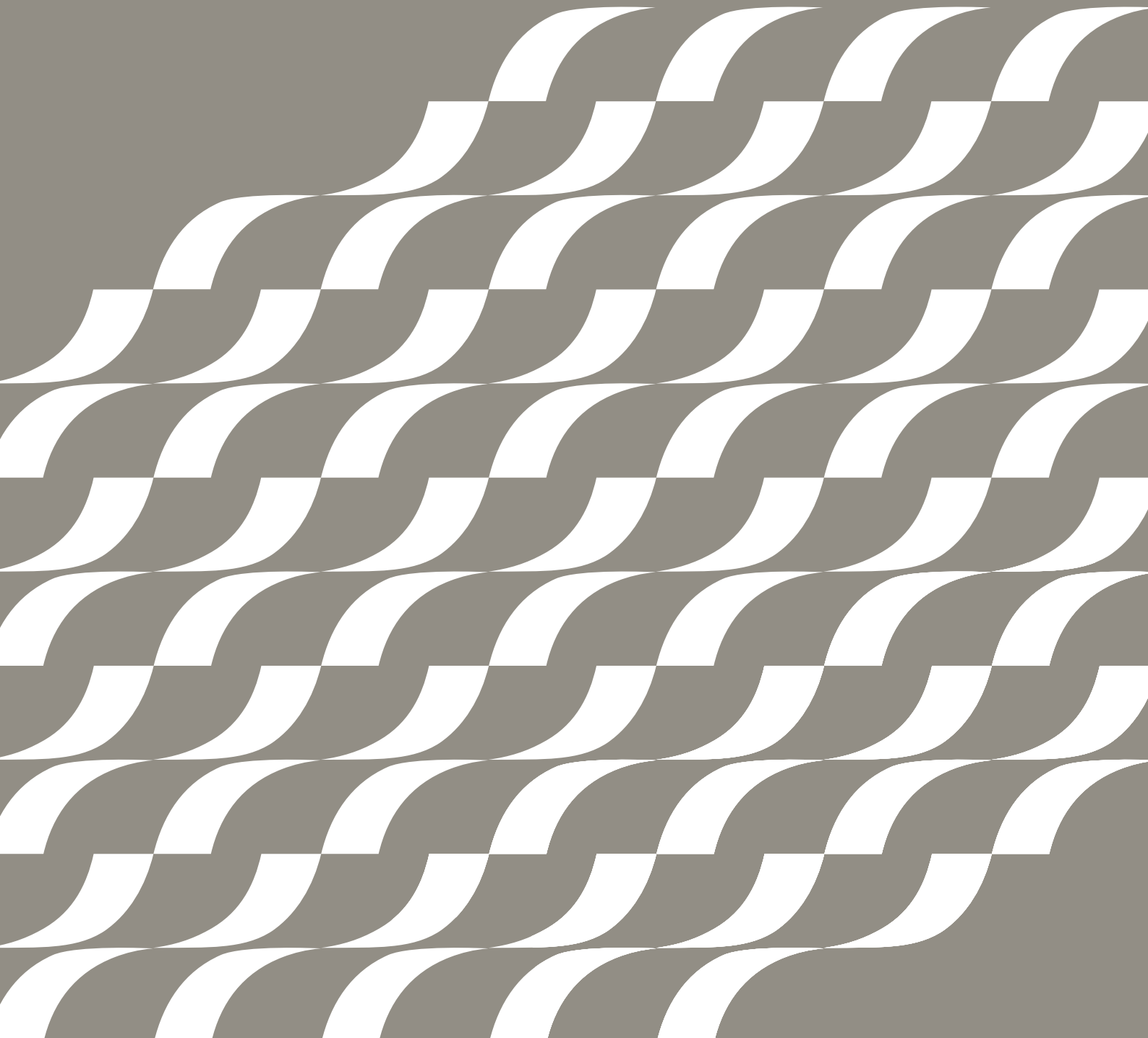




Consumer Credit Advertising Guidelines August 2025



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Purpose of guidelines

- 1 These guidelines explain a lender's obligations when advertising consumer credit under the:
 - 1.1 Credit Contracts and Consumer Finance Act (**CCCF Act**)
 - 1.2 Credit Contracts and Consumer Finance Regulations (**Regulations**); and
 - 1.3 Fair Trading Act (**FT Act**).
- 2 These guidelines are not exhaustive and are not intended to be legally binding.

