

COMPLAINT NUMBER	21/077
ADVERTISER	Latitude Financial Services
ADVERTISEMENT	Gem Finance, Television
DATE OF MEETING	1 March 2021
OUTCOME	No Grounds to Proceed

Advertisement: The Gem Finance television advertisement shows a continuous vertical rolling screen with a voice-over stating, "Save up to \$1000 in interest with our personal loan pay it faster option, just by paying an extra \$50 a month".

The Chair ruled there were no grounds for the complaint to proceed.

Complaint: Gem finance is offensive.
It does not disclose the interest charges nor fees.
It promises unreachable things which are unaffordable.
It is unethical

The relevant provisions were Code for Financial Advertising - Guideline 1 (b), Guideline 2 (a), Principle 1, Principle 2;

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(b) Exaggeration: Advertisements shall not portray unrealistic or exaggerated financial expectations or outcomes.

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) Truthful presentation: Advertisements shall be accurate and statements and claims able to be substantiated.

The Chair noted the Complainant was concerned the advertisement was not transparent about charges and created unrealistic expectations for consumers.

The Chair carefully reviewed the advertisement and said the likely consumer takeout would be that Gem was offering a loan scheme with the option to pay it off faster by increasing the repayments by \$50 per month. The Chair said the advertisement included an example at the bottom of the screen about how the \$1,000 saving was calculated on a \$20,000 loan.

The Chair noted the Complainant's concerns about the transparency and ethical nature of the advertisement, however she said the Advertiser was entitled to advertise their product so

long as the advertisement was prepared with a high standard of social responsibility. The Chair said that specific details about interest rates and fees would likely depend on the amount borrowed, personal circumstances and credit history of the applicant. She said any loan application would provide consumers with the opportunity to research the terms and conditions specific to their loan.

The Chair said the advertisement did not present any exaggerated or unrealistic outcomes and consumers had the choice whether to take up the “pay it faster” option being promoted.

The Chair said the advertisement did not reach the threshold to breach Principle 1, Principle 2, or Guidelines 1(b) and 2(a) of the Code for Financial Advertising.

Chair’s Ruling: Complaint **No Grounds to Proceed**

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. Appeals must be made in writing via email or letter within 14 calendar days of receipt of this decision.