

What is a

VARIATION FINANCIAL HARDSHIP ARRANGEMENT ?

Your repayment history will show that you meet your obligations as long as you make the reduced payments on time.

This protects your credit report if you experience financial hardship.

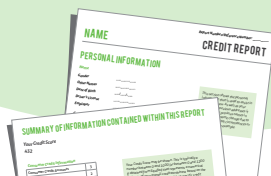
Financial hardship information does not exclude you from applying for credit in the future. It cannot be used in calculating your credit score, and will come off your credit report after 12 months.

You will need to talk to your lender if you still struggle to make the reduced payments.

This explanation applies to you if:

- You are experiencing financial hardship and having trouble making your credit account payments, and
- You and your lender have agreed to vary your loan agreement to help you get through that hardship.

This is known as a variation financial hardship arrangement and appears on your credit report as 'financial hardship information', together with your repayment history.



What is a credit report?

A credit report is a record of your credit history. It includes:

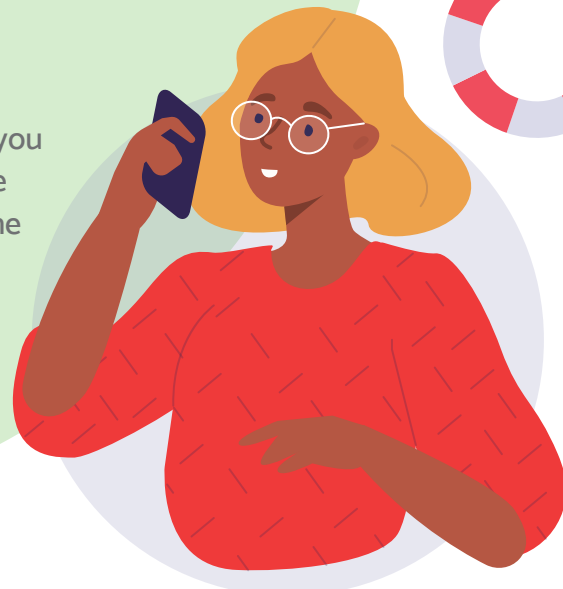
- **personal information** to identify you,
- **information about loans and other credit** you have opened or applied for,
- **a month-by-month repayment history**,
- **financial hardship information** if you've agreed to a financial hardship arrangement.

Check your credit report for free

You can access your credit report held by each of the credit reporting bodies for free, every three months:

- 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.



What is a repayment history?

A repayment history is a 24 month view of how you manage and pay your loan and credit accounts:

- **O** or **✓** means you are up-to-date with repayments (and mean the same thing)
- **1** to **6** indicates how many months your repayments have been overdue
- **X** means repayments are 7 or more months overdue

A good repayment history can help when you apply for credit in the future.

If you've missed a repayment, restarting your payments and getting back up to date as soon as you can will help improve your credit report. Repayment history stays on your credit report for 24 months.



Financial hardship assistance may take different forms depending on your circumstances and what you agree with your lender.

V reflects a **permanent change** where the loan is varied.

If you agree to a **variation financial hardship arrangement** with your lender, as long as you make the agreed repayments on time, the history will show you are up to date (i.e., **0** or **✓**) and include a **V**.



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

Financial hardship information only stays on your credit report for 12 months.

From that point, it's possible to tell that a financial hardship arrangement was in place.

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

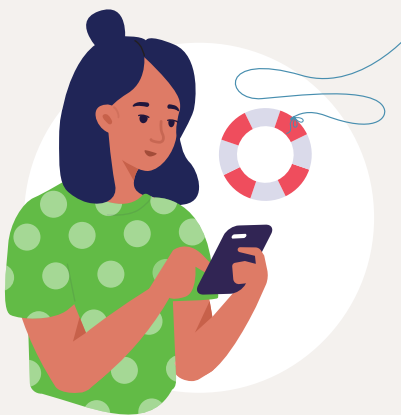
Seeking financial hardship assistance does not exclude you from applying for credit in the future. If your credit report has financial hardship information, a potential lender may need more information about your current financial standing and if you can afford the new loan.

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.



Remember missed payments are recorded on your credit report and could reduce your credit score. **It's best to minimise the number of missed payments recorded.**

EXAMPLE 1



Jen's loan repayments are \$500 per month, and she is up to date until June 2023. In June 2023, due to an injury, she can only work part-time for the foreseeable future, so she will struggle to make her \$500 monthly payments.

She speaks to her lender, who agrees to extend the length of the loan, so her repayments drop to \$300, which she can manage.

This financial hardship arrangement is a permanent variation and shown on Jen's credit report as a **V** in June 2023.

Jen keeps up with those new payments, and her credit report shows she is up to date. The **V** falls off Jen's credit report after 12 months, i.e. by July 2024.

CREDIT REPORT - HISTORY				
2022				
...	June	July	Aug	
	0	0	0	
Sept	Oct	Nov	Dec	
0	0	0	0	
2023				
Jan	Feb	Mar	Apr	
0	0	0	0	
May	June	July	Aug	
0	0/V	0	0	
Sept	Oct	Nov	Dec	
0	0	0	0	
2024				
Jan	Feb	Mar	Apr	
0	0	0	0	

EXAMPLE 2



Ric loses his job and is not able to make his loan repayment in April 2023. This shows on Ric's repayment history as a **1**.

In May, Ric has found a new job but it doesn't start until a few months later, so he will struggle to make his repayments.

Ric contacts his lender and they agree to vary his repayment to \$0 for the next 3 months.

After this period, Ric's normal payments will slightly go up in order to recover the amount missed during those 3 months.

The financial hardship arrangement is shown on Ric's credit report as **V** in May 2023 and the repayment history is **0** for June and July (as he isn't required to make any payments).

Ric starts his new job and starts repaying the new, slightly higher repayments from August 2024.

The **V** disappears from Ric's credit report after 12 months, i.e by June 2024.

2022			
...	June	July	Aug
	0	0	0
Sept	Oct	Nov	Dec
0	0	0	0
2023			
Jan	Feb	Mar	Apr
0	0	0	1
May	June	July	Aug
0/V	0	0	0
Sept	Oct	Nov	Dec
0	0	0	0
2024			
Jan	Feb	Mar	Apr
0	0	0	0

FREE AND CONFIDENTIAL FINANCIAL COUNSELLING

To help people in financial difficulties, many services offer reliable, professional counselling services, such as the

National Debt Helpline

(ndh.org.au - 1800 007 007).

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

(moneysmart.gov.au/managing-debt/financial-counselling)

For more information, visit creditsmart.org.au

Disclaimer: the examples provided here represent broad concepts. Details may vary between lenders.

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