



# Financial Hardship Policy

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## 1. Purpose

Commercial Credit Control Pty Ltd and Strategic Collections Pty Ltd recognises there are cases of genuine financial hardship requiring respect and compassion in special circumstances. This policy establishes guidelines for assessment of a hardship application by applying the principles of fairness, integrity, confidentiality, and compliance within statutory requirements.

In times of genuine hardship, customers and/or their financial counsellor deserve easy access to empathetic and skilled staff who can promptly address their circumstance or concerns. Commercial Credit Control Pty Ltd and Strategic Collections Pty Ltd will provide this service by training all staff to identify financial hardship customers.

## 2. Differentiating between 'Payment Difficulties' and 'Financial Hardship'

A consumer experiencing payment difficulties may have the intention, but not the capacity to pay their bills. 'Payment Difficulties' can arise from a variety of situations, either gradually or suddenly, and can occur over a relatively short period, for example, the theft of a wallet may cause a payment difficulty but would not itself constitute financial hardship.

Whilst 'payment difficulties', refers to the short term, financial hardship is of longer duration. If a consumer is experiencing financial difficulties, then alternate arrangements can be made to alleviate the consumer's current situation, by evaluating what the consumer can reasonably afford to pay in the first instance or by reducing the agreed amount of an existing arrangement.

Financial hardship can be caused by several factors, including but not limited to:

- Loss of the consumer's primary income
- Separation or divorce
- Physical or mental health issues
- Loss of a spouse or loved one
- Chronically ill child
- Domestic Violence
- Budget management issues associated with low income; and
- Other unforeseen factors that affect a consumer's ability to pay, such as reduction of income or increase in non-discretionary expenditure. Covid 19 has been a prime example of many consumers facing hardship by being stood down and loss of jobs unexpectedly.

### 2.1 Vulnerable Customers

Customers who are at risk of or are facing vulnerability may seek hardship. Vulnerability varies from person to person, it is situational, it may be temporary or ongoing. Vulnerability includes but is not limited to:

- Domestic violence
- Health issues
- English being a second language
- Literacy (Including financial literacy)

While all consumers are provided the same level of care through the hardship process, staff, must be aware the consumers facing vulnerability may require extra assistance during the hardship process.

Potential changes to the process may be accepted for vulnerable consumers including not requiring the submission of supporting documents. It must be noted that clients may have their own policies in regard to vulnerable consumers, in particular, not requesting proof of domestic violence.

### 3. Process

Commercial Credit Control Pty Ltd and Strategic Collections Pty Ltd expects its staff members to act with compassion and sympathy, yet still manage the situation within Commercial Credit Control Pty Ltd and Strategic Collection Pty Ltd's hardship guidelines. Team members are required to accept reasonable payment arrangements, considering each customer's individual circumstances.

In the instance where the consumer has contacted Commercial Credit Control Pty Ltd or Strategic Collections Pty Ltd to discuss a new arrangement and it is established that the consumer cannot pay the recommended instalment amount according to usual guidelines on arrangements, then negotiations with the consumer may be necessary.

Staff should listen, in every instance, as to why the consumer cannot afford the amount set out in company guidelines; an oral assessment is to be made of the consumer's circumstances. If the consumer qualifies, we may request that submission of financial hardship paperwork is required.

In this instance the consumer accepts the preferred arrangement (what you and the consumer mutually agree) the employee will inform the consumer that financial hardship paperwork will be issued via email or mail and that they are required to complete the paperwork and return. The agreed arrangement is to commence whilst we are awaiting the return of the financial hardship paperwork. It is expected that the consumer be further advised that that the financial hardship application will be reviewed once it is received by our office and should it not fall under the financial hardship policy then immediate contact will be made with them.

If the consumer's financial hardship paperwork is accepted, acknowledgement is sent in writing, advising of Commercial Credit Control Pty Ltd or Strategic Collection Pty Ltd decision and the arrangement confirmed in writing, along with the consequences of non-adherence to the agreed terms. Advise the consumer that it is policy to review arrangements after three months.

The financial hardship paperwork is to be attached to the file for future reference. This information is personal and must be kept as such in accordance with National Privacy Principles. The application does not need to be returned to the client.

When an agreement is made on a Financial Hardship case, the agreement is made on the whole debt principal (amount owing). Any settlement offers made under financial hardship are to be submitted to our clients. Commercial Credit Control Pty Ltd or Strategic Collection Pty Ltd is the acting agent only on the account and any reduced offer to pay the debt remains in the hands of our client. The offer can be submitted to the client via Commercial Credit Control Pty Ltd or Strategic Collection Pty Ltd internal client contact procedure. If the client agrees to the terms of the settlement, we must inform the account holder of the client's decision.

### 3.1 NCCPA Regulated Debts

Strategic Collections Pty Ltd may have debts that are regulated by the *National Consumer Credit Protection Act 2009* (Cth). The NCCPA has further requirements in regard to hardship and timeframes. If a debt is NCCPA regulated the staff must review and follow the Hardship Process as set out in the Strategic Collections Compliance Manual.

## 4. Seeking the advice of a financial counsellor

Should the consumer show signs of being overwhelmed by their financial situation and not be able to satisfy their account, then Commercial Credit Control Pty Ltd can recommend that they seek assistance to manage their spending and advise the consumer they may wish to meet with a financial counsellor.

### **Contact a financial counsellor**

#### **Australian Capital Territory**

Care Financial Counselling Service

Telephone: 02 6257 1788

#### **New South Wales**

Financial Counsellors Association of NSW

Website: [www.financialcounsellors.asn.au](http://www.financialcounsellors.asn.au)

Credit Line Helpline

Telephone: 1800 808 488

#### **Northern Territory**

Anglicare Financial Counselling Service

Telephone: 08 8948 2700 or 08 8985 0000

#### **Queensland**

Credit Help Line

Telephone: 1300 887 400

Financial First Aid

1800 007 007

#### **South Australia**

Uniting Care Wesley

Telephone: 08 8202 5180

Northern Community Legal Service

Telephone: 08 8281

Child Youth and Family Services

Telephone: 08 8226 7000

The [South Australia Financial Counselling Association's](#) website lists financial counsellors in South Australia.

#### **Tasmania**

Anglicare Financial Counselling Service

Telephone: 03 6234

Hobart Community Legal Service

Telephone: 03 6223 2500

#### **Victoria**

Financial and Consumer Rights Council

Telephone: 03 9663 2000