



This fact sheet provides you guidance on what you can expect from your credit union, mutual building society or mutual bank (Institution) when you are experiencing financial difficulty.

What sort of assistance can my Institution provide?

All Institutions have a dedicated staff member or team of staff who are trained to help you overcome your financial difficulty situation. When you ask for financial hardship assistance, some of the options your Institution may offer include:

- short-term reduced payment arrangement or postponement (for a period of three to six months)
- temporary or permanent suspension and/or freeze of interest which you need to pay on the credit facility
- capitalise the arrears if you continue to be in financial difficulty for some time. This means an offer to collect the arrears at the end of the scheduled maturity date through further instalments. This will effectively put your loan back in line which means your credit rating would no longer be under threat (from that particular loan). However, it also means that you will pay more interest in the end than if you were to clear the arrears at the time.
- if you have multiple debts with the Institution, consolidate or refinance to a different product (only if this reduces monthly commitments), and
- extend the term of the loan in order to reduce monthly commitments.

The type of assistance offered will be tailored on your individual circumstances.

What happens during the financial hardship application process?

Whilst your financial hardship request is being considered, your Institution cannot make a default listing on your credit file and/or sell your debt to another company.¹

Unless agreed otherwise, your Institution can still charge interest on your account. This means your debt will continue to increase. Therefore, it is important that you make whatever payments you can during the hardship application process.

Where can I find financial difficulty information?

Your Institution is obliged to provide you with access to information about financial difficulty through its website or by contacting it directly. Information which should be available include:

- a financial difficulty information fact sheet, which includes the types of assistance available and what happens if your institution is unable to assist you
- an online financial difficulty application form
- tools that may help you handle your financial matters such as budget spreadsheet, budget calculators and helpful tips

¹ This is in accordance with section 14(c) of Australian Securities and Investments Commission's (ASIC's) and the Australian Competition and Consumer Commission's (ACCC's) Debt Collection Guidelines.

- links to free, not-for-profit financial counsellor and similar services in your local area, and
- information about your Institution's complaints handling procedure, which includes the timeframe in which you may bring a complaint to an external dispute resolution scheme.

What if my Institution can't help me?

Dispute

If your Institution is unable to assist you when you are experiencing financial difficulty, you may wish to lodge a dispute with the relevant Industry Ombudsman scheme. There are two schemes which provide independent dispute resolution services, which are free to consumers. Your Institution will provide you with information about which scheme it subscribes to. Alternatively, you can contact the scheme directly to find out if your Institution is a subscriber:

Financial Ombudsman Service (FOS)
Phone: 1300 78 08 08
Email: info@fos.org.au
Website: www.fos.org.au

Credit and Investments Ombudsman Ltd (CIO)
Phone: 1800 138 422
Email: info@cosl.com.au
Website: www.cio.org.au

Code breach allegation

The Customer Owned Banking Code of Practice (the Code) sets out Institutions' promise and obligation to effectively assist customers in financial difficulty situations.²

If you believe your Institution has breached the Code, you may wish to raise the matter with the Customer Owned Banking Code Compliance Committee (COBCCC). COBCCC is an independent Committee who has the power to investigate and determine any allegation from any person that an Institution has breached the Code. You can raise a Code concern by contacting:

Customer Owned Banking Code Compliance Committee (COBCCC)
Phone: 1300 78 08 08
Email: info@codecompliance.org.au
Website: www.cobccc.org.au

Please be aware COBCCC does not have the power to make orders for compensation, declarations on the rights and entitlements of parties or issue fines and penalties. Such outcomes may be sought through the relevant scheme or through the court.

² A copy of the Code can be found at www.customerownedbanking.asn.au/consumers/cobcop.