



## FINANCIAL HARDSHIP & YOUR CREDIT REPORT



### Short Guide for Consumers

*Many things can lead to financial difficulty. We all may experience financial hardship at some time. This guide is designed to help you understand your options and what it means for your credit report.*

#### WHERE CAN I GET HELP?

If you are experiencing financial difficulty and believe you will not be able to make your loan or credit card repayments on time, it is important to get in touch with your bank.

You can find the contact details through the **ABA Financial Assistance Hub** or on your bank's website. For more information visit: [www.ausbanking.org.au/assistance](http://www.ausbanking.org.au/assistance).

The **National Debt Helpline** offers a free, independent and confidential service for those experiencing financial difficulty. For more information visit: [www.ndh.org.au](http://www.ndh.org.au)

#### WHAT CAN MY BANK DO TO HELP ME?

Your bank may have a range of options to help you. The best course of action will depend on your individual situation and your needs.

Depending on your circumstances, you and your bank may agree to a financial hardship arrangement. For example, this may be that:

- you stop making repayments for a few months to get a bit of breathing space
- you continue to make smaller repayments to reduce the total balance you owe

If you and your bank agree to a financial hardship arrangement, they will tell you so. Keep in mind there are other types of payment arrangements that are not for financial hardship.

#### WHAT WILL HAPPEN TO MY CREDIT REPORT?

Your credit report shows whether you have made your loan or credit card repayments on time for each of those accounts over the past two years. After two years, the information disappears.

If you agree to a financial hardship arrangement with your bank, your credit report will show that you have made your repayments on time for the period of the arrangement. This is provided you meet the terms of the financial hardship arrangement agreed with your bank.

Your credit report will also include information that indicates you are in a financial hardship arrangement. This information will stay on your credit report for one year and then disappear. Your credit report will not include the reason for your financial hardship arrangement.



## WHO CAN SEE THAT I HAVE BEEN IN FINANCIAL HARDSHIP?

Any bank, credit union or licensed finance company will be able to see whether you have been in a financial hardship arrangement within the last 12 months provided they have a valid reason to check your credit report.

When you apply for a new loan or credit card, this may prompt your bank to ask a few questions to understand whether you are still experiencing hardship and if you can afford the loan or credit.

## WHAT IF I REFUSE A FINANCIAL HARDSHIP ARRANGEMENT?

If you do not enter a financial hardship arrangement with your bank and are unable to meet your monthly repayments, then your credit score may suffer. Credit reporting bodies do not use financial hardship information to calculate your credit score. However, they do include missed repayments.

Your repayment history remains available for two years, while hardship information is removed after one year. This means that, one year on, it will no longer be possible to tell from your credit report that you were in a financial hardship arrangement.

### WHERE CAN I GET MORE INFORMATION?

The **CreditSmart** website is a useful resource to learn more about what's in your credit report. For more information visit: [www.creditsmart.org.au](http://www.creditsmart.org.au).

You are entitled to one free copy of your credit report every three months through the Australian credit reporting agencies, which are **Equifax**, **Experian** and **illion**.

The **ABA Financial Assistance Hub** includes a step-by-step guide for what to do when you are experiencing financial difficulty.

For more information visit: [www.ausbanking.org.au/assistance](http://www.ausbanking.org.au/assistance)



### Australian Credit Reporting Bodies

#### Equifax

Visit: [www.equifax.com.au/personal/](http://www.equifax.com.au/personal/)

Call: 13 83 32

#### Experian

Visit: [www.experian.com.au/order-credit-report](http://www.experian.com.au/order-credit-report)

Call: 1300 783 684

#### illion

Visit: [www.illion.com.au/#illion-for-individuals](http://www.illion.com.au/#illion-for-individuals)

Call: 13 23 33

## WHAT IF I HAVE A COMPLAINT?

If you are not satisfied with your bank's services, products or staff or think that they have recorded incorrect information on your credit report, it is important to let them know. They will take your complaint seriously and try to find a solution that is fair or reasonable.

If you are not satisfied with the outcome of your complaints, you can lodge a dispute with the **Australian Financial Complaints Authority**. They provide a fair, independent and free complaint resolution service. For more information visit: [www.afca.org.au](http://www.afca.org.au).

