

COMPLAINT NUMBER	22/134
ADVERTISER	Instant Finance
ADVERTISEMENT	Instant Finance Facebook
DATE OF MEETING	14 June 2022
OUTCOME	Settled Advertisement amended No further action required

Summary of the Complaints Board Decision

The Complaints Board settled a complaint about a Facebook advertisement for Instant Finance. The Board said the amended version of the advertisement included reference to the lending criteria, and the terms and conditions that applied to the loan. These had not been visible in the earlier version of the advertisement.

Advertisement

The sponsored Instant Finance Facebook advertisement had in large print "FAST \$500". Above this was the text "For those who need a quick \$500, we've got just the thing. And it comes with no interest* over 3 months.

*Establishment fee of \$95 applies.

Below this was the text: "instantfinance.co.nz Makers of Possible – Apply Now"

Summary of the Complaint

The Complainant was concerned the advertisement was not in line with responsible lending rules and targeted vulnerable people. This is because it didn't outline the risks or fine print involved in such loans. The Complainant said the use of the word "Fast" encouraged consumers to make decisions quickly, when they might be in difficult circumstances, and this could lead to a lifetime of debt.

Issue Raised:

- Social Responsibility

Summary of the Advertiser's Response

The Advertiser defended the advertisement and said it was intended that the Facebook advertisement would appear with the disclaimer "Lending criteria, terms and conditions apply". The Advertiser acknowledged that the disclaimer had not been visible to the consumer, in the original advertisement.

The Advertiser said it therefore amended the advertisement on 10 May 2022, to include the text "Lending criteria, terms and conditions apply".

The Advertiser said the word "Fast" refers to the short term of the product, which is a maximum of 92 days and at zero percent interest. It does not encourage consumers to make quick decisions, without forethought.

The Advertiser disagreed the advertisement targeted vulnerable people. The Advertiser said they have an internal policy for assisting vulnerable customers, consistent with the guidance of the Responsible Lending Code.

Copies of the full complaint and the response from the Advertiser are in Appendix 1 and 2.

Relevant ASA Codes of Practice

The Chair directed the Complaints Board to consider the complaint with reference to the following codes:

FINANCIAL ADVERTISING CODE

Principle 1: Social Responsibility: Financial Advertising must be prepared and placed with a high standard of social responsibility to consumers and society.

Rule 1(a) Social Responsibility: Financial Advertising must be easily understood by consumers.

Relevant precedent decisions

In considering this complaint the Complaints Board referred to a precedent decision, Decision 19/143 both of which was Not Upheld.

The full version of this decision can be found on the ASA website:

<https://www.asa.co.nz/decisions/>

Decision 19/143 concerned a radio advertisement for the financial service provider, Moola. The Complainant was concerned that the wording "whenever I need extra cash I just Moola it, easy" was irresponsible, given the annualised interest. It might entice young people to use the service when they have no idea about interest and what it will cost them.

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 Advertiser had a clear lending policy on its website, that informed potential customers of the fees and interest rates associated with their loan.

Complaints Board Discussion

The Chair noted that the Complaints Board's role was to consider whether there had been a breach of the Financial Advertising Code. In deciding whether the Code has been breached the Complaints Board has regard to all relevant matters including:

- Generally prevailing community standards
- Previous decisions
- The consumer takeout of the advertisement, and
- The context, medium, audience and the product or service being advertised, which in this case is:
 - Context: Recent publicity regarding Government updates to responsible lending rules
 - Medium: Sponsored Facebook advertisement
 - Audience: Consumers targeted by Facebook Advertisement
 - Product: Short term finance products

Consumer Takeout

The Complaints Board agreed the likely consumer takeout of the advertisement was you can get a loan quickly, if you have an urgent need.

Would the advertisement be easily understood by consumers?

The Complaints Board said the original version of the advertisement would not be easily understood by consumers. This is because it did not include reference to the lending criteria or the terms and conditions that applied to the loan.

The Complaints Board noted that the Advertiser had acknowledged there was an issue with the advertisement and the disclaimer should have been visible. The Board recognised that the Advertiser had amended the advertisement, after receiving this complaint, to include the disclaimer "Lending criteria, terms and conditions apply".

The Complaints Board agreed the amended version of the advertisement would be easily understood by consumers, and therefore the complaint was Settled.

The Complaints Board said it is good practice for Advertisers to do a live online check of advertisements, to confirm what the consumer will see, as part of the initial approval process.

Was the amended advertisement prepared and placed with a high standard of social responsibility to consumers and society?

