

What happens is the purchaser, if he is careful, will read only what is written, or typed, and when satisfied sign as instructed by the salesman. Purchasers often are unaware of the fact that they have entered into a contract with a finance company—not the vendor.

Therefore, it appears to me, unless other guarantees or contracts have been made between vendors and purchasers, the latter, if dissatisfaction should occur, may have no right to go to the vendor for satisfactory adjustment of a complaint.

One of our own staff stated she had no idea the deal was being financed by a finance company until she received notice and payment arrangements from the finance company.

**Hon. Mr. Reid:** I should like to ask the honourable senator a question. I have in mind the case of a man who bought a frigidaire for \$450, and after some time he still owed \$400. He had not been told when he bought the article that arrears of interest would be added to the capital and that he would pay interest on the whole amount. Would the honourable senator's bill protect such a purchaser in that he would be told, when making a purchase, just what he would be up against?

**Hon. Mr. Croll:** That is precisely what I have been talking about. The bill is designed to require that the purchaser be given the information, be given the truth in lending, be given all the facts. I do not know the facts of the case to which my honourable friend refers, so I shall not prejudge it or give an opinion on it, but I can say that my friend is right as to the purpose of the bill.

**Hon. Mr. Higgins:** The purchaser probably signed a document and did not know what he was signing.

**Hon. Mr. Croll:** Quite possibly.

I have a letter here from an executive of the Confederation Life Association. I should like honourable senators to listen carefully to what this executive says:

I really feel that some of the advertising done on the radio by the finance companies is dishonest and leaves the impression that if you borrow a certain amount of money that you have a certain interest rate on the total loan.

This is not the case, as you no doubt know, and just this week I had the occasion to go with a man to the finance company to pay off the loan on his car.

Mark these words:

This man originally borrowed \$1,500 and there were three rates of interest in the calculation. On the first \$300 he was paying 2 per cent per month or 24 per cent per year. He was paying on the loan over \$300 to \$1,000  $1\frac{1}{2}$  per cent per month or 18 per cent per year and on the balance of \$500 he was paying  $\frac{1}{2}$  per cent per month, which is only 6 per cent per year.

You can see from this simple illustration that if he paid the first \$500 on the loan that he was still saddled with a \$1,000 loan on which he was paying 18 per cent per year on \$700 and 24 per cent on \$300. These finance companies and the way they operate disturbs me greatly and I certainly hope that this year you will be successful with the bill you are introducing.

I have in front of me an item from the *Toronto Star* of April 12, under the headline: "By Pierre Berton". He made some study of this subject, and I have quoted him on other occasions. This is a typical account, but I should like to get the message across. He says:

The cost of money in the automobile field is as difficult to reckon—and as confusing—as it is in the other fields which I have been exploring in this informal series on instalment buying. Most of the information given out by salesmen is misleading, incomplete or just plain wrong. Almost nobody can tell you what your money will really cost you if you buy a car on time. Even the acceptance corporations won't come up with the true interest rate . . . About the only real rule that seems to apply is that new cars are cheaper to finance than used cars. Generally speaking, my informal survey of leading new car lots showed that the rates were generally lower than they were for furniture and appliances which you'll remember ran between 17 and 32 per cent.

Honourable senators will remember that I dealt with the point of furniture and appliances when I spoke on a similar bill at an earlier session. The article continues:

In the new car field the interest rates seem to run between 13 and 22 per cent . . .

On used cars, interest costs vary more widely. The worst example I've yet come across was that of a man in Aylmer, Ontario, who bought a six-year-old Pontiac from Nash & Bell Motors on an 18-month installment plan, financed through Associates Discount. His money cost him a little over 36 per cent per annum. This