

Hardship Policy

Web Version

Approved Compliance	December 2010
Approved Compliance	December 2010
Date prepared	December 2010
Number of pages	6
Status	Web Version

Registered address	Level 3, 549 Queen Street, Brisbane Qld 4000.
Principal place of business	Level 7, 515 St Paul's Terrace, Fortitude Valley BC Qld 4006.

COLLECTION HOUSE HARDSHIP POLICY

1. STATUTORY OBLIGATIONS

1.1. Under section 72 of the National Credit Code ("NCC") Changes on the Grounds of Hardship, Collection House is required to allow customers who are experiencing genuine financial difficulty the opportunity to vary or amend their contract so that they can continue to meet their credit obligations.

2. DEFINITIONS

2.1. "Collection House" means Collection House Limited and its subsidiary companies.

3. GROUNDS FOR CHANGE

3.1. The customer may apply to Collection House on the grounds of:

- illness;
- unemployment; or
- other reasonable cause

3.2. So long as the customer reasonably expects to be able to satisfy their contractual obligations if the contract terms are changed in the way that they request (s72(2)) of the NCC.

4. TYPES OF CHANGE

4.1. The customer can request the following types of changes (s72(2) of the NCC):

- (a) extension of the contract term and reduction of each payment due with no change in the annual percentage rate;
- (b) postponement for a specified period of payment due dates with no change in the annual percentage rate; and
- (c) extension of the contract term and postponement for a specified period of payment due dates with no change in the annual percentage rate.

4.2. Before Collection House or our Clients can reasonably consider an application for hardship certain information must be obtained from the customer in relation to their financial position. Collection House sends out an acknowledgement letter to the customer requesting that they indicate which ground of hardship they are applying for and requesting that they complete and provide the requisite information (see clause 9 below) that will enable either Collection House or the Client to consider the application.

- 4.3. Where the debt has been referred, Collection House will first consider applications for variation of a credit contract on the grounds of hardship by assessing the circumstances of each case and whether the variation is within the scope of the delegated authority provided by the Client.
- 4.4. All applications for hardship received that are within the Client authorised delegated authority, are assessed by the Customer Service Officer and if determined appropriate, approved or declined by the Site Manager or the relevant Portfolio Manager in consultation with the Site Manager.
- 4.5. Where the application for hardship is beyond the Client authorised delegated authority, Collection House will immediately refer the application to the Client for instructions in relation to the application and to consider the application for variation of a credit contract on the grounds of hardship in accordance with specific Client instructions.
- 4.6. A written response of the determination must be provided to the applicant within 21 days from the date that a completed application is received.
- 4.7. Generally the Client will provide the response to the customer hardship application.

5. HARDSHIP AND SOCIAL JUSTICE

- 5.1. Collection House expects all customers who owe money to pay the debt as soon as possible when the debt is due and owing. The customer has a legal obligation to pay the debt.
- 5.2. However, Collection House, as a responsible corporate citizen, does not intend to cause hardship to customers in genuine need of assistance, regardless of whether they are covered by the NCC or not.
- 5.3. In the event that Collection House receives, either directly from the customer or from a confirmed customer representative, an application for a variation of the credit contract on the grounds of hardship, subject to s72 of the NCC, the application will be considered in conjunction with its Social Justice Guideline.

6. IDENTIFYING HARDSHIP

- 6.1. While Collection House has a statutory obligation to assess applications for variation of credit contracts on the grounds of hardship, Collection House will, in its absolute discretion, consider variations to all customer contracts (regardless of whether they are governed by the NCC) on the grounds of social justice (refer Social Justice Guideline).
- 6.2. There are many reasons why customers experience financial hardship ("hardship") and Collection House will assess each application on its merits and circumstances to identify the most appropriate means of assistance.
- 6.3. When assessing applications to identify a customer experiencing genuine financial difficulty, Collection House must consider whether there is a reasonable cause for the hardship.

