

# HELPING A FRIEND IN A FINANCIAL CRISIS

July 5th, 2022

Categories: [Finance](#),

This series is provided in partnership with [Financial Counselling Victoria](#) and is around debt. We follow the journey of Young Carer Julie through understanding debt and putting her knowledge into practice. If you haven't read the first post 'Understanding debt' you should start there!

*The eggshell blue suit was the perfect outfit to wear to the formal. Julie had never felt cooler or more confident – her friend Alex had done her makeup with a perfectly-matched blue eyeshadow, and she'd finished the outfit off with a pair of strappy cobalt blue heels she'd borrowed from her friend Georgia.*

*The whole night had gone by in a blur – Julie had arrived, stared in awe at all her glamorous classmates, posed for photo after photo after photo, then danced until she'd had to kick off Georgia's shoes and go barefoot – but it had definitely been one of the best blurs of her life. It was just as well too – because after the formal things suddenly got a lot more challenging.*



*Julie didn't notice that things were different until a few weeks after the formal. Then, one day, she received a notification on her phone from the Afterpay app, informing her that her next repayment was due – \$75. Tiny butterflies fluttered gently in her stomach – \$75 was a lot of money.*

*She was also suddenly very aware that she hadn't paid her credit card bill recently, which could only mean that this month's instalment would be due any day now. She logged on to her banking app almost begrudgingly, feeling physically ill as she waited for her homepage to load. 81 dollars – that was all the money she had in the world. Yes – enough to pay for the Afterpay bill – but she could forget about her credit card bill and her rent.*

*The options started whizzing through her mind – she knew that she could pay her Afterpay instalment, or her credit card bill and rent. She couldn't afford all three.*

*Julie reasoned that the best way to manage this was to pay the bill that would charge her the most outrageous fees if she was late ... Julie's parents wouldn't charge her a late fee at all if she was a few weeks behind on her rent payment – but they'd be so disappointed. And they would also know it was because she'd bought an expensive suit – she didn't ever want to be the kind of person who didn't pay their parents because they were buying things for themselves!*

*Just then, Julie's phone rang. It was her friend Georgia.*

*“Jules, hi, have you got a minute? I have a question for you.” Julie sat down on the edge of her bed and Georgia went on. “I want to say first – I feel really embarrassed and awkward asking you this. And I wouldn't ask if I wasn't really, really stuck. But – my car's broken down. I've called a mechanic and explained the problem, and apparently it's going to be about \$750 to fix. Yeah, I know – it's a lot of money. So the thing is – I've just paid rent this month, and I don't have a lot of cash at the moment. I have \$600 saved, which I'll use – but that means I'm still short \$150. And I just ... I know you have a job – and I'll pay it back in a month, I swear – so I was wondering, could I borrow some money? I'd wait until I had the money to fix the car, but I need it to get to work, and I'll lose my job if I don't go, and then I won't have money for the car or for rent... I'm really sorry to ask.”*

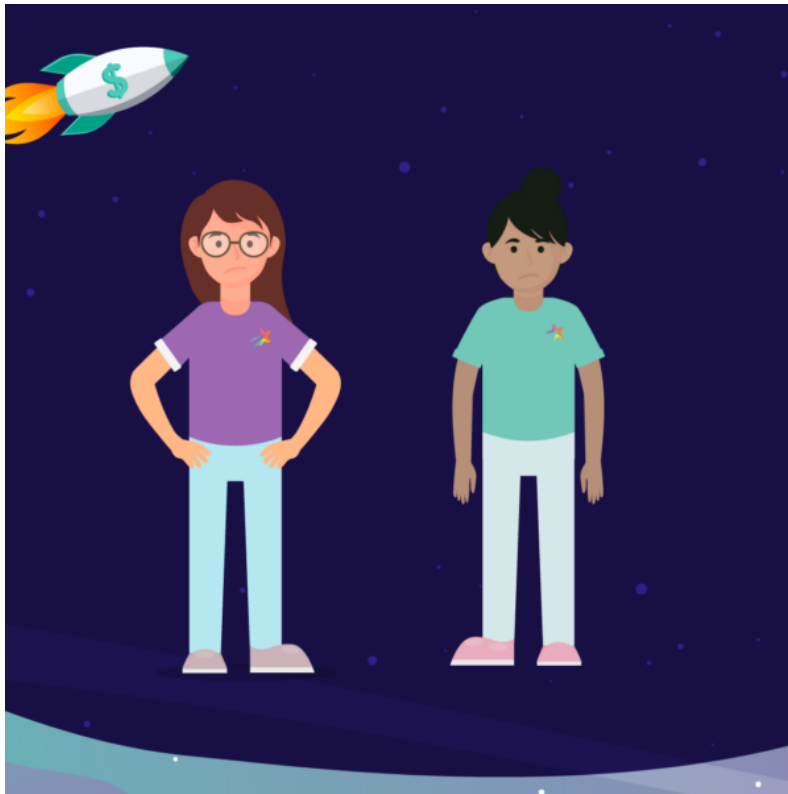
*Julie felt sick. Georgia was one of the most generous people she knew. Unlike Julie's other friends, she was already working full time and living out of home. She was also Julie's only friend with a licence and a car, and she happily drove everyone around without ever expecting petrol money. Since Georgia had got her licence back in May, she'd started picking Julie up from soccer practice when Julie's parents were busy with Joe – which was*

