

### What is financial difficulty?

Individuals and small businesses can sometimes find themselves in situations where they are unable to meet their repayments under a credit facility (such as a home loan, business loan or credit card). We call this financial difficulty. Sickness, unemployment, over-commitment and events such as natural disasters can all cause financial difficulty.

### What should I do?

The first step is to contact your financial services provider and explain that you are experiencing financial difficulty. Most financial services providers have dedicated financial hardship teams. When you call them, ask to speak to someone in this team. It is important to have an open and frank discussion with your financial services provider.

### What information do I need to give to my financial services provider?

Understanding the circumstances that you are facing is a financial services provider's first step in considering a financial difficulty request. Be prepared to:

1. Give details of the financial difficulty that you are experiencing.
2. Explain what assistance you are requesting and why.
3. Provide details of your monthly income and expenses, including rent, living expenses (food etc), car expenses, other loans and any other expenses. Try to provide documentation to support your position. If documentation is not available as a result of the disaster, let your financial services provider know.
4. Explain when and how you think your situation will improve. This may include details of an insurance claim you have submitted or government relief you have applied for.

It is common for a financial services provider to ask you to complete a summary of your financial position. A general statement of financial position is available from FOS at [www.fos.org.au/financialposition](http://www.fos.org.au/financialposition).

If you are a small business, you may also need to say how you think the business will trade over the short to medium term, or when you expect the business to resume normal activities.

It is important that you reach an agreement with your financial services provider about your accounts while you are awaiting the outcome of any insurance or government relief claims.

### **What happens if my financial services provider will not help me?**

If a financial services provider will not agree to a reasonable request for assistance, then FOS has the power to review that decision. In some cases we can require a financial services provider to change the terms of a credit contract. However, we cannot compel a financial services provider to waive a valid debt (including principal and interest).

If you encounter difficulties with your financial hardship application, you can register your dispute with FOS, either by telephone on **1800 367 287** or using our **online dispute form** at [www.fos.org.au/disputeform](http://www.fos.org.au/disputeform).

Please make sure you tell us that you are a disaster-affected customer when you register your dispute. On receiving your dispute, we will notify your financial services provider of your dispute that same day.

### **What happens when FOS is considering my dispute?**

We expect that your financial services provider will cease any collection or recovery action while we are considering your dispute. We also expect that you will be willing to participate in our process, including providing information when requested.

### **Previous experiences with disaster response**

In the past, financial services providers have provided timely and appropriate responses to natural disasters, such as the Victorian bushfires in 2009. Examples of assistance previously provided include the granting of 3 to 6 month moratoriums on repayments and in some cases freezing interest for a period of time.

The difficulties experienced by those affected however may last for more than 3 to 6 months. The flow-on effects for individuals and small businesses who have insurance claims denied, discover they are underinsured, or lose jobs or customers may last for a considerable time and can exceed the moratorium period granted by the financial services provider. These customers may need to restructure loans or discuss their capacity to meet future repayments with their financial services provider.

If you continue to experience financial difficulty after the initial crisis has passed and after the financial services provider has already provided initial assistance, we encourage you to again speak to your financial services provider or contact FOS.

## **More information on financial difficulty**

Our website has a lot of information explaining what you and your financial services provider (eg your bank or credit union) need to do when you are faced with financial difficulty. This information can be found at [www.fos.org.au/consumers/financial-difficulty](http://www.fos.org.au/consumers/financial-difficulty).

### **Information for consumers**

Information about our approach to consumers in financial difficulty is available at [www.fos.org.au/consumers/financial-difficulty](http://www.fos.org.au/consumers/financial-difficulty).

### **Information for small businesses**

Information about our approach to small businesses in financial difficulty is available at [www.fos.org.au/findifsmallbusiness](http://www.fos.org.au/findifsmallbusiness).

After a natural disaster, it may not be immediately clear what the impact on a small business is. Whether a financial services provider is able to assist a small business in financial difficulty will depend on the business's circumstances. However, FOS expects that a financial services provider will give any request for assistance genuine consideration.