

LANDING PAGE

Many things can lead to financial difficulty. It can happen to anyone. This guide is designed to help you understand the options that may be available if you're struggling financially.

The information provided is only a guide, so it's a good idea to contact your bank as soon as you can if you're worried about money.

PRE-ARREARS: I'M WORRIED I CAN'T MAKE MY REPAYMENTS

If you're having trouble making home or investment mortgage repayments, please contact your bank.

If you're struggling to keep on top of your finances, you're not alone. Your bank is ready to listen and consider possible solutions that are right for you. Under the National Credit Code and the Banking Code of Practice, your bank is required to consider your request for assistance, known as a hardship request.

It's important to be open and realistic when talking about your financial position. In turn, your bank will be compassionate in trying to understand your situation and when discussing how it can help.

The sooner you get in touch, the sooner you can start to find help.

When should I contact the bank if I'm worried about repayments?

Your bank is ready to listen and help. Don't be afraid to contact them as soon as possible. The sooner you do, the sooner they can help you find a solution that is right for you. If you can, keep making repayments, even if they're smaller to help keep the cost of your mortgage down.

Help to improve your situation

Taking a closer look at your budget could help you to get your finances back on track.

You'll need to consider your income, expenses, the debt you're managing and any savings and investments you have. Are there any changes you could make to reduce your expenses and consolidate debts?

Doing this will give you a better understanding of how much you can save or where to make some cuts in your spending to improve your financial health.

For assistance with budgeting, you could use the online [Moneysmart budget planner](#).

This is also a good step to take as your bank may ask about your income, expenses, and any changes you intend to make when discussing options to assist you.

Are there ways to reduce my repayments?

Your bank may have a range of options to help you. However, these will depend on your personal circumstances and your bank. Some of the options that may be available include:

- Using any eligible funds that you may have in your loan redraw facility
- Talking to your bank about whether you could restructure your loan
- Reducing repayments to your minimum monthly repayment amount
- Using any savings to offset your loan balance
- Working with your bank to consolidate all your loans and finances
- If you're eligible, you could consider switching to an interest only loan.

Your bank may also ask you for relevant information to better understand how they may help with potential options. This may include:

- Proof of income – such as recent pay slips, profit/loss statement for self-employed, rental income, Centrelink income, notice of termination and termination payments.

- Essential expenses – such as rent/mortgage payments, summary of outstanding bills and credit card statements / loan repayments from other financial providers and essential living expenses.

If you've contacted your bank to let them know you are worried about repayments, your bank can ask for relevant information within 21 days of you contacting them. When your bank asks for this information, you must provide it within 21 days.

My loan deferral is ending

If you agreed with your bank to defer your home loan, the deferral has allowed you to pause repayments. Once the deferral period ends, you'll need to start making your mortgage repayments again.

In most deferral arrangements, the interest and any principal repayments you'd have normally paid during the deferral period continue to accrue and will be added to your outstanding home loan balance to then be paid after the deferred period.

When your bank set up the home loan deferral, you will have received details of the arrangement in writing. You should check what your bank said would happen when the deferral ends.

SMART TIP

If you've fallen behind on your mortgage due to an accident or illness, you may have income protection insurance that could help you to keep making repayments. You may have this insurance with your super, so it's worth calling your super fund to check.

Managing other loans and credit cards

If you're worried about making your mortgage repayments, then you may also be struggling with one or more credit card payments and other loans too. If so, it's important you mention these to your bank as well.

A [financial counsellor](#) can assist you in managing multiple debts, or [Way Forward Debt Solutions](#) may also be able to help.

SMART TIP

If you are managing multiple debts, there are plenty of free options to help you get your finances under control. You do not need to use a paid service. Helpful information about how to work with creditors is available through the National Debt Helpline (<https://ndh.org.au/>)

Take care of yourself and seek help

Please reach out if you feel you are in over your head. You could also contact the [National Debt Helpline](#) on 1800 007 007 and speak with a financial counsellor. [Financial counsellors](#) are qualified professionals who provide free, independent, and confidential information and advice to people in financial difficulty.

[Charities and community organisations](#) can also provide urgent help with food, housing and bills as well as emotional support.

