Rodney, what does changing the letter of offer mean?

Well Hans, under the Uniform Consumer Credit Code 1995 (UCCC) the letter of offer provided by VFS to Victoria is an offer for finance. The letter of offer should also be accompanied with a pre-contractual statement. Victoria has now changed the conditions and they will no longer coincide with the pre-contractual statement. This means that VFS would leave themselves open for litigation should they proceed with the loan application.

If VFS were to agree with Victoria’s changes, which is most unlikely, then new documentation would be needed. While the Code of Banking Practice and the Uniform Consumer Credit Code provide for financial organisations or lenders changing conditions there is no provision for prospective borrowers to change conditions.
Hans, in this situation the contract would be void. In legal terms an offer is considered to be void if there is a mistake regarding:

- The existence of a fact fundamental to the contract
- A mutual mistake that occurs when both parties' mistakes are different

In this situation VFS could not proceed with the loan as Victoria's changes have altered the intent of the original offer.

A financial organisation owes its customers a duty of care, that is, to avoid professional negligence. A court would view a financial organisation as negligent if it proceeded with an altered document that formed part of a loan contract.

Financial organisations are extremely cautious about adhering to the UCCC and practice utmost care in ensuring the conditions of a document, such as a letter of offer, are enforced.

Compliance to the UCCC has been challenged in a court of law in a number of cases. Courts have shown no mercy to financial organisations where non-compliance has been proven, regardless of the intent of these organisations to adhere to the rules.