

MEDIA RELEASE

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Credit Ombudsman urges Victorian borrowers from Cranbourne's Brookland Greens Estate not to delay seeking financial hardship relief

In view of the methane gas leak in the Brookland Greens Estate in Cranbourne, Victoria, the Credit Ombudsman, Mr Raj Venga, has urged his non-bank lender members to be particularly mindful that some residents may be experiencing financial difficulties as a result of the crisis,

The Department of Human Services has advised Casey Council that 31 households have been assisted to relocate (with latest advice that 11 of these have returned to their homes) and 31 households have been provided with emergency grants).

Mr Venga urged Cranbourne borrowers who are finding it difficult to meet their loan repayments to speak to their lenders as soon as possible and seek to vary their repayment obligations on grounds of financial hardship. For example, their lenders may be able to offer them a temporary reduction in repayments or a temporary suspension in repayments.

"Cranbourne borrowers may otherwise find themselves in default of their loan and incurring default fees and enforcement expenses. Borrowers should also consider approaching financial counselling services and community and consumer credit legal centres", continued Mr Venga.

"If the lender is a member of the Credit Ombudsman Service and has declined or not responded to a request for a hardship variation, the borrower should refer this to us without delay", added Mr Venga. "To find out if a lender is a member of the Credit Ombudsman Service or another dispute resolution scheme, a borrower need only call 1300 78 08 08."

The Credit Ombudsman Service Limited ('COSL') recently released its new *Guideline on Financial Hardship* aimed at giving struggling borrowers a fair go. Under the new Guideline, a lender must provide the borrower with a timely response and not impose additional conditions before agreeing to the variation, such as requiring the early release of the borrower's superannuation.

According to Mr Venga, "Although we do not substitute our decision for that of the lender's, where an assessment has been properly made, we will ask the lender to reconsider its decision where, for example, the borrower has put forward a reasonable repayment proposal."

Mr Graeme Matthews AM, added "Our experience to date suggests that our non-bank lender members and mortgage managers are prepared to genuinely consider requests for variations".

COSL's new *Guideline on Financial Hardship* also draws on the Code of Practice of the Mortgage and Finance Association of Australia, which requires its non-bank lenders to actively assist borrowers in financial hardship.

Editors please note:

1. COSL's *Financial Hardship Guideline* is at: www.cosl.com.au - see Guideline 16.
2. COSL is an external dispute resolution scheme approved by the Australian Securities and Investments Commission to provide consumers with an alternative to legal proceedings for resolving credit-related and other complaints about members of COSL.