

A separate discussion paper is  
available for more detail

# Book up

Running a tab, buying on tick or  
using other forms of informal credit

Summary paper and question booklet

February 2008



Department of Consumer  
and Employment Protection  
Government of Western Australia

Book up allows consumers to buy goods or services now and pay for them later. It is most commonly used in stores where goods such as food are bought over several visits and recorded 'on a tab'. Sometimes a key card and bank Personal Identification Number (PIN) is given to the shopkeeper or trader as security. Traders offering book up include shops, delicatessens, service stations, roadhouses, taxi drivers, liquor outlets, regional airlines and takeaways.

Book up can work well for people buying goods and people that run businesses. However, book up can also cause problems for both consumers and businesses if it is not managed well.

Whether you offer book up, use book up or if you know of book up being used in your area, Consumer Protection would like hear from you to find out how well the service works and if there are problems that need to be fixed.

Consumer Protection would also like to hear your views on what, if anything, should be done to improve book up and reduce the problems that can arise with this type of credit.

## **Positives of book up**

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Reasons why people like to use book up include:

1. If people want to make many small purchases at one store, it's easier to buy using book up rather than paying for the goods every time something is bought. This can also save on bank fees.
2. If people can't get to a bank or ATM and a shop doesn't have an EFTPOS machine, book up allows consumers to buy goods without cash and pay later.
3. Book up can be a way for consumers on low incomes to manage their purchases between payments or deal with unexpected costs.
4. Book up may be an extra service that consumers want from a trader, so offering book up may give some traders a competitive advantage.
5. Book up allows consumers to leave their card with the shopkeeper or trader for safe keeping if they do not want to hold their own key card or cash. Also, if they are uncertain how to use the cards to make withdrawals, it means that the shopkeeper can do it for them.

## **Negatives of book up**

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1. Sometimes receipts for book up purchases are not given so it is hard to keep tabs on how much is spent. If there are no receipts this can also cause problems when there is disagreement about the amount owed by the consumer.
2. If there is no limit on the amount that can be booked up, consumers may find they have more debt than they can afford.
3. When consumers leave their key card as security for book up, they lose choice over where they can buy goods. They can become tied to the business, which may mean higher prices, less choice, fees and the need to access money from relatives or other sources.

4. Sometimes there is no agreement about how and when book up debts will be paid. If money is accessed from a consumer's account by the trader using the consumer's key card and PIN the consumer may be left with no money to pay for other essential items or to pay direct debits.
5. If the business that is holding consumers' key cards is not open, or is far away, consumers will not be able to access their bank accounts when they need to.
6. Cards can be stolen from a business or accessed by people who are not meant to use them. If consumers have given their card and PIN to a business and it is used by other persons, the bank may hold the consumer responsible for the debt.
7. Most book up agreements are by word of mouth, with no written contract. Because of this it can be difficult to know what consumers have agreed to, such as, who is allowed to use the book up account and whether the trader will charge extra for book up.
8. Some alcohol outlets allow people to book up alcohol. This can cause social, health and debt related problems for communities.
9. For traders book up can result in unpaid debts or loss of business.

Often people do not complain about book up because they fear losing the book up service or believe that complaining will not make a difference to their situation. If there is a lack of choice of where to buy goods people need to be on friendly terms with the local business. People also might not know whether the book up agreement they have is unfair or even unlawful.

## **Some possible options for book up**

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### **1. Leave things as they are**

One option is to leave things as they are because it's not really a big problem or trying to fix things might make things worse.

### **2. Ban book up**

Banning book up is one way to stop problems. But it might also cause other types of problems if book up works well in your community or you rely on book up to make ends meet.

### **3. Voluntary code of conduct**

A voluntary code would be a set of rules that businesses agree to. The rules might state that receipts should be given after every purchase and that account deductions cannot occur without your written agreement. A problem with a voluntary code is that it is up to the trader to follow the rules. A voluntary code cannot be enforced, so some traders may choose to ignore it. This may provide those traders who do the wrong thing with an unfair advantage over their competitors.

### **4. Mandatory code of conduct**

This would be a type of law that requires certain rules to be followed when book up is provided. The rules would not necessarily be complex but might ensure the worst practices do not occur. For example it might include a requirement that businesses cannot hold PIN numbers and businesses have to keep clear information about how much people owe. The Mandatory Code would mean that the rules can be enforced. A negative impact of a Mandatory Code may be that it could act as a disincentive for traders to offer book up at all.

