



Hardship and loan variations

If you are having difficulty meeting your financial obligations due to temporarily reduced income, unemployment, ill health, relationship breakdown, addiction or another reasonable cause - you are not alone. Thousands of Australians get into financial trouble every year and the number is increasing. The first thing to do is contact creditors, explain your circumstances and see if they will agree to change your obligations to something you can afford.

If consumer credit contracts are changed by agreement, the creditors should confirm this in writing. The National Consumer legislation provides a formal procedure for varying loans in cases of hardship.

There are provisions under:

- the National Consumer Credit Protection Act 2009 (NCCP)
- the National Credit Code (at Schedule 1 of the NCCP) (NCC)

To find out how to request a variation to your consumer credit contract under hardship, go to <https://www.moneysmart.gov.au> – managing my money, managing debts.

A financial counsellor can also help you apply for a hardship variation to your consumer loan.

The loan will still need to be repaid but you can request the length of the contract be extended and the arrears capitalised into the loan. If the creditor does not agree to a variation, you could enquire if the lender is a member of the Financial Ombudsman Service <http://www.fos.org.au> or the Credit Ombudsman Service and complain to that service <http://www.cosl.com.au>.

DISCLAIMER: The information provided in this information sheet is of a general nature only, and is not intended to be legal advice. There may be errors or inaccuracies or the information may not be completely up-to-date. Always check the information provided before relying on it. The information relates to consumer law in New South Wales, Australia.