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ASIC to Crack Down on Questionable Debt Management Practices in Australia

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The Australian Securities and Investments Commission (ASIC) has announced a sweeping review into the country's debt management and credit repair industry amid mounting concerns over legal compliance and mistreatment of vulnerable consumers. The review will assess whether operators are acting by their obligations under Australian law, with a public report expected in 2026.

ASIC's probe targets a sector that, while relatively small with around 100 licensed firms, has raised red flags due to practices including excessive fees for minimal services, failure to honor agreements, and poor client communication. Under scrutiny are debt management firms that appear to exploit Australians facing financial hardship, many of whom are left worse off after engaging these services.

Alan Kirkland, Commissioner at ASIC, said the commission has "heard numerous accounts of debt management firms making promises to vulnerable consumers that may not have been kept." The statement highlights an industry that often preys on Australians at their most desperate, under the guise of providing relief. In one troubling case, a woman was advised by her debt firm to file for bankruptcy, without explanation, after the firm failed to forward payments to her creditors. Another case involved a man on the brink of losing his vehicle due to his firm ignoring default notices. When he attempted to cancel his contract and request a partial refund, he was denied based on a "no-refund policy."

The licensing regime for debt management and credit repair companies was introduced in 2021. Under this framework, firms must hold an Australian Credit Licence and comply with the *National Consumer Credit Protection Act 2009* (NCCP Act). They are also required to be members of the *Australian Financial Complaints Authority* (AFCA), which provides an avenue for consumer redress. Despite these safeguards, ASIC's concerns suggest the regulatory measures have either been insufficiently enforced or are being sidestepped by unscrupulous operators.

The review comes amid broader public skepticism of regulatory enforcement under the current leadership, which has often appeared reactive rather than proactive in holding financial services to account. Critics argue that the rising number of complaints should have triggered earlier intervention. It's another example of bureaucracy falling short of protecting everyday Australians, while powerful sectors operate with relative impunity.

ASIC's final report in 2026 will likely serve as a litmus test for how seriously the government is willing to confront corporate misconduct in industries affecting lower- and middle-income citizens. For many, however, the question remains whether meaningful reform will follow, or if this is yet another case of too little, too late.