

MEDIA RELEASE

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Banking Royal Commission a missed opportunity for automotive sector

The Motor Trades Association of Australia (MTAA), representing thousands of automotive businesses and tens of thousands of Australians employed in the automotive sector, has expressed disappointment with elements of the final report of the Banking and Financial Services Royal Commission impacting some automotive industries.

MTAA said it was disappointed the Commission's final report appeared to target new car retailing and the provision of add-on finance and insurance products, while at the same time; ignoring completely potential misconduct in the car insurance and repair industry.

'Matters raised in the Royal Commission final report regarding car retailing have been under investigation by regulators for some time, with significant changes already implemented and industry working cooperatively on resolving remaining matters with some dealers already adopting proposed standards. The implementation of government endorsed recommendations to unilaterally remove the exemption of retail dealers from the National Consumer Credit Protection Act, adopt a deferred sales model and cap commissions, will need to be carefully considered. The car retailing industry is already under significant pressure from other powerful market participants and it is important that such changes do not result in unintended consequences detrimental to consumers,' said MTAA.

MTAA says while it recognises the limitations of the Royal Commission to investigate all matters brought to its attention, the Federation was extremely disappointed the conduct of car insurers was not included in investigations.

'While some behaviours and conduct of insurance companies in the areas of life and general insurance were highlighted in the final report, the failure to investigate car insurance and repair was a missed opportunity,' MTAA says

MTAA supports government endorsed recommendations regarding Unfair Contract Term provisions, enforceability provisions to strengthen industry codes and to remove the claims handling exemption from the definition of 'financial service'.

'With the removal of the exemption, insurers are now also obligated *'to do all things necessary to ensure that financial services are provided efficiently, honestly and fairly'*, including proper preparation of estimates of repair costs and conduct negotiations in terms of settlement costs,' MTAA says.

MTAA now calls on government and regulators to immediately investigate the car insurance and repair industry to resolve outstanding critical issues impacting small business repairers and consumers.