You could also contact [Beyond Blue](#) on 1800 512 348 who offer a wellbeing and mental health support service. If you have debts with multiple banks, [Way Forward Debt Solutions](#) may be able to help you manage your debt. [Moneysmart](#) is another useful resource to help you.

ARREARS: I'M HAVING TROUBLE MAKING MY REPAYMENTS

If you're having trouble making home or investment mortgage repayments, please contact your bank

If you're struggling to keep on top of your finances, you're not alone. Your bank is ready to listen and consider possible solutions that are right for you. Under the National Credit Code and the Banking Code of Practice, your bank is required to consider your request for assistance, known as a hardship request.

It's important to be open and realistic when talking about your financial position. In turn, your bank will be compassionate in trying to understand your situation and when discussing how it can help.

The sooner you get in touch, the sooner you can start to find help.

Help to improve your situation

Taking a closer look at your budget could help you to get your finances back on track.

You'll need to consider your income, expenses, the debt you're managing and any savings and investments you have. Are there any changes you could make to reduce your expenses and consolidate your debts?

Doing this will give you a better understanding of how much you can save, or where to make cuts in your spending to improve your financial health.

For assistance with budgeting, you could use the online [Moneysmart budget planner](#).

This is a good step to take, as your bank may ask you about your income, expenses, and any changes you intend to make when discussing options to assist you.

What are some of your options?

Your bank will have a dedicated customer support team ready to assist you during tough times. They can talk to you about options and managing your budget.

They may allow you to change the terms of your loan, or temporarily defer or reduce your repayments. If they don't allow you to change the terms of your loan, they need to tell you why, in writing, and give you details about where you can complain.

If you can, keep making repayments, even if they're smaller to help keep the cost of your mortgage down.

Are there ways to reduce my repayments?

Your bank may have a range of options to help you. However, these will depend upon your personal circumstances and your bank. Some of the options that may be available include:

- Using any eligible funds that you may have in your loan redraw facility
- Talking to your bank about options for restructuring your loan
- Reducing repayments to your minimum monthly repayment amount
- Using any savings to offset your amount
- Working with your bank to consolidate all your loans and finances
- If you're eligible, you could consider switching to an interest only loan
- Sell and downsize to a home you can afford

Your bank may also ask you for relevant information to better understand how they may help with potential options. This may include:

- Proof of income – such as recent pay slips, profit/loss statement for self-employed, rental income, Centrelink income, notice of termination and termination payments.
- Essential expenses – such as rent/mortgage payments, summary of outstanding bills and credit card statements / loan repayments from other financial providers, and essential living expenses.

If you've contacted your bank to let them know you are worried about repayments, your bank can ask for relevant information within 21 days of you contacting them. When your bank asks for this information, you must provide it within 21 days.

Restructuring your loan

If your situation has changed and you're struggling financially, then your bank may agree to restructure the arrangements of your loan.

If you and your bank agree on a new arrangement for your loan, your bank will tell you about the changed arrangements in writing. These will include the new repayments you will need to make, what will happen at the end of the new arrangement and whether accepting the proposed new arrangement will have any adverse consequences in relation to banking services or your credit history.

Sometimes, even if you and your bank agree on a new arrangement for your loan, you may find your circumstances don't improve as you'd hoped. If this happens don't forget to keep in touch with your bank.

It's important to understand that making changes to your loan may increase costs due to additional interest charges, and if you're unable to make future repayments when your financial assistance period ends, you may have to sell your property. Your property may have reduced in value compared to selling earlier, which may result in a larger financial loss for you.

What does this mean if you have a guarantor for your loan?

If your loan is subject to a guarantee, your bank will notify your guarantor about your deteriorating financial position and, within 14 days provide:

- A written notice if you have advised your bank that you are experiencing financial difficulty which has resulted in a change to the loan
- A copy of any formal demand or default notice that the bank gives you
- A written notice if you are in continuing default for more than two months after the issuance of the demand or default notice.

Will this affect my credit rating?

In normal circumstances missing or making a late repayment on your home loan will affect your credit rating. The longer your payment is past due, the greater the negative impact it will have. If your bank takes legal action against you, this can further impact your credit rating. A poor credit rating can affect your ability to receive finance in the future. Your bank will tell you if they make a report about a default to a credit reporting body.

However, as part of COVID-19 assistance offered by banks, the banks have agreed customers would not have any missed repayments reflected on their credit report for the period of the payment deferrals.

