

Consumer Credit Controls

Unconscionable Transactions Relief Act of Ontario.

It is too bad that such applications are not being made in wholesale fashion today. The reasons they are not are because most debtors do not know of the Ontario Act, do not have the money to sue for revision of their contract, or are embarrassed at revealing their financial difficulties publicly. And the chronic borrowers fear they won't get further accommodation.

Thus, only by limiting interest rates by government regulation can the plunder of pocket books of thousands of our citizens be halted. This bill will control interest rates in a part of the consumer credit field only, so further and stronger measures will also be needed. Should this bill become law it will require that promissory notes exacted as collateral in conditional sales and similar transactions must have printed upon them a warning to the purchaser that his note may be collected from him in case it is assigned to a third party, even though the goods have proven unsatisfactory.

• (5:20 p.m.)

In a great many instances the note forms part of the transaction, but immediately afterwards it is assigned to a third party, usually a finance corporation, which takes the note free from any of the warranties given by the vendor of the goods, or any guarantees as to their satisfaction; and even should the sale have been promoted by fraudulently untrue representation, the purchaser, even though he has returned the goods, is nevertheless obligated to pay the note and thus pay for the merchandise. This bill will, at least, warn the purchaser of this possibility, and it may deter some from entering into such a transaction or cause them to seek independent legal advice before signing.

We have a precedent for a ceiling on interest rates in the Small Loans Act. It regulates loans of \$1,500 and under. The interest ceiling on the first \$300 part of a loan is 24 per cent per annum, and on the next \$700 it is 12 per cent per annum; and on the balance, if any, between \$1,000 and \$1,500, it is 6 per cent per annum. I personally think these ceilings are too high for the cash loan field and even far less satisfactory for the credit-sales field.

The English Parliament has passed an amendment to the Advertisements (Hire-Purchase) Act, 1957, which gives some protection against high pressure, door-to-door

salesmen. It provides that any credit-sale agreement for £20 or more signed by the buyer at other than appropriate trade premises can be repudiated by the buyer within four days of its execution. We could use legislation of this kind here in Canada. I had intended to go through the bill in detail, Mr. Speaker, but I think it would be just as well if I sat down and gave some other hon. Members an opportunity to speak on this subject. I will, of course, be pleased to answer any questions hon. Members may have.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I should like to congratulate the hon. Member for Spadina (Mr. Ryan) for introducing this bill, and I should like to make some comments on it. I think the Government has, again, been remiss, because I would point out that we had the promise that most of the Committees would be set up immediately. But this has not been done. This is the seventeenth day of the session, and this bill cannot be referred, again, to the Joint Committee on Consumer Credit, where this matter should before now have resolved itself into Government legislation.

What the hon. Member is doing is two-fold. I believe he recognizes some of the major problems that affect those who buy under this type of arrangement, having regard to the explanation he has given with respect to the fact that many of the people who sign a promissory note for goods, and so on, do so not knowing what they are signing and not being fully aware of the fact that the promissory note becomes a negotiable instrument and can be transferred. But I do not think the hon. Member's bill goes nearly far enough in this regard. I had a bill on the Order Paper last year which was referred to the Committee, and I would hope that it would again be referred to the Committee. In my opinion my bill goes further than the bill of the hon. Member for Spadina (Mr. Ryan), and covers something the hon. Member has referred to but which really is not covered in his bill.

It is not of any interest whatsoever to me whether or not the promissory note can be sold. I am not the least bit interested in the sale of that note, and I do not think the Canadian public should be particularly concerned about this, either; because I have found that in almost all these cases it is irreputable companies that are operating in this field. I am well aware of the fact that a promissory note, being a negotiable instrument, is a valuable part of our operations in trade and commerce. The hon. Member for Spadina has said,