*often. And Julie knew that Georgia really would pay Julie back as soon as she could. But Julie didn't even have enough money to pay her own bills, let alone someone else's. Julie was gripped with a sudden wave of shame – if she hadn't bought that stupid blue suit, she would have been able to pay her parents and help Georgia.*

*“Georgia, I –” Julie couldn't find the words. “That sounds so stressful, I'm sorry that happened. Let me... Let me have a look and see how much money I have to help you out. I'll call you back.”*

*Julie knew she didn't have any money to give Georgia, but how could she possibly say no?*

## HANDLING MONEY IN OUR RELATIONSHIPS



Money is something that people often find hard to talk about. In lots of social situations, it can be considered rude to talk about how much money you earn – or to ask others how much they earn. But even if we try to keep money out of our conversations, it can often still play a role in the relationships we have with our friends and family members.

There is often less financial risk involved when we borrow money from a friend or family member. For example, it would be unusual for friends or family to charge late fees or interest. However, just because the financial risk is lower doesn't mean there won't be other kinds of risks in these lending arrangements. As Julie realises, there can be emotional challenges when money is owed between friends and family – like feelings of guilt, shame and judgment, and resentment can grow if both parties don't perfectly understand the intentions of the other. It can be difficult when money becomes an issue between family members or friends.

Remember – you are not obliged to lend money to someone you care about. Even if you have the money to do so, you may decide that you're not comfortable to lend your family member or friend the money they ask for – and that is okay. Lending money can put a strain on a relationship that can damage the relationship – sometimes beyond repair.

There are other ways to support someone you love who is experiencing a money problem. For example, you can provide them with information to help them connect with a service provider who may then be able to support them through their money problem.

## **FINANCIAL SUPPORT WHEN YOU HAVE AN UNEXPECTED EXPENSE**

*Julie opened her laptop and typed “unexpected expenses help melbourne” into Google. Initially, Julie felt overwhelmed. It seemed like there were lots of options out there, but she didn’t really know which ones would work best for Georgia. Then she came across a website called Moneysmart. It had a short, clear list of helpful options for someone in Georgia’s position. Julie made a page of notes and then, when she was done, rang Georgia back.*

*“Georgia – I’m sorry, I can’t loan you the money. But I’ve found some information that I think will help you. Let me email it through to you and then we can talk about it.”*

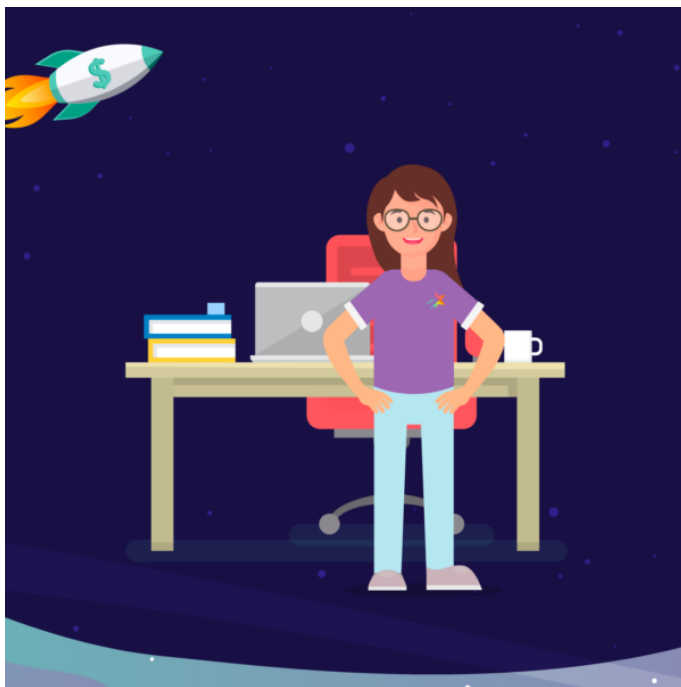
Sometimes, even when we have been very careful, something unexpected can happen and we find ourselves facing an expense that we didn’t plan for. If we know where to look, there are lots of supports available to us when this happens. If we know we’re in trouble, but we don’t know where to start, we can call the free **National Debt Helpline** on **1800 007 007**. This helpline is open Monday-Friday, 9.30am-4.30pm.