If your bank is working out whether they can help you with financial hardship, they are not usually allowed to report overdue payments to credit reporting bodies.

Avoid companies offering to repair your credit rating. The [Moneysmart website](#) explains what you can fix and how to do it for free.

Managing other loans and credit cards

If you're worried about making your mortgage repayments, then you may also be struggling with one or more credit card payments and other loans too. If so, it's important that you mention these to your bank as well.

A [financial counsellor](#) can assist you in managing multiple debts, or [Way Forward Debt Solutions](#) may also be able to help.

SMART TIP

Steer away from companies offering to 'save' your home or negotiate reduced repayments. These companies charge high upfront and ongoing fees and could leave you worse off. Speak to a free, independent, and confidential [financial counsellor](#) instead.

Take care of yourself and seek help

Please reach out if you feel you are in over your head. You could also contact the [National Debt Helpline](#) on 1800 007 007 and speak with a financial counsellor. [Financial counsellors](#) are qualified professionals who

provide free, independent, and confidential information and advice to people in financial difficulty. [Charities and community organisations](#) can also provide urgent help with food, housing and bills as well as emotional support.

You could also contact [Beyond Blue](#) on 1800 512 348 who offer a financial wellbeing and mental health support service.

If you have debts with multiple banks, [Way Forward Debt Solutions](#) may be able to help you manage your debt.

[Moneysmart](#) is another useful resource to help you.

What if you're not happy with your bank's response?

If you're not happy with your bank's response, you can make a complaint. You can find more information here <https://www.ausbanking.org.au/for-customers/how-to-complain/>

In many cases, the complaint will be resolved internally between you and your bank with no further action required.

However, if your bank still doesn't resolve the complaint to your satisfaction, you can take your complaint to the [Australian Financial Complaints Authority \(AFCA\)](#).

AFCA is an independent complaints scheme that is free for consumers. It provides an accessible way of resolving disputes, without having to go to court. The decision of the AFCA is binding on the bank.

You should only go to the AFCA after you have tried to resolve things with your bank, as AFCA will not deal with your complaint unless you have first given the bank the chance to help you.

If you want some support in making a complaint, a financial counsellor may be able to assist you. Call the [National Debt Helpline](#) to speak with a financial counsellor on 1800 007 007.

DEFAULT: I CAN'T PAY BACK MY MORTGAGE

If your bank has contacted you for not making home or investment repayments, you should talk to them

You're not alone if you're struggling to keep on top of your finances. If your bank has contacted you because of failing to make mortgage repayments, then it's essential that you stay in contact with the bank.

Your bank is ready to listen and consider possible solutions that are right for you. Under the National Credit Code and the Banking Code of Practice, your bank is required to consider your request for assistance, known as a hardship request.

It's important to be open and realistic when talking about your financial position. In turn, your bank will be compassionate in trying to understand your situation and when discussing how it can help.

The sooner you get in touch, the sooner you can start to find help.

What happens if I can't pay my mortgage?

Don't tough it out on your own, stay in touch with your bank.

There are several steps in this process and your bank will try to help you find a solution that's right for you.

You may receive a default notice

Depending on the type of arrangement you have, your bank may send you a default notice if you're behind in your payments. A default notice is a letter from your bank warning you that your mortgage account is in default because you're behind with your payments.

You should read your default notice carefully, as it will tell you what the bank wants you to do, how long you have to do it, and other information about your position.

If you're issued with a default notice, you'll still have a limited period of time to come to an arrangement with your bank about your mortgage payments. You can still ask the bank for help at this stage. However, if you don't come to an arrangement with your bank, they may start court action.

You may receive a Statement of Claim

It's essential to stay in touch with your bank. Your bank will always look for ways to help you stay in your home or find another solution that works.

If they can't do that, and you've been unable to meet the conditions of the default notice, your bank may lodge a legal document called a Statement of Claim.

A Statement of Claim is an application made to the court that sets out how much your bank claims you owe them and why they are making the claim.

You should seek legal advice as soon as possible if you receive a Statement of Claim and definitely within four weeks of receiving this document. If you do nothing, the court may enter a judgment against you, and you may lose the opportunity to lodge a defence if you have one. The bank might move to sell your home.

