

Financial hardship means you are having trouble meeting repayments for your loans or other debt.

There can be many reasons why, including illness, injury, unemployment or being affected by a natural disaster.

If you struggle or anticipate not being able to make repayments in the near future, get in touch with your lender about hardship assistance as soon as possible.

Depending on your circumstances, you and your lender 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, or you continue to make smaller repayments to reduce the total balance you owe.

It's a way to help you get back on your feet while also showing other lenders that you are taking responsibility for your financial standing.

Get help early to avoid late fees and other charges, or being noted as defaulting on your loan.

If you take no action, your report & credit score can be negatively impacted and affect your borrowing capacity in the future. Credit reporting bodies do not use financial hardship information to calculate your score, however, missed repayments do impact your credit score.



CREDIT REPORT - HISTORY			
2022			
...	June	July	Aug
	0	0	0
Sept	0	0	0
Oct	0	0	0
Nov	0	0	0
Dec	0	0	0
2023			
Jan	0	0	0
Feb	0	0	0
Mar	0	0	0
Apr	1	0	0
May	0	0	0
June	0	0	0
July	0	0	0
Aug	0	0	0

TEMPORARY

Assistance which reduces or defers your regular repayments for a period of time, e.g. reduced payments for a couple of months or deferral

PERMANENT VARIATION

Assistance which changes the terms of your loan, e.g. an extension of the remaining term of the loan to permanently reduce the monthly payments

There are 2 types of **FINANCIAL HARDSHIP ARRANGEMENTS**:



What this means for your credit report:

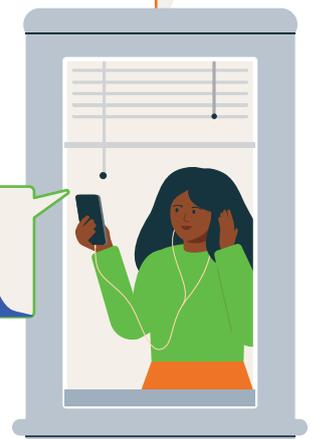
Your credit report shows whether you have made your loan or credit card repayments on time for each of your accounts, over the past two years. The information disappears after two years.

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

Your credit report will also include information indicating you are in a financial hardship arrangement. This will stay on your credit report for one year.

Talk to your lender if...

- you struggle to make payments, even under a financial hardship arrangement; or
- your financial hardship arrangement is ending, so you can agree on next steps.



Importantly, your credit report will:

- not show missed payments during a financial hardship arrangement as long as you make the repayments agreed as per the arrangement
- not include the reason for the financial hardship arrangement
- not show any information about your financial hardship arrangement after twelve months.



If I seek financial hardship assistance, will I still be able to access credit in the future

Seeking financial hardship assistance does not exclude you from applying for credit in the future.

If your credit report has financial hardship information, a potential lender may need more information about your current financial standing and if you can afford the new loan.

No matter what has happened over the last 12 or 24 months, making your payments on time now will help you look better to other lenders.



How you are protected

The law includes protections for how any hardship assistance impacts the credit you have with other lenders:

- credit reporting bodies (which hold credit reports) are prohibited from including any financial hardship information when calculating your credit score
- a lender cannot close or reduce your credit card limit just because you have received financial hardship assistance
- if your lender gets your credit report for the purpose of collecting overdue payments it will not include information about the financial hardship arrangement
- only licensed lenders can view the financial hardship information on your credit report. Unlicensed entities cannot supply or access this information e.g. energy providers or telcos.



How long does financial hardship information stay on my credit report?

Your repayment history stays on your credit report for 24 months.

Financial hardship information - both temporary or permanent arrangements - only stays for 12 months.

HELPFUL RESOURCES & SUPPORT

Credit reporting bodies

You can request a free copy of your credit report every three months from each of Australia's main credit reporting bodies.

It is wise to regularly check the information in these reports, and if you notice any errors, to get in touch with the credit reporting body or relevant credit provider straight away.

If you have been declined credit in the last 90 days, or had an item corrected on your credit report, you can request an additional copy of your credit report.

- Equifax (www.equifax.com.au) or call 13 83 32
- Experian (www.experian.com.au) or call 1300 783 684
- Illion (www.illion.com.au) or call 13 23 33

Visit creditsmart.org.au for more information about your rights when it comes to your credit report and credit score.

If there is anything wrong on your credit report, you have the right to get it fixed for free.

Advice and assistance

If you are experiencing financial challenges, the **National Debt Helpline** offers a free, independent, and confidential service.

ASIC's MoneySmart website also contains a list of free counselling services.

- **National Debt Helpline** (ndh.org.au - 1800 007 007)
- **ASIC's MoneySmart** (moneysmart.gov.au/managing-debt/financial-counselling)

For more information, visit creditsmart.org.au

Financial Hardship & your Credit Report: SUMMARY - v2.0 - 010622

© ARCA (Australian Retail Credit Association) 2022