complaints Board said the radio advertisement was unlikely to mislead, deceive or confuse consumers about the lending service being offered.

The Complaints Board said the advertisement had been prepared with a high standard of social responsibility, taking into account context, medium, audience and product and unanimously agreed the advertisement was not in breach of Principle 1, Principle 2 and Guideline 2(a) of the Code for Financial Advertising.

The Complaints Board ruled the complaint was Not Upheld.

### **[No further action required]**

Please note this headnote does not form part of the Decision.

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## COMPLAINTS BOARD DECISION

The Chair directed the Complaints Board to consider the complaint with reference to Principle 1, Principle 2 and Guidelines 2(a) of the Code for Financial Advertising.

Principle 1 of the Code for Financial Advertising required the Complaints Board to consider whether the advertisement observed a high standard of social responsibility.

Principle 2 of the Code for Financial Advertising required the Complaints Board to consider whether the advertisement was likely to mislead, deceive or confuse consumers, abuse their trust, exploit their lack of knowledge or without justifiable reason, play on fear. This includes by implication, omission, ambiguity, exaggerated claim or hyperbole.

Guideline 2(a) of the Code for Financial Advertising required the Complaints Board to consider whether the advertisement was accurate and made any statements or claims which were unable to be substantiated.

**The Complaints Board ruled the complaint was Not Upheld.**

### **The Complaint**

The Complainant is concerned that the wording "whenever I need extra cash I just Moola it, easy" is irresponsible given the annualised interest. The Complainant said it will entice young people to use the service when they have no idea about interest and what it will cost them.

### **The Advertiser's Response**

The Advertiser said that version of the advertisement is not currently playing but may be used again. The Advertiser said its business model ensures that it does not exploit the vulnerable and it rejects two thirds of all applications. The Advertiser confirmed it only lent to those in paid employment and the majority of loans are repaid in under 6 weeks.

### **The Media's Response**

The media, NZME, said the advertisement clearly indicates that there are costs associated with the loan. In addition, Moola has a very clear lending policy on its website which includes fees and interest rates. No loan would be given without the borrower being informed of the lending criteria.

## **Complaints Board Discussion**

### *Consumer Takeout*

The Complaints Board began by discussing the likely consumer takeout of the advertisement. The Board agreed it was that the lending service was an easy and quick way to obtain a loan to bridge a financial gap and that more information about lending criteria and terms could be found on the website.

### *Is the advertisement misleading?*

The Complaints Board considered the information provided by the Advertiser and Media regarding the Advertiser's internal policies around the due diligence undertaken before loans are approved. The Board noted the advertisement was a radio advertisement and potential customers would need to visit its website to sign up for a loan. The Board said the Advertiser had a clear lending policy on its website that informed potential customers of the fees and interest rates associated with loans. It agreed that the advertisement and website referred to ensured consumers would be aware of the lending criteria and those who were unlikely to meet that criteria would not qualify for the service.

The Complaints Board noted the lending information provided by the Advertiser which said the average Moola loan is about \$240 and the majority of loans are repaid in under 6 weeks. The Board said this made the annualised interest rate issue raised by the Complainant irrelevant for a majority of consumers given the short duration of the loans.

The Complaints Board noted the wording of the advertisement which said, "Whenever I want extra cash I just Moola it." The Board said the word '*whenever*' implies the customer is a regular user of the service who would be aware of the terms and conditions and had a good credit rating with the company in order to be eligible for repeat loans.

The Complaints Board said the advertisement was unlikely to mislead, deceive or confuse consumers about the lending service being offered.

*Does the advertisement target young people?*

The Complaints Board did not consider the advertisement was targeting young and said nothing about the content or placement of the advertisement on Newstalk ZB indicated that this particular demographic was the target audience.

*Is the advertisement socially responsible?*

The Complaints Board said the advertisement promoting the lending service had been prepared with a high standard of social responsibility, taking into account context, medium, audience and product and unanimously agreed the advertisement was not in breach of Principle 1, Principle 2 and Guideline 2(a) of the Code for Financial Advertising.

The Complaints Board ruled the complaint was Not Upheld.

## DESCRIPTION OF ADVERTISEMENT

The radio advertisement for the financial service provider, Moola, says "Why do thousands of everyday Kiwis choose Moola for fast loans?" The advertisement then has customers giving their experience of using Moola to obtain a loan. One of these customers says "Whenever I want extra cash, I just Moola it, easy."