Responsible lending principles

- 3 Lenders¹ must comply with the responsible lending principles in the CCCF Act in their advertising.

Overarching principle

- 4 The core principle of the responsible lending principles as they relate to advertising is that a lender must at all times exercise the **care, diligence** and **skill** of a responsible lender in any advertisement:
 - for providing credit or finance under a consumer credit contract² or buy-back transaction (**agreement**) or
 - for providing credit-related insurance under a relevant insurance contract.³

What is an 'advertisement'?

- 5 Advertising is broadly defined for the purposes of responsible lending obligations to mean any form of communication:⁴
 - 5.1 that is to be, or has been, distributed⁵ to a person; and
 - 5.2 that is reasonably likely to induce a person to inquire about or apply for an agreement; and
 - 5.3 that is authorised or instigated by, or on behalf of, the lender or an associated person of the lender with the co-operation of any of those persons.

1 Lender means a creditor under a consumer credit contract or a transferee under a buy-back transaction of land (section 9B of the CCCF Act).

2 Section 11 of the CCCF Act. This also includes a lease and mobile trader credit sale to be treated as a consumer credit contract under ss 16 and 16A of the CCCF Act, and a buy now pay later contract declared to be a consumer credit contract under regulation 5B of the CCCF Regulations. For the avoidance of doubt this also includes a pawnbroking contract.

3 Section 9C(2)(a)(i) of the CCCF Act.

4 Section 9B(1) of the CCCF Act.

5 Section 9B(1) defines distribute as: (a) make available, publish, and circulate; and (b) communicate by letter, newspaper, an Internet site, broadcasting, an audio or visual service, sound recording, television, film, video, or any form of electronic or other means of communication.

Example A: Advertising by a motor vehicle dealer

A statement on the website of a motor vehicle dealer who acts as intermediary for multiple lenders states “Finance available! Great rates starting from 10.99%! Bad credit OK!”

In the Commerce Commission’s (**Commission**) view, the statement meets the first two limbs of the definition of ‘advertising’ in section 9B(1) of the CCCF Act because it is communication that: (i) has been distributed to a person; and (ii) is reasonably likely to induce a person to inquire about or apply for an agreement.

A lender will have advertising obligations if the website statement can be said to have been “authorised or instigated by, or on behalf of, the lender or an associated person of the lender, or prepared with the co-operation of any of those persons”. Whether the third limb of the definition has been satisfied will be a question of fact and specific to the lender / dealer relationship.

The **Responsible Lending Code (Code)** provides non-binding guidance to lenders about how the responsible lending principles may be implemented. The Code guides that a lender’s policies or procedures should aim to ensure that agents acting on the lender’s behalf are required to comply with the CCCF Act, Regulations and Fair Trading Act.⁶

Example B: Lender apps

A customer has applied for and received a credit product (e.g. a credit card). Subsequently, they are invited by their lender to sign up to an app to help them manage their transactions and the credit account. The app does not promote any other products.

Not all communications between a lender and borrower will be an ‘advertisement’ for CCCF Act purposes. On the basis that the App is not “reasonably likely to induce a person to inquire or apply for an agreement” (e.g. in circumstances where they already have one as per this example), then the Commission considers it does not meet the definition of ‘advertising’ under the CCCF Act.