Mandatory or voluntary codes might cover things like:

- Keeping written records.
- Giving receipts.
- Stopping a trader from holding a key card or PIN number or both.
- Limits on who can use someone's book up account.
- Limits on how much can be booked up.
- Limits on the types of things that people can and cannot book up (eg ban book up for alcohol).

## **Alternatives**

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### **1. Increasing financial knowledge and skills**

It may be that part of the problem with book up stems from people being unsure about how to manage their money, use EFTPOS cards, or demand fair arrangements from the businesses who offer book up. Education can help people better understand their options for managing money. Financial counselling services can also help people to budget and save.

### **2. Community based initiatives**

Perhaps there are some local initiatives that could support book up like community storage or security facilities that would ensure consumers did not have to leave their cards with a trader. Alternatively, store or community based saving plans might allow consumers to buy credit and then book down against the credit they already have. For example, each payday, a customer would buy \$100 credit with the local supermarket and then buy things against this credit over the fortnight. This way the consumer would not be in debt.

### **Your ideas and thoughts are important.**

There is a questionnaire attached which we would like you to fill in and post back to us. If you can't answer a question just leave the space blank.

If you would prefer not to fill out the form, phone the Consumer Protection Advice Line and we will run through the questions on the phone to get your views.

For a copy of the discussion paper or to tell Consumer Protection what you think, contact the Book up Project Officer through the Consumer Protection Advice Line on 1300 30 40 54, or email: [consumer@docep.wa.gov.au](mailto:consumer@docep.wa.gov.au)

## Book up submission cover sheet

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Please include this sheet with your submission.

Your family name: \_\_\_\_\_

Given name(s): \_\_\_\_\_

Name of Organisation (if any): \_\_\_\_\_

Your contact address: \_\_\_\_\_

\_\_\_\_\_ Postcode: \_\_\_\_\_

Contact phone number: \_\_\_\_\_

Do you agree to this submission being made public?      Yes       No

Can we use quotes or examples from your submission?      Yes       No

Only if you do not identify me or my organisation.

Note: Your right to privacy and confidentiality will be respected by Consumer Protection. However, the requirements of the *Freedom of Information Act 1992* will apply.

Are you making this submission on your own behalf or has an organisation authorised you to make this submission?

On my own behalf      On my organisation's behalf

Name of organisation (if any) in relation to which you are making this submission:

\_\_\_\_\_

If you are making this submission on an organisation's behalf, please complete the following details:

I certify that I am authorised by the organisation to make this submission:

\_\_\_\_\_

Signature

\_\_\_\_\_

Position in association

**Your submission must be received by Friday, 18 April 2008**

Details about how to lodge a submission are on page K.

## Consultation questions

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The following questions provide opportunity for you to participate in this consultation. They are set out in such a way that, if you wish, you can write your responses to the questions directly into the pages, cut them out and send them in as your submission, with or without additional information or comment.

### Consultation question 1

What knowledge do you have of the practice of book up arrangements, such as:

- a) the types and numbers of consumers that use book up?

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- b) the types and numbers of traders that offer book up?

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- c) the types of goods or services that are booked up?

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### Consultation question 2

Have you:

- a) used book up as a consumer?      Yes       No   
b) offered book up as a trader?      Yes       No

### Consultation question 3

What are some of the advantages in offering and using book up services?

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**Consultation question 4**

Has book up caused problems for you:

- a) as a consumer?                      Yes                       No
- b) as a trader?                              Yes                       No

**Consultation question 5**

What examples of problems with book up have you directly experienced or heard about, either from a consumer or trader perspective?

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**Consultation question 6**

How well do you think the current rules and laws work to reduce problems associated with book up?

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**Consultation question 7**

How can consumers be better encouraged to make complaints about book up practices that they think are unfair?

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## Consultation question 8

8.1 Which, if any, of the following options do you support?  
*You may choose a number of options.*

<b>Options</b>	<b>I support this option</b>	<b>I don't support this option</b>	<b>I'm not sure</b>
Leave things as they are. <i>Comment</i>			
Ban book up all together. <i>Comment</i>			
Ban some aspects of book up. <i>If so, which aspects should be banned?</i>			
Focus on developing and promoting voluntary codes of conduct. <i>Comment</i>			
Develop, promote and enforce a mandatory code of conduct. <i>Comment</i>			
Improve education to consumers and traders about good book up practices and how to resolve disputes. <i>Comment</i>			

8.2 What additional comments do you wish to make here?

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## Consultation question 9

9.1 If you support the development of a mandatory or voluntary code of conduct for book up, what should be covered by such a code?