Legal costs relating to the Statement of Claim will be added to your loan balance. The sooner you contact your bank the better, as this will help keep down the legal costs added to your loan.

You can still talk to your bank and try to come to an arrangement about the loan even after receiving a Statement of Claim.

You can also seek help from a free and independent [financial counsellor](#) on 1800 007 007 or [community lawyer](#). They may also assist you in lodging a complaint with AFCA if the bank hasn't tried to help you.

Possession or sale

Sometimes it may be in your best interests to sell your property, especially if you can't make repayments and are losing any equity you had in the property.

If you reach this point, it's reasonable to ask your bank for sufficient time for you to sell the property. A local real estate agent can usually provide an estimate of how much time you'll need.

It's important to understand that delaying decisions about selling your home may increase your costs. Your property may have reduced in value compared to selling earlier, which may result in a larger financial loss for you.

In some circumstances, your bank may determine that selling the property is the only remaining option. The bank can then apply to the court to get an order to sell your property.

Could I be forced to sell further assets?

If money is still owing on your loan after your home is sold, this is called a 'shortfall debt.'

If the sale price doesn't cover the full amount, then the bank is entitled to take legal action to recover the outstanding balance. This can include making a claim to sell your other assets.

If there is a shortfall debt, you should seek legal advice and talk to your bank for help and support about how to repay it. In some circumstances, the bank may sell the shortfall debt to a debt collector. Debt collectors also have legal obligations to consider any hardship request you make in relation to paying this debt off.

If you didn't have a large deposit when you purchased the property, your bank may also have taken out a special form of insurance that protects the bank in case there is a shortfall debt. This insurance is called Lenders Mortgage Insurance (LMI).

If the insurer pays the shortfall debt, you may then owe the insurance company the money to repay the shortfall debt. These companies would also work with you to provide help and support in paying the debt off.

What does this mean if you have a guarantor for your loan?

If you have a guarantor for your loan and you default you may be required to sell the property to pay back the loan. If you are unable to pay back the loan, and the sale price does not pay back the full mortgage amount, the bank may be able to enforce the guarantee and recover the difference from the guarantor.

If your loan is subject to a guarantee, your bank will notify your guarantor about your deteriorating financial position and provide them, within 14 days:

- A written notice if you have advised your bank that you are experiencing financial difficulty which has resulted in a change to the loan
- A copy of any formal demand or default notice that the bank gives you
- A written notice if you are in continuing default for more than two months after the issuance of the demand or default notice.

It's a good idea that you and your guarantor seek separate [legal advice](#) upon receipt of any notice or formal demand for payment to a guarantor. Guarantors can also contact the bank if they are experiencing financial difficulty.

What if I can't afford a lawyer?

Help is available.

[Legal Aid](#) is a government service in each state that provides legal services for free.

[Community Legal Centres](#) also provide legal services to people living in their local area. They usually help people who cannot afford a private solicitor and/or are unable to access Legal Aid NSW.

If you have limited funds to pay for a lawyer, the Law Society in your state can give you the names of lawyers who might be able to help with your case. The lawyer will need to explain how much their services are likely to cost or they may take your case 'pro bono,' where they are able to waive their fees.

SMART TIP

Steer away from companies offering to 'save' your home or negotiate reduced repayments. These companies charge high upfront and ongoing fees and could leave you worse off. Speak to a free, independent and confidential [financial counsellor](#) instead.

Will this affect my credit rating?

If you are in default on your home loan this will affect your credit rating. The longer your payment is past due, the greater the negative impact it will have. If your bank takes legal action against you, this can further impact your credit rating. A poor credit rating can affect your ability to receive finance in the future. Your bank will tell you if they make a report about a default to a credit reporting body.

If your bank is working out whether they can help you with financial hardship, they are not usually allowed to report overdue payments to credit reporting bodies.

Avoid companies offering to repair your credit rating. The [Moneysmart website](#) explains what you can fix and how to do it for free.

Take care of yourself and seek help

Please reach out if you feel you are in over your head. You could also contact the [National Debt Helpline](#) on 1800 007 007 and speak with a financial counsellor. [Financial counsellors](#) are qualified professionals who provide free, independent, and confidential information and advice to people in financial difficulty. [Charities and community organisations](#) can also provide urgent help with food, housing and bills as well as emotional support.

