

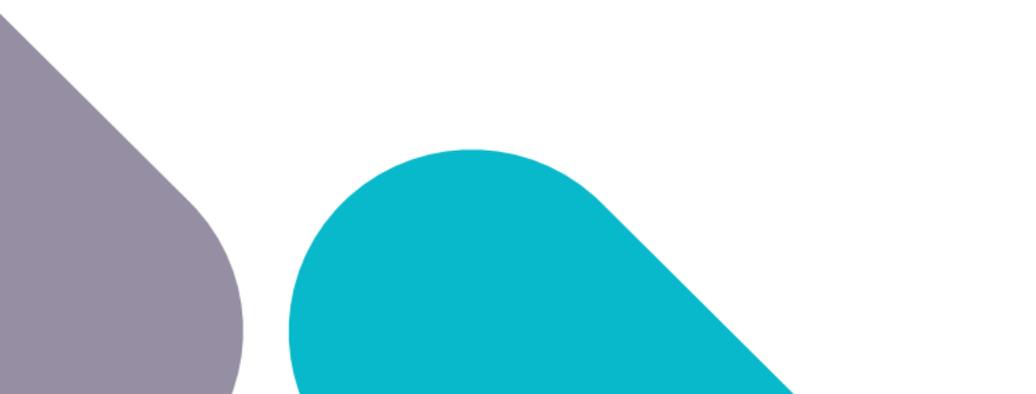
A guide to dealing with financial difficulty



The Australian Financial Complaints Authority (AFCA) helps individuals and small businesses to resolve complaints about financial products and services.

Our service is fair, free and independent.

Our values

- fair and independent – we make balanced decisions, and we ensure that everyone is properly heard
 - transparent and accountable – we will explain the reason for the actions that we take
 - honest and respectful – we are professional and treat everyone with dignity
 - proactive and customer focussed – our services are accessible to everyone
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What is financial difficulty?

Individuals and small businesses can sometimes find themselves in situations where they are unable to meet their repayment requirements under a credit facility (such as a home loan, business loan or credit card). We call this financial difficulty.

Sickness, unemployment, over-commitment, business downturn and events such as natural disasters can all cause financial difficulty.

What can I do if I am experiencing financial difficulty?

Contact your financial firm

If you are finding it difficult to make repayments you should contact your financial firm straight away. Many financial firms have a dedicated financial hardship team that you can speak to.

Be prepared to tell them about:

- your income and expenses
- when you think your situation will improve
- what help you would need and for how long.



What sort of help can I ask for?

You can ask for any reasonable change to your credit contract that may help you to repay your loan. This may include:

- extending the period of the loan and reducing the amount of regular payments
- delaying payments due on a specific date
- stopping payments for a period of time and adding the missed payments to the loan.

Your financial firm should work with you to help you try to overcome your financial difficulty.

Prepare a budget

A budget is the best tool to find a suitable solution and will help you understand your financial position and the repayments you are able to make.

Free resources

AFCA's statement of financial position:
[afca.org.au/financialposition](https://www.afca.org.au/financialposition)

ASIC's MoneySmart: [moneysmart.gov.au/
tools-and-resources/calculators-and-
tools/budget-planner](https://www.moneysmart.gov.au/tools-and-resources/calculators-and-tools/budget-planner)

Talk to a financial counsellor

Financial counsellors provide their services free of charge and can talk with you about what options might be available to you. You can call the National Debt Helpline on 1800 007 007 to speak to a financial counsellor. The National Debt Helpline website also has step-by-step guides on how to tackle financial problems:
[ndh.org.au](https://www.ndh.org.au).

Keep making any repayments you can

Making any repayments you can afford will reduce the amount of interest accruing on the loan and may also support your request for assistance.

Lodge a complaint with AFCA

If you and your financial firm have been unable to find a satisfactory solution, you can lodge a complaint with AFCA.

How do I lodge a complaint with AFCA?

