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THORN WELCOMES GOVERNMENT REVIEW INTO CONSUMER LEASING

Financial services company, Thorn Group Limited (ASX: TGA), welcomes the recently announced federal government review into small account credit accounts and consumer leasing, while noting there is a lot of inconsistency in the industry as well as misinformation and a lack of understanding of how consumer leasing works.

Thorn Group has operated in consumer leasing under its Radio Rentals brand for almost 80 years and considers the product fundamentally different from a typical consumer loan. In addition to the cost of credit, consumer leasing also provides a number of other benefits and services that consumer loans do not. The flexibility of a lease enables customers to change products to align with changes in their lifestyles unlike a loan which “locks” people in. Many people also seek the additional service provided by lessors, like free delivery, installation, product instruction, and ongoing in-home service support.

Thorn’s customers are typically a different segment to bank lending clients and likewise cannot be entirely catered for by providers such as Good Shepherd as proposed in recent statements by Senator Cameron. Thorn notes that NILS or No Interest Loan Schemes are unregulated even though they commit consumers to structured repayments and that their providers receive significant government funding to provide the product.

Thorn is a customer focused organisation and is committed to ensuring it follows and continues to enhance its own responsible lending practices. A number of initiatives have been commenced by Thorn in recent months to develop this given new technologies and information sources available and has proactively kept industry regulators advised.

As an industry leader, Thorn intends to submit a detailed submission to the forthcoming government inquiry to assist the review in terms of clarifying how consumer leasing works and to contribute to shaping any enhancements to the industry in the future.

Centrepay

Thorn has been in recent discussions with the Department of Human Services regarding issues which have followed a review of its legacy information technology system.

The issue which came to light from the legacy IT system review was that payments under a relatively small number of Radio Rentals consumer leasing contracts had continued beyond their maturity date despite Radio Rentals not charging for these accounts and multiple letters and regular statements being sent to customers by Thorn. Thorn immediately implemented a process to ensure this event could not recur and has now instituted a process of reimbursing these customers where overpayments have been made.

Once this issue was discovered, Thorn advised the Department of Human Services and has been working with the department to reimburse any affected Centrepay customers. The Department has acknowledged Thorn for bringing the issue to its attention and offering to manage the reimbursement process.

The accounting effect of this issue is not considered material for Thorn.

In instances where payments beyond maturity have come to light, Thorn has been communicating with customers, implementing full reimbursement including compensatory interest and has established a toll free number to assist with resolution of the issue.

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ABOUT THORN GROUP LIMITED (ASX: TGA, www.thorn.com.au)

Thorn Group is a diversified financial services company, providing financial solutions to niche consumer and commercial markets. Thorn's operating priorities are diversifying and growing as a business and meeting the needs of customers, employees and investors. It has four business segments. In consumer leasing, its foundation business, Radio Rentals (Rentlo in South Australia) has been a leader in the household goods rental market since 1937 and now has over 90 outlets nationally. In consumer finance, Cashfirst and Thorn Money offer secured and unsecured loans from \$1000 to \$25000. In commercial finance, Thorn Equipment Finance and Cash Resources Australia provide leasing and debt finance to businesses. In receivables management, NCML helps customers maximise their cash flow. Thorn employs 700 people, has been listed on the ASX since 2007, is licensed under the National Consumer Credit Protection Act 2009 and operates a responsible lending policy.