Lenders will, however, still need to take care to ensure that there are no representations that are misleading, deceptive, unsubstantiated or false in breach of Fair Trading Act obligations.⁷

Assisting consumers to make an informed decision

- 6 A lender must, in relation to an agreement with a borrower, assist the borrower to reach an informed decision as to whether or not to enter into the agreement and to be reasonably aware of the full implications of entering the agreement, including by ensuring that any advertising:⁸
 - 6.1 complies with the **advertising standards** in the Regulations; and
 - 6.2 is not, or is not likely to be, **misleading, deceptive, or confusing** to borrowers.
- 7 To assist the borrower to reach an informed decision about whether to enter into an agreement a lender must also take reasonable steps to offer the borrower information about the agreement in **another language** if:⁹
 - 7.1 Advertising that is wholly or significantly in that other language is being, or with the preceding six months, has been, distributed to the public or a section of the public; and
 - 7.2 The steps are necessary to ensure the borrower can reach an informed decision (for example, if the borrower may not have a good understanding of the language in which the lender is otherwise providing information to the borrower).

⁶ Refer paragraphs 3.6 and 3.7 of the Code and page 9 of these guidelines.

⁷ Refer [20] to [28].

⁸ Section 9C(3)(b).

⁹ Section 9C(3)(b)(iv) of the CCCF Act.

Code guidance

The Code guides that lenders should establish processes that give borrowers opportunities to opt in to receive information in the advertising language at relevant points before an agreement is entered into.¹⁰ Lenders may provide these opt-in opportunities in different ways, for example:

- Lenders may include a question in an application form about the borrower's primary language and whether the borrower would like to receive information in this language.
- Lenders may advise borrowers that information is available in other languages when dealing with the borrower in person.

Where a lender reasonably suspects that the borrower does not have a good understanding of the lender's usual language and the lender knows that the borrower speaks the advertising language, the lender should offer to provide information about the type of agreement in the advertising language. Some of the ways that lenders may offer this information include:

- the lender may offer translated material in the advertising language that provides the borrower with the key features of the agreement; or
 - by providing a key information sheet which includes:
 - Information about the type of loan and its features, including how interest is calculated and charged, and the nature of security taken;
 - Information about the right to cancel, what to do in the event of repayment difficulties and the lender's dispute resolution scheme; and
 - a translation guide on where to locate information about the loan amount, term, repayments, total interest and total amounts payable, within the loan agreement; or
- the lender may refer the borrower to an interpreter or a member of staff who is fluent in the advertising language or to translation services (at the lender's cost).

¹⁰ As per paragraphs 7.23 and 7.24 of the Code.

Advertising standards

- 8 The advertising standards in the Regulations mandate certain advertising practices and prohibit others.
- 9 Where the standards require that a matter be included in an advertisement it must be stated in plain language in a **clear, concise, and intelligible** manner.¹¹

Code guidance

The Code guides that where the Regulations require that an advertisement must state particular information, that information should be presented in the advertisement itself. Lenders should not rely on providing the required information on a separate website that the advertisement links or directs the consumer to.¹²

Advertising of payment amounts

- 10 If an advertisement is being distributed to the public, or a section of the public, and it refers to an amount of a payment under consumer credit contract the advertisement must state in a **prominent manner**:¹³
 - 10.1 the **total amount** of the payments (if ascertainable)¹⁴

Example
An advertisement says “Buy this TV for \$30 a week”. It is a 3-year credit contract.
The advertisement must also state that the total amount of payments will be \$4,680.
 - 10.2 in any other case, the **annual interest rate** or rates for the contracts covered by the advertisement (with the rate or rates being expressed in terms of a percentage).
 - 10.3 in the case of a credit sale that requires the debtor to make one or more lump sum payments (in addition to any regular payments, deposit, or trade-in allowance), the **amount of each lump sum** payment if ascertainable or, if not ascertainable, the method of calculating the amount.

¹¹ Regulation 4AAA.U.

¹² Paragraph 3.5 of the Code.