The Complaints Board said the advertisement did not target vulnerable people and the Advertiser is allowed to advertise this short-term finance product. The Complaints Board said the amended advertisement was prepared and placed with a high standard of social responsibility to consumers and society, taking into account context, medium, audience and product and the complaint was Settled.

Outcome

The Complaints Board ruled the complaint was **Settled**.

Advertisement amended, no further action required.

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 with notification of the intent to appeal lodged within 14 calendar days of receipt of the written decision. The substantive appeal application must be lodged with the ASA within 21 calendar days of receipt of the written decision.

APPENDICES

- 1. Complaint**
 - 2. Response from Advertiser**
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Appendix 1

COMPLAINT

Hi there

I have been getting these targeted adverts from Instant Finance on Facebook. I think they are not in line with responsible lending rules and do not outline the risks or fine print involved in such loans. "Fast" encourages decisions to be made quickly when people are desperate which can lead to a lifetime of debt. I think they should be looked into as this advert is targeting very vulnerable people who do not benefit long term from loans like this, and end up in a debt trap.

Appendix 2

RESPONSE FROM ADVERTISER, INSTANT FINANCE

Thank you for notifying us about this complaint. Please see below Instant Finance's full response.

Instant Finance has considered the complaint to the Advertising Standards Authority (the ASA) and investigated the relevant details. We confirm that our position is that we would defend the complaint, and do not agree that we have breached our obligations under the Fair Trading Act 1986 (the FTA), the Credit Contracts & Consumer Finance Act 2003 (the CCCFA), the associated regulations and codes related to those acts, including the Financial Advertising Code, Principle 1, Rule 1 (a), or any of its other relevant obligations.

Instant Finance acknowledges that the Facebook advertisement appeared for the complainant without the attached disclaimers. The content of those disclaimers is as follows:

- “*Establishment fee of \$95 applies. Lending criteria, terms and conditions apply” – which appears in the caption of the advertisement. This disclaimer may be hidden by Facebook’s “See More” function, which hides the later portion of text-based posts over a certain size.
- “Lending criteria & conditions apply” – which appears next to the “Apply Now” button underneath the advertisement.

Instant Finance was notified of this complaint initially by the ASA on 4 May. We investigated, with the assistance of our media agency, whether it was possible for the advertisement to be shown without the disclaimer text in both the caption and the “Apply Now” button. During our investigation, Instant Finance suspended the ad from circulation. We have since confirmed with the media agency that it should not have been possible and are unable to confirm with Facebook how or why the ad was shown without the disclaimer text. We believe that this is an issue with Facebook’s service, not the content of Instant Finance’s advertisement.

On 10 May, Instant Finance established a new version of the ad (here: <https://www.facebook.com/ads/library/?id=393565869157580>) which includes the disclaimer text “Lending criteria, terms and conditions apply” in the picture itself.

Instant Finance holds the position that it did not engage in any of the prohibited advertising practises described in the Credit Contracts & Consumer Finance Regulations 2004 (the CCCFR) 4AAAT. Instant Finance notes that the caption of the advertisement includes the information required under the CCCFR 4AAAS. Instant Finance clarifies that the Fast 500 product is not a high-cost credit contract as defined by the CCCFA, as there is no interest associated with the product. With regard to the Financial Advertising Code, Instant Finance holds the position that it provided all of the relevant and required information under Principle 1, Rule 1 (a).

Instant Finance acknowledges that the complainant makes reference to implications made by the word "Fast", in the product name "Fast 500". We understand that the complainant has taken the implication from the word "Fast" to mean that it encourages consumers to make quick decisions without forethought. Instant Finance disagrees that this implication is reasonably made by the advertisement. We hold the view that the implication is that the word "Fast" makes reference to the short term of the product, which is a maximum of 92 days and at zero percent interest. Instant Finance also notes that the advertisement does not suggest that responsible lending criteria are in any way relaxed or shortened during the application process for a "Fast 500" loan. Instant Finance confirms that its processes related to its obligations under the CCCFA s 9C and the related regulations are consistent across all of its products, and that it meets its obligations under that legislation and regulations. We suggest that, by offering a short-term product with no interest applied, Instant Finance offers an alternative to other products available in the market which charge significant interest.

We note that the complainant suggests that Instant Finance targets vulnerable people by advertising the "Fast 500" product. We disagree with this sentiment and note that Instant Finance has an internal policy for assisting vulnerable customers, consistent with the guidance of the Responsible Lending Code. Instant Finance is committed to providing good customer outcomes and has detailed processes for providing additional assistance to customers consistent with the Responsible Lending Code's guidance.