7. REASONABLE GROUNDS

7.1. A reasonable cause for hardship could be one or more of the following:

- illness;
- unemployment;
- decrease in earnings due to change in employment status;
- death of a spouse or partner;
- divorce/separation; or
- temporary short term cash flow problems for self employed persons caused by circumstances outside the customer's control.

8. INAPPROPRIATE GROUNDS PER SE

8.1. Some cases do not show reasonable grounds per se for hardship relief to be considered. However, the application should still be considered to determine if, in all the surrounding circumstances, it is appropriate to recommend to the Client that they vary the customer's contract. The following are examples of such cases which may not evidence reasonable grounds for hardship relief:

- over commitment (e.g., accumulated debt incurred after the establishment of the account[s] subject of the hardship application);
- long term/permanent cash flow problems caused by own decisions (e.g., voluntary termination or change of employment); or
- imprisonment or the payment of statutory fines.

9. APPLICATION PROCEDURE

9.1. If a customer applies for, or is identified as being eligible for hardship relief, then the customer is to be requested to provide the following within a period of ten (10) days:

- a signed letter advising the reason(s) for hardship and what type of change of terms are requested;
- a Statement of Financial Position ("SOFP"); and
- such additional information or documentation as may be reasonably required to support the hardship application or the SOFP.

9.2. Options available to the Customer Service Officer, when exercising discretion, within the client authorised delegated authority, for hardship relief, may include:

- deferring payments;

- reducing installment amount for specified term;
- long term repayment arrangements;
- reducing or waiving interest or other charges; and
- not pursuing the debt for a specified period of time;

In assessing the above options, the Customer Service Officer should consider the following:

- has the hardship criteria been met;
- are there any co-borrowers or guarantors;
- the customer's previous repayment history;
- other debts owed by the customer;
- any assets held by the customer;
- is the hardship expected to be long or short term;
- has the customer co-operated with providing the relevant requested information and/or documentation in support of the hardship application;
- has assistance been granted previously; and
- special circumstances.

Once the assessment has been completed, the Customer Service Officer will prepare a recommendation for consideration by the Portfolio Manager or Site Manager.

The decision of the Portfolio Manager or Site Manager will be final and absolutely discretionary.

9.3 Where the hardship application is outside of the Client authorised delegated authority, the Customer Service Officer will immediately referred the application to the Client for their assessment.

10. IMPLEMENTATION OF RECOMMENDATION

10.1. Once the recommendation has been considered, the customer will receive appropriate notification in writing.

10.2. Application Declined

If the application is declined, then a letter of Notification must be sent to the customer (but not to the guarantors) containing the following advices and information:

- advising the decision that the application has been declined;
- advising the reasons for the decision;
- providing information as to the customer's avenues of appeal (including details of Collection House's External Dispute Resolution [the "EDR"] scheme and that, under section 74 of the NCC, the customer may apply to the Court to vary the terms of the contract); and
- advising the customer that collection activity will re-commence 21 days after the issuance date of the letter.

In addition, a contemporaneous note must be recorded on the account file in evidence that the declined application letter has been sent to the customer, and an electronic copy of the letter is also to be attached to the account file.

10.3. Application Approved

If the application is approved then a letter of notification (the "Letter of Variation") must be sent to the customer (but not to the guarantors) containing the following advices and information:

- details of the variation(s) to the terms of the contract (e.g., an repayment arrangement confirmation letter or a repayment moratorium confirmation letter); and
- the terms and conditions of the change(s) to the contract, if any.

In addition, a contemporaneous note must be recorded on the account file in evidence that the Letter of Variation has been sent to the customer, and, where this letter has been manually produced, an electronic copy of the letter is also to be attached to the account file.

In cases where it is required by the EDR to evidence resolution of a dispute or where Collection House has assessed it as prudent, the customer must sign and return the Letter of Variation in evidence of their acceptance of the approved variation(s) to the credit contract.

11. CHANGES TO HARDSHIP POLICY

11.1. Collection House reserves the right to review and change its Hardship Policy at any time at its discretion pursuant to any changes, amendments or additions to the NCC.