¹³ Regulation 4AAA.Q.

¹⁴ But only if the contract would, on the assumption set out in schedule 1 of the Regulations, be paid out within seven years of the date on which credit is first provided under the contract.

Code guidance

What does “prominent manner” mean?

The Code guides that prominence is context-specific and will depend on the advertising medium used. A lender should ensure that the required information is likely to come to the attention of, and be understood by, the average audience that the communication is directed to.

Factors that may affect prominence include whether the information is:

- legible or audible or both;
- brought to the attention of a reasonable person in a clear manner that is unlikely to be overlooked, reflecting its importance;
- of a size, colour and position that is appropriate for that advertisement or medium; and
- not hidden or obscured.¹⁵

Advertising of interest rates or charges

- 11** If an advertisement is being distributed to the public, or a section of the public, and it refers to an interest rate or an interest charge the advertisement must state:¹⁶
- 11.1** the **annual interest rate** or rates for the consumer credit contract covered by the advertisement (with the rate or rates being expressed in terms of a percentage);
 - 11.2** if the advertised rate or charge may vary from that advertised depending on the borrower’s risk, the **range of rates** or charges (for example, that the rates may range between 20% and 30% depending on the borrower’s risk);
 - 11.3** if the contract provides for interest rates in addition to those referred to in [11.1] and [11.2], that **other interest rates apply** in addition to those rates;
 - 11.4** if the annual interest rate is fixed for part, but not all, of the term of the contract, the **period during which the annual interest rate is fixed**;
 - 11.5** if the annual interest rates is not fixed for the term, a statement to that effect;
 - 11.6** each mandatory **credit fee**;
 - 11.7** the **amount of those fees**, if ascertainable or, if that amount is not ascertainable that other fees apply
 - 11.8** where information can be found on when other fees referred to in [11.7] apply and **how they are calculated**.

Example

A lender that refers to an interest rate in an advertisement might include the following statement: “Interest 9.95%-24.95% per annum. Establishment fee \$100.”

- 12** The annual interest rate or rates stated in the advertisement:
- 12.1** must be the rate or rates that are ordinarily available to borrowers who meet the lender’s borrowing requirements for the contracts covered by the advertisement;
 - 12.2** must be the current annual interest rate or rates, if the rate is not fixed; and
 - 12.3** must be stated in a prominent manner.

¹⁵ Paragraph 3.3 of the Code.

¹⁶ Regulation 4AAAR. This standard does not require any advertisement to state matters in relation to default interest charges.

Advertising of credit fees if advertisement states there is no interest

- 13** If an advertisement states that there is no interest under a consumer credit contract but there are mandatory credit fees under the contract, the advertisement must also state:¹⁷
- 13.1** in a prominent manner, each mandatory credit fee;
 - 13.2** in a prominent manner, the amount of those fees if ascertainable or, if that amount is not ascertainable, that other fees apply; and
 - 13.3** where information can be found on when other fees referred to at [13.2] apply and how they are calculated.

Example C: Interest free advertisements

An advertisement states "Interest free for 6 months", where the term of the loan is 24 months.

In this example there is both an interest free period and a period where interest is payable under the same consumer credit contract. In such circumstances, the Commission's view is that regulation 4AAAR will apply.

If a consumer credit contract has no interest payable under the consumer credit contract at all (as opposed to an 'interest free' period under the contract) but does have credit fees, the Commission's view is that regulation 4AAAS will apply.

Prohibited advertising practices

- 14** An advertisement must not make any of the following representations (explicitly or by implication):¹⁸
- 14.1** that the lender will not inquire into the borrower's circumstances (for example, "no credit checks", "instant approval", or "guaranteed acceptance");
 - 14.2** that the lender will not take into account a borrower's circumstances in assessing whether or not to enter into a consumer credit contract (for example "bankrupt - OK", "bad credit history - OK");
 - 14.3** that a loan has already been approved or granted, if the required responsible lending suitability and affordability inquiries¹⁹ have not been completed (for example, "\$500 credit available in your account").
- 15** If an advertisement includes a reference to the **speed of approval** in minutes or hours, it must also contain a prominent reference to responsible lending criteria or inquiries (for example, "subject to responsible lending inquiries", "affordability tests apply", or "after responsible lending checks").