## COMPLAINT FROM N WARREN

The Moola finance add on Newstalk ZB it is a continual add and airs regularly the wording especially at the end a girl says "whenever I need extra cash I just moola it, easy" the annualized rate of interest is between 250% and 600%. Enticing young people to get into this when they have no idea of interest or what it will cost them, is criminal. It must be stopped.

## CODES OF PRACTICE

### CODE FOR FINANCIAL ADVERTISING

**Principle 1:** Financial advertisements should observe a high standard of social responsibility particularly as consumers often rely on such products and services for their financial security.

**Principle 2:** Advertisements should strictly observe the basic tenets of truth and clarity. Advertisements should not or should not be likely to mislead, deceive or confuse consumers, abuse their trust, exploit their lack of knowledge or without

justifiable reason, play on fear. This includes by implication, omission, ambiguity, exaggerated claim or hyperbole.

**Guideline 2(a)** Advertisements shall be accurate and statements and claims able to be substantiated.

### **RESPONSE FROM ADVERTISER, MOOLA**

We do not agree with N Warrens complaint. This advert has been played continuously on TV and radio since late last year and we have probably spent in excess of \$500,000 on these mediums. Apart from N Warrens baseless complaint we've had absolutely no complaints formally or otherwise and the public's response has been very good.

The advert has however been recently changed to align with our latest FAST TV campaign. We do however reserve the right to continue using the advert in question.

I will make a few comments about our business model ...

1. It'd be hard to accuse Moola of exploiting the vulnerable when we reject around two thirds of all applications because we don't believe the applicant could repay the loan.
2. Annual interest rates are not applicable given the majority of loans are repaid in under 6 weeks.
3. The revenue off these loan products on average is around \$240 which is less than most finance company's applications fees which results in a net profit per loan of around \$20 - hardly a large return for the risk associated with an unsecured loan.
4. We do more than 130 checks when we receive an application to ensure a customer can afford the loan.
5. We don't loan money to beneficiaries or those who are bankrupt – all our customers are in paid work.
6. We only loan what we're confident we'll get back, which is often less than customers ask for.
7. We are socially responsible lenders there is no point lending to customers who can't repay their loans as we have no security or enforcement strategy.

### **RESPONSE FROM MEDIA, NZME**

We are writing on behalf of NZME (the broadcaster) and Moola (the advertiser) in response to the above complaint regarding Moola's advertising.

This advertisement was designed and submitted on behalf of the client, but accepted by NZME Publishing for broadcast, as we believe it did not contravene ASA codes.

The ASA identified Principles 1 and 2, and guideline (1)(a) of the Code for Financial advertising:

*Principle 1: Financial advertisements should observe a high standard of social responsibility particularly as consumers often rely on such products and services for their financial security.*

*Guideline 1 (a): Advertisements shall be set out in a way that allows them to be readily understood by the audience being addressed. All relevant information should be disclosed.*

*Principle 2: Advertisements should strictly observe the basic tenets of truth and clarity. Advertisements should not or should not be likely to mislead, deceive or confuse consumers, abuse their trust, exploit their lack of knowledge or without justifiable reason, play on fear. This includes by implication, omission, ambiguity, exaggerated claim or hyperbole.*

The complainant has indicated a concern with advertisement as a whole, and the following statement:

"Whenever I need extra cash I just Moola it, easy"

Like decision 18/394 (where the same advertisement was considered by the ASA in November 2018), the above statement is intended to be given by a woman representing a customer. It is not intended as a testimonial, nor is it intended to be a full summary of all fees and interest rates associated with the loan. Another statement in the advertisement explicitly references the online application process, and that Moola is "straight up, so you know exactly how much it's going to cost".

In our view the advertisement clearly indicates that there are costs associated with the loan. In addition, Moola has a very clear lending policy on its website which includes fees and interest rates. No loan would be given without the lender being informed of the lending criteria. Moola have also indicated that they only loan to those in paid employment, and those which it considers are capable of repayment (given the loans are unsecured), after satisfying itself with requisite checks to ascertain the borrower's ability to service the loan.

On that basis, we consider the advertisement (and lending) is socially responsible.

#### **APPEAL INFORMATION**

According to the procedures of the Advertising Standards Complaints Board, all decisions are able to be appealed by any party to the complaint. Information on our Appeal process is on our website [www.asa.co.nz](http://www.asa.co.nz). Appeals must be made in writing via email or letter within 14 days of receipt of this decision.