



What can I do if I can't pay my debts?

If you are having trouble paying back a loan or credit card, options are available to help you. The sooner you act, the more options you will have.

How it works

The organisation you have borrowed from may be a bank or non-bank lender. Most lenders have a 'hardship department' that can help customers who are having trouble making their repayments. This assistance is called a 'hardship variation' – a temporary arrangement between you and your lender while you get back on your feet.

Your lender could offer to –

- o Postpone or reduce your repayments for a few months
- o Reduce or freeze the interest rate for a few months
- o Extend the term of your loan. This adds the missed payments (called 'arrearages') to the end of the loan, so you don't need to catch up straight away
- o Waive default fees or other penalty fees
- o Give you time to sell an asset to repay the loan.

Hardship variations are short-term help. The idea is you will return to normal repayments after a few months or pay out the loan within a reasonable time.

How to apply for a hardship variation

- o Have the details of what you owe – bank, loan or credit card statement – in front of you
- o Call your lender and ask to speak to the hardship department
- o Explain that you are in hardship and would like a hardship variation
- o Be prepared to provide some information about the kind of help you need and why you need it
- o The lender does not have to approve your request for a hardship variation.



A quick guide to... Hardship



You should contact a financial counsellor for free, confidential and independent assistance if any of the following applies to you -

- o Your request for a hardship variation is refused, and you would like to challenge the lender's decision
- o You believe you will not be able to meet the payments required by the hardship variation
- o You believe that the short-term help provided by a hardship variation will not be enough to fix your money problems
- o You have concerns about the way in which the loan or credit card arrangement were set up
- o You believe the interest rate, penalties, etc are unreasonable or unfair, and were not properly explained to you.

Help is available

For further assistance, please get in touch with a financial counsellor

National Debt Helpline: 1800 007 007 9.30am to 4.30pm

Online chat: <https://ndh.org.au> 9.00am to 8.00pm

Interpreters are available and there are no visa restrictions

Financial counselling is a free and confidential service offered by not-for-profit community organisations



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