Making a complaint is easy. You can use our online form, or contact us by any of the methods described in the Contact Us section of this brochure.

How we help

If a financial difficulty complaint is lodged with AFCA, we will:

- ask the financial firm to reconsider your request
- bring you and your financial firm together to discuss the request, through negotiation or telephone conciliation
- decide whether the financial firm responded appropriately.

If we believe that your loan should be varied, we may ask the financial firm to change the repayments of your loan. When we make a decision about whether a loan should be varied, we consider your financial circumstances, your ability to meet repayments and whether the debt will be repaid in a reasonable amount of time.

What is expected of me?

If you decide to ask AFCA to help you resolve your financial difficulty complaint, it is important you are willing to:

- continue to talk with your financial firm about your situation
- be prepared to provide information about your circumstances such as your income and expenses
- tell us what you would like your financial firm to do to help you
- have an open mind and explore alternative solutions
- continue making whatever repayments you can afford while we are considering your complaint.

What if I am a small business?

Financial firms should consider requests for assistance made by small businesses. You may need to provide more detailed information to your financial firm such as a business plan, profit and loss statements and projections.

AFCA can, in some cases, award compensation for fees or default interest if the financial firm has not considered all reasonable options to help the business. We will also look at what options might be available that would see the business get back on its feet.

What happens to my debt when AFCA is considering my complaint?

Interest and repayments

Usually interest will keep being charged to your account while we consider your complaint. It is important that you make whatever repayments you can afford.

Collection activity

Your financial firm should stop collection or recovery action while we are considering your complaint.

If legal proceedings have started

In some circumstances we can also make your financial firm put any legal proceedings on hold while we look into your complaint. Whether legal proceedings can be put on hold will depend on what stage the proceedings are at.

If your financial firm has already obtained default judgment against you, then your options are more limited. You can ask your financial firm to delay enforcing the judgment to allow you time to refinance the debt, sell the security property yourself, organise your affairs or apply to the Court to have the judgment set aside.

If your financial firm cannot help you, then we may be able to assist you to negotiate with them. We cannot set aside or interfere with a default judgment or a court order. But in some circumstances we can make your financial firm hold off from enforcing the judgment for a short time.

We might do this if you can show that you have already taken steps towards the outcome you are seeking, for example if you are in the process of selling the security property.

What if I need more information?

This brochure is a brief introduction to financial difficulty. For more information about what you can do if you are in financial difficulty, visit our website, or contact us by any of the methods described in the Contact Us section of this brochure.



Case study

Conciliation helps vulnerable borrower with credit card debt

Georgia lodged a complaint with AFCA after having difficulty making credit card repayments.

She had been suffering health problems and had incurred some costly medical expenses. She was supporting their three school-age children and her husband, who also had health problems and had been unemployed for several years. It became very difficult for Georgia to make credit card repayments and after several sleepless nights, Georgia called her bank's financial hardship team.

Georgia discussed options for repaying the debt with them but felt that their response didn't solve her problem, so she lodged a complaint with AFCA.

After Georgia lodged her complaint, she completed a Statement of Financial Position. This helped AFCA and the bank better understand her financial situation. It was clear that even though she was employed full time, she was not earning enough to cover all of the family's expenses.

AFCA arranged a conciliation conference, which brought together Georgia and the bank and enabled them to understand the issues. The conciliation also provided Georgia with a safe space to explain the actions she was taking to repay her other debts, her plans for reducing her family's expenses and her husband's job prospects.

The complaint resolved at the conciliation conference and the bank agreed to allow Georgia five months with no repayments, followed by a long-term reduced payment arrangement. It also agreed to stop charging interest to the account.



Contact us

**Australian Financial
Complaints Authority**

1800 931 678 (free call)

(9am to 5pm from Monday to Friday)

(03) 9613 6399 (fax)

info@afca.org.au (email)

afca.org.au/complaints (complaint form)

GPO Box 3 Melbourne VIC 3001

www.afca.org.au