



Financial difficulty: how your bank can help you

This fact sheet sets out some of the ways your bank can help you when you're experiencing financial difficulty.



What is financial difficulty?

Financial difficulty occurs when you're having trouble meeting your repayment obligations.

This could be because of an unexpected event or unexpected change (such as illness or injury, becoming unemployed or being affected by a natural disaster).



What are your rights?

There are two frameworks that govern how banks help customers in financial difficulty:

- the National Credit Code
- the Banking Code of Practice

Find more at ausbanking.org.au/doingittough.



Some ways your bank can help you

If you're experiencing financial difficulty, you should talk to your bank as early as you can. The earlier you do, the more options may be available to help you.

Your bank may be able to:

- agree to interest-only repayments for a short period
- extend the length of your loan to reduce repayments
- postpone or defer payments for a short time
- agree to an alternative arrangement, plan or change the terms of your loan

- give you time to sell your property
- give you information on how to proceed with bankruptcy or insolvency, if necessary.

Your bank may offer you other options as well as they work out if and how they can help. Your options will depend on your circumstances, including whether you'll actually be able to get out of financial difficulty.

If your financial situation has permanently deteriorated, you may need to consider other options and make some hard decisions.

Your bank can also help you with joint debt, even without involving the other person initially.

Some things you should do:

If you think you're experiencing financial difficulty, you should take the following steps:



Step 1 - assess your personal situation:

Review your income and expenses carefully so you understand how much you can afford to repay. You should include living expenses and work out which are priorities (for example, food, rent, mortgage payments and utility bills) and which aren't essential.

You can talk to a financial counsellor for free, independent and confidential advice.



Step 3 - provide information to your bank:

Your bank may ask you for information to help them assess your financial situation. This information may include evidence of your financial position (income, expenses, assets and liabilities), employment and income (such as payslips or social security payments) and medical bills.



Step 2 - contact your bank:

If you'd like your bank to help, let them know you're experiencing financial difficulty, and that you'd like them to consider providing you with hardship assistance.

It's important to be open and honest about your situation. Your bank will be compassionate in trying to understand your circumstances. You should also contact your other creditors to discuss your situation (like your gas, electricity, phone or internet service providers).

You can be represented by a financial counsellor when dealing with your bank.



Step 4 - keep talking to your bank:

If your bank does offer you hardship assistance and you accept it, you'll need to meet your side of the agreement.

Read any agreement (and any repayment plan) the bank sends you carefully.

If you can't meet your side of the agreement, tell your bank straight away. Your bank may agree to a new arrangement that suits you better.

Keep a record of all discussions with your bank so you can confirm details when you talk again.

If you're confused or overwhelmed, don't give up. It's always best to contact your bank early, even if you don't have all your documents together. Contact your bank and ask how they can help you. You can also contact a financial counsellor (see below "Where to go for more information").



Where to go for more information

For further information, visit www.ausbanking.org.au or call us on (02) 8298 0417.

ASIC's Money Smart website also has useful information and tools at www.moneysmart.gov.au.

To speak to a professional financial counsellor go to www.financialcounsellingaustralia.org.au or call the National Debt Helpline on 1800 007 007 (toll free).

If you're not satisfied with your bank, you can lodge a complaint with the Australian Financial Complaints Authority (AFCA). Generally, the AFCA won't deal with your dispute until you've given your bank a chance to resolve things. For more information, go to www.afca.org.au or phone 1800 931 678.