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If you have debts with multiple banks, [Way Forward Debt Solutions](#) may be able to help you manage your debt.

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What if you're not happy with your bank's response?

If you're not happy with your bank's response, you can make a complaint. You can find more information here <https://www.ausbanking.org.au/for-customers/how-to-complain/>

In many cases, the complaint will be resolved internally between you and your bank with no further action required.

However, if your bank still doesn't resolve the complaint to your satisfaction, you can take your complaint to the [Australian Financial Complaints Authority \(AFCA\)](#).

AFCA is an independent complaints scheme that is free for consumers. It provides an accessible way of resolving disputes, without having to go to court. The decision of the AFCA is binding on the bank.

You should only go to the AFCA after you have tried to resolve things with your bank, as AFCA will not deal with your complaint unless you have first given the bank the chance to help you.

If you want some support in making a complaint, a financial counsellor may be able to assist you. Call the [National Debt Helpline](#) to speak with a financial counsellor 1800 007 007.

REBUILDING RESILIENCE - GETTING MY FINANCES BACK ON TRACK

Talk to your bank as you rebuild your financial future.

If your home loan payments are now back on track, it's essential to take stock of what else has changed.

Equally, if you've had to sell your home and make a fresh start, compassionate support is also available.

Your bank is ready to listen and help you to move forward. The sooner you get in touch, the sooner you can start.

Getting back on track after financial difficulty

If your finances and livelihood have been hit by tough times, you are not alone. Suffering such a loss can shake your confidence and often leave you feeling helpless.

A good place to start is by contacting a [financial counsellor](#) on 1800 007 007. These qualified professionals provide free, independent, and confidential information and advice to help people better understand and manage their finances.

You could also contact [Beyond Blue](#) on 1800 512 348 who offer wellbeing and mental health support service.

While rebuilding your finances may appear to be a tough task, there are several simple steps you can take to help.

Assess your situation

The best way to start is to figure out where you stand right now, then think about where you want to land in the future.

You need to consider your income, your expenses, the debt you are managing and the savings you have to support you.

Stay positive

Just getting through each day may seem a challenge after suffering a financial loss. But with your finances starting to improve, you'll see the light at the end of the tunnel.

Adjust your budget to your current situation

Taking a closer look at your budget could help you to get your finances back on track.

Doing this will give you a better understanding of how much you can save or where to make some cuts in your spending to improve your financial health.

For assistance with budgeting, you could use the [online Moneysmart budget planner](#).

Set realistic goals

Naturally, you'll want to get your finances back on track as soon as possible. But you'll have to be patient and face certain realities, especially if you've lost your home.

Even though you may wish to purchase a new home as quickly as possible, you'll still need to improve your credit score and come up with enough money for a deposit. If your expectations are unrealistic then you could become discouraged. It makes sense to establish a more realistic timeframe for buying another home then work towards that as a goal.

Build a savings buffer

Try to build a savings buffer as you start getting your finances back into shape. Putting aside a little from your income each week will start building a safety net to help deal with unexpected costs or financial shocks. It may also help you avoid credit options that could put you further in debt. Even a small amount can make a difference, the important thing is to put money aside regularly.

Seek advice

There are plenty of online resources that cover various aspects of personal finances and managing debt. Working with a [financial counsellor](#) is a good way to work with someone who can help guide you back to financial recovery.

SMART TIP

Download a budgeting app and keep a record of everything you spend over a week, then a month, and you'll quickly see how things add up and where you may be able to save. For assistance with budgeting, you could use the online [Moneysmart budget planner](#)

Has my credit rating been affected?

In normal circumstances missing or making a late repayment on your home loan will affect your credit rating. The longer your payment was past due, the greater the negative impact it'd have. If your bank takes legal action against you, this can further impact your credit rating. A poor credit rating can affect your ability to receive finance in the future. Your bank will tell you if they make a report about a default to a credit reporting body.

However, as part of a COVID-19 assistance offered by banks, the banks have agreed customers would not have any missed repayments reflected on their credit report for the period of the payment deferrals.

Banks are not usually allowed to report overdue payments when they are working out whether they can help you with financial hardship.

SMART TIP

Avoid companies offering to repair your credit rating. The [Moneysmart website](#) includes information about your credit score and where to get a free copy of your credit report.