<b><i>Areas to be included in a mandatory or voluntary code of conduct</i></b>	<b>Should be included in a mandatory code</b>	<b>Should not be included in a mandatory code</b>	<b>Should be included in a voluntary code</b>	<b>I'm not sure</b>
<b><i>Record keeping</i></b>				
a) Written contracts on the terms and conditions of book up in simple language. <i>Comments</i>				
b) Written agreements on who can use someone's book up account. <i>Comments</i>				
c) Clearly displaying the price of goods on or near the items for sale. <i>Comments</i>				
d) Itemised transaction records for all book up purchases. <i>Comments</i>				
e) Records of all book up transactions and accounts. <i>Comments</i>				

<i>Areas to be included in a mandatory or voluntary code of conduct</i>	<b>Should be included in a mandatory code</b>	<b>Should not be included in a mandatory code</b>	<b>Should be included in a voluntary code</b>	<b>I'm not sure</b>
<b><i>Restrictions on holding cards and/or PINs</i></b>				
f) Prohibition on businesses retaining PINs or banking codes. <i>Comments</i>				
g) Restriction, but not prohibition on the retention of PINs and banking codes. <i>Comments</i>				
h) Prohibition on businesses retaining key cards or bank passports. <i>Comments</i>				
i) Restriction, but not prohibition on the retention of key cards or bank passports. <i>If so, what should the restriction be?</i>				
j) If key cards are held, a requirement that they be returned to consumers upon request, regardless of any debt owed. <i>Comments</i>				
k) If key cards are held, a requirement that they are held in a secure manner. <i>Comments</i>				
l) If key cards are held, a requirement that the trader indemnifies the consumer against any loss as a result of misuse whilst held by the trader. <i>Comments</i>				

<b>Areas to be included in a mandatory or voluntary code of conduct</b>	<b>Should be included in a mandatory code</b>	<b>Should not be included in a mandatory code</b>	<b>Should be included in a voluntary code</b>	<b>I'm not sure</b>
<b>Restrictions on the use of book up</b>				
m) Limitations on the types of goods and services that can be booked up. <i>If so, what goods and services should <b>not</b> be allowed to be booked up e.g. alcohol, transport fares, household goods?</i>				
n) Limitations on who can have authority to book up against a consumer's account. <i>If so, what should those restrictions be?</i>				
o) Limitations on amount that can be booked up. <i>If so, what should the limitation be?</i>				
p) A prohibition on selling booked up goods and services at higher prices than those that are not booked up. <i>Comments</i>				
<b>Other areas</b>				
q) Dispute resolution processes. <i>Comments</i>				
r) Provisions for some traders to be exempted from the Code. <i>If so, under what circumstances?</i>				
s) Other provisions that should be included.				

9.2 Of all the items listed above, what are your top three priority areas that you think require change? What kind of change is required for each of these?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

9.3 Are there any additional comments about a mandatory or voluntary code of conduct for book up that you would like to make here?

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**Consultation question 10**

What do you think would be the effect of:

a) leaving things as they are?

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b) banning book up?

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c) introducing a voluntary code of conduct?

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d) introducing a mandatory code of conduct?

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**Consultation question 11**

What book up community education strategies would you recommend:

a) for consumers?

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b) for traders?

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**Consultation question 12**

12.1 What community based initiatives and alternatives to book up would work best for *your* community?

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12.2 What positive examples are currently in place in your community?

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## **Lodging your submission**

Please be sure to lodge the cover sheet with your submission

You can post your submission to:  
Strategic Development Branch  
Consumer Protection  
Locked Back 14 Cloisters Square  
PERTH WA 6850

Or hand-deliver it to:  
Strategic Development Branch  
Consumer Protection  
Level 7 Forrest Centre  
219 St George's Terrace  
PERTH WA 6000

You can fax your submission to (08) 9282 0855 or email your submission as a word document to [consumer@docep.wa.gov.au](mailto:consumer@docep.wa.gov.au).

If you have an enquiry about making a submission, please contact the Consumer Protection Advice Line on 1300 30 40 54 and ask for the Book up Project Officer, or email: [consumer@docep.wa.gov.au](mailto:consumer@docep.wa.gov.au).

Your submission must be received by **Friday, 18 April 2008**