¹⁷ Regulation 4AAAS.

¹⁸ Regulation 4AAAT.

¹⁹ Section 9C(3)(a) of the CCCF Act.

Misleading, deceptive or confusing advertising

- 16** A lender must ensure that any advertising is not, or is not likely to be, **misleading, deceptive, or confusing** to borrowers.²⁰

Code guidance

The Code guides that a lender should comply with the following practices to ensure that advertising is not “confusing”:²¹

- set out advertisements in a way that allows them to be readily understood by the intended audience;
- make sure key information is legible or audible, or both, and take care to disclose information in a level of detail that is commensurate with its importance; and
- use technical language and statistics only where they are relevant and in a way that can be readily understood by consumers without specialist knowledge.

The Code commentary on “misleading” and “deceptive” includes that lenders should, in relation to advertising:²²

- have reasonable grounds for making any claim (other than puffery – i.e. obvious exaggeration);
- only use fine print to elaborate on the main selling message, not to contradict it;
- disclose any conditions that are unusual, inconsistent with, or modify, in an unexpected manner, the main message of the advertisement; and
- only make comparisons between sufficiently like products.

²⁰ In relation to a loan agreement or relevant insurance contract. Sections 9C(3)(b)(i)(B) and s9C(5)(b)(ii) of the CCCF Act.

²¹ Paragraph 3.1 of the Code.

²² Page 15 of the Code.

Policies and processes

Code guidance

The Code guides that a lender should have policies or procedures in place to ensure that advertising complies with legal obligations and is not misleading, deceptive, or confusing.²³

A lender's policies or procedures should aim to ensure that:

- relevant staff and agents acting on the lender's behalf are required to comply with the CCCF Act, Regulations and Fair Trading Act and follow the Guidance in the Code and other relevant guidance from regulatory bodies and the lender is satisfied their staff or agents understand how to comply;
- relevant sales staff and agents acting on the lender's behalf are adequately informed of current promotions and representations about credit products;
- all advertising material is subject to an approval process;
- advertising is checked by a staff member with necessary product knowledge to ensure that the description is accurate; and
- the need for legal advice is considered when advertisements are being developed.

Such policies or procedures may also include compliance with relevant industry codes.

The Advertising Standards Authority Financial Advertising Code (June 2022) is available [here](#).

High cost consumer credit contracts

- 17** The following types of advertisement for a high cost consumer credit contract²⁴ must disclose in a prominent manner the information about financial mentoring services listed at [18]:²⁵

- 17.1** the home-page of the lender's Internet site;
- 17.2** any pages on an Internet site to which an advertisement links (other than an advertisement on that Internet site); and
- 17.3** print advertisements (for example, in newspapers or magazines).

- 18** The following information must be disclosed about financial mentoring services:²⁶

- 18.1** a statement to the effect that, if the person has concerns about their finances, they can get free and confidential advice from an independent service; and
- 18.2** the name of a building financial capability service funded by the Ministry of Social Development that provides such a service; and
- 18.3** contact details of that service.

- 19** Every advertisement for a high-cost consumer credit contract must include a prominent statement that a high-cost consumer credit contract **should not be used for long-term or regular borrowing**, and is only suitable to address temporary, short-term cash needs.²⁷

²³ Paragraphs 3.6 and 3.7 of the Code.

²⁴ Meaning a consumer credit contract with an interest rate of 50% per annum or greater (refer section 45C of the CCCF Act for the full definition).

²⁵ Regulation 4AAA.

