



Please read this update
and contact this office
if you have any queries

COVID-19 Banks' and Other Lenders' Support Packages

The Australian Prudential Regulation Authority (APRA) today confirmed its regulatory approach to the COVID-19 support packages being offered by banks and other lenders to their borrowers in the current environment.

Many banks have recently announced COVID-19 support packages that provide affected borrowers with an option to defer their repayments for a period of up to six months. These packages have mainly been offered to small business and home loan customers.

Where a borrower who has been meeting their repayment obligations until recently chooses to take up the offer not to make repayments as part of a COVID-19 support package, *the bank need not treat the period of the repayment holiday as a period of arrears*. Similarly, loans that have been granted a repayment deferral as part of a COVID-19 support package *the bank need treat the loan as restructured*.

If you're struggling with your home loan repayments, there is help available. The earlier you get help, the more options you'll have.

If you receive a default notice, do not ignore it. Talk to your lender or get free legal advice immediately.

Contact your lender

All lenders have hardship teams ready to help customers in tough times.

Talk to your lender to discuss your options. You may be able change the terms of your loan, or temporarily pause or reduce your repayments. This is called a hardship variation.

Important - Some banks are offering six-month repayment deferrals on mortgages for customers impacted by coronavirus (COVID-19). Talk to your bank about how they can help you.

Apply for a hardship variation

1. Contact your lender's 'hardship officer'.
2. Give the details of your loan (account name and number, and the amount you pay each fortnight or month).
3. Say that you want to change your loan repayments because you are experiencing hardship.
4. Explain why you are having difficulties making payments. Tell them how long you think your financial problems will continue and how much you can afford to repay.

The Financial Rights Legal Centre sample letter generator can help you create a letter to send to your lender. Link <https://financialrights.org.au/sample-letters/letter-requesting-hardship-variation-on-a-consumer-loan-or-lease/>

Your lender must write to you within 21 days to let you know the outcome of your hardship request. If they ask you for more information, they must respond within 21 days from when you provide it.

If your lender agrees to a hardship variation

- Negotiate an amount that you can realistically afford to pay each fortnight or month.
- Make a plan to get back on track. Look at your budget to see if there's anything you can cut back on or manage differently.
- Talk to your utility providers' hardship teams about paying electricity, gas, phone or water bills in instalments. Or shop around to see if you can find a better deal.
- If you can't meet the terms of the new payment plan, contact your bank to discuss the situation.
- If you need help, contact a financial counsellor. Call 1800 007 007 or visit National Debt Helpline.

If your lender refuses a hardship variation

Your lender must give a reason if they refuse your hardship request. If you're not happy with their response, contact their internal dispute resolution team.

If you can't reach an agreement, contact the Australian Financial Complaints Authority (AFCA) to make a complaint and get free, independent dispute resolution.

Smart tip - If you've fallen behind on your mortgage because of accident or sickness, you may have income protection insurance that can cover your repayments. You may have this insurance with your super.