

HARDSHIP ASSISTANCE

ARE YOU EXPERIENCING FINANCIAL HARDSHIP?

If you are worried about your financial position and having trouble meeting repayments on your loan, you should contact us as soon as possible to discuss your situation.

We understand that people's circumstances do change; you may have lost your job, been made redundant, are suffering an illness or a natural disaster.

To help us find the very best solution for you, you will need to contact us as soon as possible. Remember, the sooner you act, the easier it will be for us to assist.

If you are unsure about whether you can afford to pay or not, contact a financial counsellor for help (see www.fido.gov.au).

You can ask for a hardship variation.

If your loan is covered by the National Credit Code, you have the right to ask us to enter into a hardship variation which could include:

- Extending your loan to reduce your repayments, and/or
- Postponing your repayments for a period of time; or
- Extending the term and postponing your repayments for a period of time.

Note: A hardship variation gives you temporary relief. You still need to pay off your entire loan, but it will be stretched over a longer time period (and you will pay more interest in the long run).

What supporting information do you need to provide?

- Medical Certificate or any other relevant medical documents (if applicable).
- Letter and payslips from your employer verifying employment and income.
- Centrelink documentation (if applicable).
- Documentary evidence of any other income received ie. rent, allowances.
- Notice of employment termination (if applicable).
- Copy of listing agreement (if property is currently for sale).

- Any relevant documentation.
- Statements for any other loans or debts.
- Details of any arrangements that have been entered into with other financial institutions to assist with your current situation.

A financial counsellor, community legal centre or solicitor may be able to help you ask for a hardship variation (see www.fido.gov.au).

You do not have to agree to a hardship variation if it is not on the terms you requested.

We do not have to agree to your request to change the terms of your loan.

If we do not agree.

If we refuse your request to change your contract because of hardship, you can dispute our decision.

We are a member of an external dispute resolution scheme approved by ASIC, the Australian Financial Complaints Authority (AFCA), which may be able to hear your complaint.

The **Australian Financial Complaints Authority** contact details are as below:

Online: www.afca.org.au
Email: info@afca.org.au
Phone: 1800 931 678 (free call)
Mail: Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001

You can also apply to a tribunal or court in your state for an order to change the terms of your loan.

Talk to other creditors.

You should also talk to all your other creditors about your situation. Again, the sooner you take action and discuss your financial problems with your creditors, the easier it will be to try and work out a solution. If the credit is covered by the National Credit Code, you can request a hardship variation for those products also.

Other options.

Here are some other options that you may wish to consider if you are experiencing financial hardship.

- **Budget:** Take some time to think about your income and expenses, and see if you can reduce your expenditure. You can use FIDO's budget planner to help you prepare a budget and manage your income. There is lots of information and tips on budgeting and dealing with debts at www.fido.gov.au
- **Negotiate a better interest rate:** See if you can negotiate a better interest rate with your lenders.
- **Refinance:** You might consider switching to another type of loan product or changing to a different lender because they have a cheaper loan. Although refinancing might look like a good idea, weigh your options up carefully before making a decision. If you are already in default or under financial stress, be realistic about whether you can afford repayments under a new refinancing arrangement. You may have to pay fees to get out of your existing loan and pay mortgage insurance again. Go to www.fido.gov.au for more tips and a checklist on what to look out for when switching loans.
- **Seek government assistance:** Find out if you are entitled to benefits or other government assistance. Visit the Centrelink website to see if you are eligible for any entitlements. The site includes specific information for unemployed, self-employed, people in crisis (e.g. recently separated, divorced or bereaved, ill or injured). Some state governments offer short-term interest-free mortgage relief loans to cover temporary shortfalls. Contact your local state Department of Housing.
- **Ask for help:** Financial counsellors can help people who are in financial difficulties. They provide a free independent and confidential service to help you work out the best options for your situation. ASIC also has information about credit and other financial issues. A full list of financial counsellors is at www.fido.gov.au ASIC Infoline: 1300 300 630.
- **Sell your property:** You could downsize or consider renting for a while. If you are really struggling to meet the repayments on your loan and you do not see your financial position considerably improving, it may be better to sell your property now then leave it till later when you have incurred more fees or perhaps gone through an expensive refinance. Also, if you leave things too late (which can happen very quickly) you will lose your ability to sell the property on your terms.
- **Access to superannuation:** Hardship provisions allow for early withdrawal of superannuation by people who are experiencing severe financial difficulty. This is a last resort option and you should think about it carefully. You may risk losing your house and your superannuation. Get the advice of a financial counsellor to help you decide what is best for you.