²⁶ Regulation 5A(6).

²⁷ Regulation 4AAB.

Fair Trading Act

- 20** Lenders must also comply with the general rules in the Fair Trading Act that apply to all traders, to ensure that any advertising is not misleading or deceptive, and must take care not to make any unsubstantiated representations.

Misleading and deceptive conduct

- 21** A lender must not engage in conduct:
- 21.1** that is misleading or deceptive or is likely to mislead or deceive;²⁸
 - 21.2** that is liable to mislead the public as to the nature, characteristics, suitability for purpose or quantity of services.²⁹

False or misleading representations

- 22** A lender must not, in connection with the supply or possible supply of services, or with the promotion by any means of the supply or use of services:³⁰
- 22.1** make a false or misleading representation that services are of a particular kind, standard, quality, or quantity, or that they are supplied by any particular person or by any person of a particular trade, qualification, or skill, or by a person who has other particular characteristics; or
 - 22.2** make a false or misleading representation that a particular person has agreed to acquire services; or
 - 22.3** make a false or misleading representation that services have any sponsorship, approval, endorsement, performance characteristics, accessories, uses, or benefits; or
 - 22.4** make a false or misleading representation that a person has any sponsorship, approval, endorsement, or affiliation; or
 - 22.5** make a false or misleading representation with respect to the price of any services; or
 - 22.6** make a false or misleading representation concerning the need for any services; or
 - 22.7** make a false or misleading representation concerning the existence, exclusion, or effect of any condition, warranty, guarantee, right, or remedy, including (to avoid doubt) in relation to any guarantee, right, or remedy available under the Consumer Guarantees Act 1993; or
 - 22.8** make a false or misleading representation concerning the place of origin of services.

Case law also guides interpretation of what may constitute misleading or deceptive conduct or false or misleading representations e.g. *Godfrey Hirst NZ Limited v Cavalier Bremworth Limited* [2014] NZCA 418

²⁸ Section 9 of the FT Act.

²⁹ Section 11 of the FT Act.

³⁰ Section 13 of the FT Act.

Unsubstantiated representations

- 23 Lenders must not make **unsubstantiated representations** in their advertising.³¹
- 24 A representation is *unsubstantiated* if the lender does not, when the representation is made, have reasonable grounds for the representation, irrespective of whether the representation is false or misleading.³²

Unconscionable conduct

- 25 Lenders must not engage in conduct that is unconscionable, including in connection with their advertising.³³

Further information about FT Act obligations

- 26 Further information about unsubstantiated representations is available in the Commission's unsubstantiated representations **fact sheet**.
- 27 Further information about unconscionable conduct is available on the Commission's website **[here](#)**.
- 28 Further information about advertising your product or service and comparative advertising, claiming something you're not, bait advertising, jargon, exaggeration and puffery, and about fine print is available on the Commission's website **[here](#)**.

Consequences for any non-compliance

- 29 Breaches of the lender responsibility principles in the CCCF Act are subject to civil pecuniary penalties of up to \$600,000 per breach for a company and \$200,000 for an individual, plus statutory damages equal to the cost of borrowing (interest and fees charged to the borrower). Failure to comply with the advertising standards in the Regulations will result in a breach of the relevant lender responsibility principle resulting in potential liability for these penalties.
- 30 Breaches of the FT Act provisions relating to misleading and deceptive conduct, false or misleading representations, unsubstantiated representations and unconscionable conduct are subject to civil or criminal penalties. For criminal offences on conviction a trader can be fined up to \$600,000 per breach for a company and \$200,000 for an individual.

³¹ Section 12A of the FT Act.

³² Section 12A(3) provides that representations that a reasonable person would not expect to be substantiated are excluded from the section.

³³ Section 7 of the FT Act.

This is a guideline only and reflects the Commission's view. It is not intended to be definitive and should not be used in place of legal advice. You are responsible for staying up to date with legislative changes.

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