

Business Breaking News

CBA to change misleading advertisements

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COMMONWEALTH Bank has agreed to change potentially false and misleading adverts, under pressure from the banking regulator ASIC.

According to Australian Securities and Investments Commission (ASIC) some of Commonwealth Bank's ads promoting its Wealth Package loans did not reflect the true cost of the loans.

ASIC was concerned the ads did not include a \$350 annual fee in the advertised comparison rate.

Under the National Credit Code, credit ads that include an annual percentage rate must also include a comparison rate.

"Comparison rates help consumers work out the true cost of credit," said ASIC Commissioner Peter Kell.

"It can be difficult for people to compare home loans with different combinations of interest rates and fees. This is why credit providers must include the comparison rate when they advertise a rate or a weekly payment for a home loan."

Comparison rates incorporate the fees, charges and interest relating to a loan to better reflect the true cost of credit.

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