



DEALING WITH DEBT

You may find yourself in a situation that means you cannot pay back a mortgage or debt:

- **Illness, injury or death of someone you share the debt with;**
- **Unemployment or reduced income;**
- **Family breakdown;**
- **Prison;**
- **Natural disaster.**

If you have experienced a situation like this you may be able to make new arrangements to help you through this difficult time.

You have a right to apply for a hardship variation from your bank or lender. A hardship variation may give you more time to pay, reduce the size of the repayments, or temporarily suspend repayments.

Free financial counselling services exist to help you too.

DO YOU HAVE A RESPONSIBLE LENDING DISPUTE?

In some instances people cannot make their loan repayments because they never had the ability to repay the loan. This also applies to credit cards. In such a situation the bank or lender should not have loaned them the money or given them the credit card. If this is your situation you may lodge a dispute. From 1 November 2018 the Australian Financial Complaints Authority has authority to hear all complaints relating to financial lending. You may receive compensation for being provided with a loan or credit card that you were not able to pay back. This is called a responsible lending dispute and the Australian Financial Complaints Authority may make an investigation to decide whether it was appropriate for the bank or lender to lend you the money in the first place. Speak with Hobart Community Legal Service for assistance.

IF YOU NEED TO APPLY FOR HARDSHIP

STEP ONE: TALK TO YOUR LENDER

Talk to your bank or lender as soon as possible. Ask if they have a dedicated financial hardship customer representative that you can speak to. Make whatever payment you are able to make and do not wait until you are behind in your repayments to talk to your lender.

STEP TWO: APPLY FOR A HARDSHIP VARIATION

Write to your bank or lender to let them know you are unable to meet your repayments. They may ask you for further information. They will want to understand your situation and why you can't afford the repayments and to see what new arrangements might be possible.

In your letter you should outline:

- The situation that is affecting you;
- How it has affected you; and
- What you would like the bank or lender to do.

The bank or lender has 21 days to respond to you.

STEP THREE: RESPOND TO REQUESTS FOR FURTHER INFORMATION

If you are asked for further information you have another 21 days to do this. Ask your bank or lender if they want any specific documents or information. This information may be in the form of an insurance report, medical report or bank statement. Getting all the information back on time and in the requested form will better support your application.

STEP FOUR: SEEK AN EXTERNAL ASSESSMENT ON YOUR SITUATION

If your bank or lender has not agreed to a hardship variation, you can apply to an approved dispute resolution scheme to make an external assessment on your situation. Speak with the Hobart Community Legal Service for assistance.

FAQs

Where can I get further general advice about dealing with debt? Anglicare Tasmania provide a free financial counselling service and may be contacted on 1800 243 232.

What if a debt collector is harassing me? The law limits what debt collectors can do. A debt collector must not harass or mislead you. If a debt collector is putting pressure on you, you should contact the Hobart Community Legal Service.

What if I do not make repayments on time? If you do not pay back your debt according to your loan arrangements, the lender may charge you additional fees. Your lender may sue you for the money and may seek to seize your personal assets. It is much easier to deal with your debt before you are taken to court.

What will happen to my credit rating? Not paying back a loan on time may affect your ability to borrow again in the future. If you are experiencing difficulty paying back a loan, make alternative arrangements with your bank or lender quickly as this may protect your credit rating.

Notes:

Last updated August 2018.

This factsheet is intended to give general information about the law in Tasmania. While every effort has been made to ensure accuracy at the time of writing, the law is complex and constantly changing. Moreover, legal exactness is not always possible in a publication of this nature. The factsheet should not be used as a substitute for legal advice.

No responsibility is accepted for any loss, damage or injury, financial or otherwise, suffered by any person acting or relying on the information contained in it or omitted from it.

Providing legal direction ● ● ●

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