



## MEDIA RELEASE

### CHRISTMAS DEBT CHOKES ONE IN THREE AUSTRALIANS

**Sydney, 19 February 2004** – Two in three Australians (66%) overspent last Christmas and one in three (35%) splurged so heavily they are now struggling to pay regular household expenses, according to new research released today by Sir Richard Branson's Virgin Money.

Virgin Money's national Christmas Debt Survey, undertaken in partnership with InfoChoice, coincides with today's release of Reserve Bank of Australia figures showing national credit and charge card debt hit a record \$26.42 billion in December '03, up from \$25.47 billion the previous month.

Underlining the need for tighter industry regulation, the survey of 484 adult Australians also reveals that credit card providers aggressively targeted consumers leading up to, during and immediately after the festive season.

31% of people surveyed by Virgin Money were given an unrequested credit card limit increase between 1 November '03 and 31 January '04. 30% received unsolicited promotional material containing a pre-approved credit card application during the same period.

Virgin Money Director, Chris Thornton, said, "We're extremely disturbed by the widespread use of such aggressive credit card marketing tactics when consumers are at their most financially vulnerable. Unfortunately, it's the marketers of the more expensive cards that largely engage in these practices, trapping desperate consumers into paying high interest rates and huge annual fees.

"These findings demonstrate the need for greater Government scrutiny of the credit card industry. In particular, the Government must act now to extend nationally the legislation that currently exists in the ACT to protect consumers against unsolicited credit limit increases and pre-approved applications."

Virgin Money does not offer pre-approved applications or automatic credit limit increases for the Virgin Credit Card. A full assessment of every applicant's financial position is undertaken before approving a new credit card or increasing the limit on an existing card.

Other key survey findings include:

- Less than one in five credit cardholders (18%) are able to pay their December '03 credit card bill in full, without incurring interest.
- 66% plan to clear their Christmas credit card debt over the next couple of months, while a significant minority (14%) don't know how they will manage to pay it off.
- Overly generous spending on gifts was the most common reason for blowing the budget over Christmas, nominated by 47% of respondents.
- Queenslanders led the nation's Christmas splurge, with just 26% managing to stick to their budgets over the festive season. South Australians were the nation's most sensible spenders, with 47% resisting the seasonal urge to splurge.
- Two in five Australians (39%) regretted overspending this Christmas.

- ENDS -

**About Virgin Money**

Virgin Money launched in Australia in May 2003 to shake up the financial services industry. Virgin Money's first product, the Virgin Credit Card, is the first in Australia to combine a low interest rate, no annual fees and up to 55 interest free days with valuable, instant rewards. More than 250,000 Virgin Credit Cards have now been issued in Australia. There's no funny stuff, just money stuff.

<http://virginmoney.com.au>

In the UK, Virgin Money offers a wide range of financial products including credit cards, personal loans, savings account, insurance, unit trusts, pensions and share dealing. The company is a 50:50 joint venture between HHG and Sir Richard Branson's Virgin Group.

***For more information on Virgin Money's Christmas Debt Survey or to arrange an interview with Chris Thornton, please contact Kirsty Lamont, public affairs manager, on 02 9338 6124 or 0400 411 148.***