The website that Julie came across, **Moneysmart**, is a fabulous resource produced by the Australian government, that provides all sorts of information and tools to help Australians navigate the financial world. Moneysmart has a useful section for people who need urgent help with money – **this page** contains links to many of the supports outlined below, as well as further links to emotional and housing support.

Through her research, Julie found out that different supports are available to us depending on our individual situation. We will outline the most common of these below.

## NO INTEREST LOAN SCHEMES (NILS)

If, like Georgia, you find yourself in a situation where something unexpected has happened and you need a lump sum to pay for an essential expense, you might be able to participate in a **No Interest Loan scheme (NILs)**. As the name suggests, a NILs scheme is a program that can provide an interest-free loan to individuals and families on a low income. To be eligible, you need to have a Health Care Card/Pension Card, or earn less than \$45,000 a year after tax (as an individual). You must also be able to show that you will be able to repay the loan in the appropriate timeframe.



NILs are available for essential goods and services, including fridges, education essentials, car repairs and medical expenses – this means that Georgia would be eligible for a loan via this scheme (providing she has also met the eligibility criteria). NILs loans cannot be used to pay for food, rent, bills and debt – so Julie would not be eligible for this kind of loan. The



maximum loan available through the scheme is \$1500, and the customer repays the loan in affordable amounts over the course of 12 to 18 months.

There are at least 170 community organisations across Australia that offer NILs, which means there is a good chance that there is a provider near you. Some of the bigger organisations include **Good Shepherd** and the **Salvation Army** – both of these have many locations throughout Australia and are a very good place to start looking.

## **CENTRELINK ADVANCE PAYMENTS**

If you are receiving a Centrelink payment, you have the option of receiving some of your payment in advance. The total amount you can receive in one advance payment depends on the kind of payment you are currently receiving from Centrelink. Once you have received an advance payment, you will begin paying back this amount over the course of your next 13 fortnightly Centrelink payments – Centrelink will automatically reduce the amount it would usually pay you so that you are slowly paying back the amount owed. Because Georgia is working full-time, she doesn't receive any Centrelink payments. This means that she is not eligible to receive a payment from Centrelink to help pay for her car expenses. For more information about advance payments via Centrelink, click [here](#).

## **EMERGENCY RELIEF**

If you or your family find yourself in a financial crisis and are having trouble paying for essentials such as food, bills, travel or your phone, you might be eligible for emergency relief. Emergency relief supports people by providing essential provisions, like food, clothing and medication, and financial assistance where possible. Much like the NIL scheme, there are many

community organisations across Australia that offer various forms of emergency relief. Some large organisations, with many branches across the country, are a good place to start. **Anglicare** has a number of locations offering emergency relief – click [here](#) to see a map of them. The **Salvation Army** also has an emergency relief program that aims to provide longer-term solutions alongside immediate assistance – for more information, click [here](#).

## SERVICE DIRECTORIES

If you're not sure exactly what you need or are eligible for, a service directory might be a good place to start. These are online searchable lists of organisations that may be able to help you. Often, service directories allow you to narrow your search by asking you a few simple questions – this can help you get a sense of what you're looking for and what kind of help is available in your local area.

**Ask Izzy** is a useful directory that can help you find financial support when you need it – it is easy to use and will locate local services to help you. Ask Izzy is not just helpful for finding financial relief – it can also connect people to housing, a meal, counselling and much more – so it's a really good website to save in case you might need to look for other support in the future. The **Australian Government's Department of Social Services** also has a useful [directory](#) that lists organisations offering financial support to community members.

*By the end of the conversation, Georgia had identified her local NILs provider and had made an appointment with them. She'd thanked Julie for the information, and for sitting with her as she'd looked through her options and worked out the one that was best for her. Julie felt relieved that she'd*

*been able to help Georgia even though she didn't have money to loan her. For a moment, she'd even been able to forget about her own money worries.*

*When Julie finally remembered that she didn't have enough money to pay all of her bills for the month, her stomach lurched. But then she wondered – if there was help out there for Georgia, perhaps there was help out there for her too..? If only she knew where to look...*

**If you are over 18 and experiencing a financial problem, it may help to talk to a financial counsellor. Their assistance is free, confidential and independent. If you would like to talk to a financial counsellor, click [here](#) to access the Carer Pathway to financial counselling.**