

FINANCE COMPANY ADMITS TO FALSE ADVERTISEMENT



A well known finance company, GE Money, has recently admitted to false advertisement. In the advertisement, where the company claims that its loan product can help consumers with their finances each month, the company was actually misleading consumers in order to make sales, according to Stuff Business Day. Because of the false advertisement, the company is now being punished. As a means of punishment, the company will pay \$60,000 as a donation which will go to budgeting services. This will occur after the company makes a settlement. The misleading advertisement was placed in many different newspapers all over. In fact, it was in local community newspapers that were mailed out in the areas of Auckland, Huntly, Hamilton, and various other communities. The misleading advertisement consisted of a supposed example of a customer of the company who managed to consolidate their various loans as one and repay them over a span of a few years. The advertisement made claims that the consumers would have more money in their own pockets and that their payments they have to make on a monthly basis would be reduced by a considerable amount. While GE Money made these claims, the truth was, while they did help decrease some monthly payments, they did not actually do the job they claimed to do. In fact, many of the payments would be higher for the consumer in the final months of payment which is something that the consumer obviously would not have expected as they are made to believe their payments will be affordable and that they will save money over a period of time. In fact, it is believed that the consumer would actually have more debt, not less. To make matters worse, GE Money failed to provide any evidence that could prove that they did, in fact, help their customers and that those particular consumers would be better off after using their consolidation loan. The commission's competition manager, Graham Gill, has said, "Consumers must be able to rely on claims made in advertising, especially on claims about debt products that they might not have a high level of knowledge about." GE tried to make the entire situation sound better by saying that there were not a lot of people who actually responded to the advertisement. They made claims that only a few loans were created for these consumers. However, there were quite a few complaints and the Commerce Commission has worked to treat the complaints very seriously. Also, GE Money will have to pay a fine for its misleading advertisement which is essential. With having to pay a fine, the company will be far less likely to repeat the same mistake in advertising misleading information that is not entirely true.

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