

# COVID-19: Credit & Debt Frequently Asked Questions

*This factsheet is not legal advice. The legal information contained in this document is current as at 6 April 2020*

## 1. I can't pay my household bills – what can I do?

Do you have outstanding household bills such as water, electricity and gas, or are you worried you won't be able to afford your next bill?

Contact your energy or water supplier as soon as possible to avoid disconnection. Most suppliers have information on their website relating to financial hardship for consumers affected by the uncertainties posed by COVID 19.

- It is important that you contact your energy or water provider either by telephone or online as soon as possible and let them know that you are in financial difficulty.
- Electricity and gas retailers have a customer assistance program and assuming you are eligible under the program you will be protected from disconnection.
- The service provider should also work with you to develop a suitable payment arrangement and offer other support to assist you such as payment extensions, payment plans and assistance with accessing grants and concessions where eligible.
- Most energy suppliers currently have long wait times on their phones due to the high volume of calls, and recommend that you contact them online.

### What can I do if I can't reach an agreement?

- If you cannot come to an agreement with your energy provider you should contact the Energy & Water Ombudsman NSW ('EWON') and lodge a dispute with them against your energy or water provider on <https://www.ewon.com.au/page/making-a-complaint>
- There is no cost for lodging a dispute for consumers.
- You can also ring EWON on 0800 246 545 or follow the link to <https://www.ewon.com.au/page/customer-resources> for further information and factsheets, which are provided in a range of languages.

## 2. I can't afford my loan repayments – what can I do?

### Mortgages

- The most important thing to do is to be proactive - don't wait for your lender to contact you, the earlier you make contact with them when you are experiencing financial difficulty, the more options they will be able to offer you.
- If you can't afford to make your mortgage repayments, contact your lending institution without delay and inform them of your financial situation and the assistance you are requesting. Most lenders have a dedicated phone line for hardship assistance but are

experiencing high levels of demand, so online is best through your lender's website or smart-phone app.

- You could request a moratorium (a break) or reduction in your repayments. Be aware though, that there is a sting in the tail - interest will still accrue which will be added to your mortgage balance increasing the amount outstanding, and once the moratorium period ends your regular repayments may increase as a result.
- Another option worth considering, if you can afford it, is negotiating a reduction in regular mortgage payments until you get back on your feet financially. This will reduce the amount of outstanding interest to be added on to the mortgage balance.
- Other assistance may be waiving fees or restructuring your loan
- The big four Banks, Commonwealth Bank, ANZ, NAB, and Westpac have announced that as a consequence of the financial effect of COVID-19 on the capacity of borrowers, they are willing to offer a repayment moratorium - a break on your mortgage repayments.
- Other banks are also offering to assist with easing the financial strain on their customers so if you have a mortgage with another bank or lending institution, you can still apply for a moratorium or reduction in repayments if you are in financial hardship.
- To find out what Assistance your bank can offer follow the link to the Australian Banking Association on <https://www.ausbanking.org.au/campaigns/financial-hardship/> and scroll down COVID-19 relief and click on your particular bank.
- If your mortgage is not with a bank, but another lending institution you can apply directly to your lending institution for a moratorium, variation or reduction in repayments if you are in financial hardship.
- Most lenders will have some financial hardship policies in place to assist you during this time of uncertainty, so contact them directly.
- If you are experiencing difficulty obtaining contact details, enter the name of your your lending institution in "Find a financial firm" in the Australian Financial Complaints Authority search facility ('AFCA') at <https://www.afca.org.au/make-a-complaint/findafinancialfirm> or ring AFCA on 1800 931 678

### Credit cards and personal loans

- As with any type of loan or credit facility the most important thing to do is to be proactive - don't wait for your lender to contact you - the earlier you make contact with them when you are experiencing financial difficulty, the more options they will be able to offer you.
- Most lenders have a dedicated phone line for hardship assistance but are experiencing high levels of demand, so online is best through your lender's website or smart-phone app.
- If you can't afford to make your loan or credit card repayments, contact your lending institution without delay and inform them of your financial situation and the assistance you are requesting.
- Financial institutions will have differing criteria for eligibility for repayment plans or moratoriums (a break) in repayments but most will respond to a request due to the effects of COVID 19 on your personal financial circumstances.
- If you are experiencing difficulty obtaining contact details, enter the name of your your lending institution in "Find a financial firm" in the Australian Financial Complaints Authority search facility ('AFCA') at <https://www.afca.org.au/make-a-complaint/findafinancialfirm> or ring AFCA on 1800 931 678

### **3. What if my bank or other lending institutions won't agree to provide financial hardship assistance?**

- If you are having difficulty in coming to a suitable arrangement with your lending institution, contact its customer relations or internal dispute resolution scheme. You can find their contact details by inputting the financial institutions name at <https://www.afca.org.au/make-a-complaint/findafinancialfirm>
- If you still can't come to a suitable arrangement with your lending institution, you can lodge a dispute online with the Australian Financial Complaints Authority. ('AFCA'). at <https://www.afca.org.au/make-a-complaint> Your lending institution cannot take any further enforcement including legal action against you once AFCA has accepted your complaint.
- AFCA has also set up a support hotline and priority service for borrowers (and small businesses) affected by COVID 19. Call on AFCA's significant event hotline: 1800 337 444