



Hardship Policy

Francom Credit Solutions

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Francom
CREDIT SOLUTIONS

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VERSION CONTROL

Version Number	Date Updated	Notes
1	1 August 2018	Original document prepared and finalised.
2	23 May 2019	Amendments to policy.
3	13 June 2019	Amendments to policy.
4	30 September 2019	Amendment to policy.
5	2 July 2020	Amendment to policy.
6	16 July 2020	Amendment to policy.
7	13 November 2020	Amendments to policy.
8	29 July 2021	Amendments to policy.
9	1 November 2022	Review of policy.

SECTION A – INTRODUCTION

1. BACKGROUND

- 1.1 This document outlines Debtco Pty Ltd T/AS Francom Credit Solutions' ("**FCS**") policies and procedures for dealing with hardship.
- 1.2 A '**financial hardship**' arises where a customer is reasonably unable to meet their contractual obligations due to illness, unemployment, domestic violence, or other reasonable cause (can include a change in the customer's financial circumstances or reduction in income) occurring during the term of the loan and unexpected at the time the credit contract was entered into.
- 1.3 A customer who is unable reasonably to meet their obligations under a credit contract due to a financial hardship may apply to Francom Credit Solutions for hardship relief.

2. OBJECTIVES OF POLICY

- 2.1 FCS Hardship Policy ("**Policy**") has been implemented because:
 - (a) FCS have an obligation under the law to have in place adequate arrangements to deal with situations where a customer seeks hardship relief;
 - (b) FCS also have a general obligation as a licensee to deal with customers efficiently, honestly and fairly. A key component in meeting this obligation is to act reasonably when customers have good reasons why they cannot meet their current consumer credit obligations.

- 2.2 This Policy applies to FCS and all of their Representatives.

3. DEFINITIONS

- 3.1 **Final Decision** means a written response to the customer informing them of the final outcome of their request for hardship variation.
- 3.2 **Hardship Notice** mean a notice given by the customer to FCS either verbally or in writing, of the customer's inability to meet their obligations under a credit contract on the grounds of financial hardship.

SECTION B – PROCEDURES

4. RECEIVING REQUESTS FOR HARDSHIP VARIATIONS

- 4.1 FCS have a dedicated telephone number, postal address and email address to receive and handle Hardship Notices.
- 4.2 FCS's employees must immediately refer customers requesting a hardship variation to the Georgina Antoun, CEO of FCS ("**CEO**"). This ensures that hardship notices or requests for the postponement of enforcement procedures are treated as an urgent matter and important.
- 4.3 On receiving a Hardship Notice, the following information must be recorded:

- (a) date of application;
- (b) name of customer;
- (c) contact details of customer;
- (d) preferred contact method of customer (phone/email/letter/fax);
- (e) details of the consumer credit contract; and
- (f) information regarding the nature and impact of the customer's current financial difficulties.

4.4 Once a Hardship Notice is received, the CEO must acknowledge receipt of the Hardship Notice using the preferred contact method of the customer as a matter of priority.

5. ASSESSING REQUESTS FOR HARDSHIP VARIATIONS

5.1 Upon receipt of a Hardship Notice, FCS may request the customer provide additional information or evidence of their financial hardship and expenditure. This may include, but not be limited to:

- (a) proof of income – current pay slip, bank statements or letter of benefits from Centrelink;
- (b) medical certificate;
- (c) a statement of financial position or a statement of income and expenditure; and/or
- (d) other proof of expenditure and/or financial obligations.

This request must be made within twenty-one (21) days of FCS receiving the Hardship Notice.

5.2 The CEO, in their role as Hardship Manager, is to review the application and make a determination, taking into consideration the following factors:

- (a) there is a need for assistance, and if this assistance is provided, it will not merely delay the customer continuing to be in default;
- (b) the term of the credit contract;
- (c) the customer's capacity to repay taking into account their weekly expenditure, the weekly rental repayments and the money the customer is likely to have remaining after their living expenses have been deducted from their after tax-income;
- (d) whether the customer's disposable income is below a level where they do not have funds to meet their realistic costs and those of their dependents; and

- (e) any other relevant factors.

A hardship arrangement can only be offered if it is considered reasonably likely at the time of the offer that the consumer can successfully meet the amended financial obligations (see clause 8).

6. TYPES OF ASSISTANCE

6.1 The following are the kinds of hardship assistance FCS may provide if an application for hardship relief is approved:

- (a) extend the period of the credit contract and reduce the amount of each payment due under the credit contract accordingly (without a change being made to the interest rate);
- (b) postpone during a specified period the dates on which payments are due under the credit contract (without a change being made to the interest rate); or
- (c) extend the period of the contract and postpone during a specified period the date which payments are due under the credit contract (without a change being made to the interest rate).

6.2 FCS will seek to provide assistance in the form that is appropriate to the particular customer's situation.

7. CONFIRMING AN ARRANGEMENT FOR HARDSHIP RELIEF

7.1 FCS will provide the customer with their Final Decision informing the customer of the final outcome of their Hardship Notice within the appropriate timeframes as noted in section 9 below.

7.2 Where FCS have agreed to provide assistance to the customer to address the customer's inability to meet their obligations under the current credit contract, the Final Decision will include information about terms of the new arrangement including any particulars of the changes in the terms of the credit contract, and any information required by the National Credit Act and Regulations.

7.3 If the credit contract involves more than one party, FCS will require all parties to the credit contract agree to the terms of the arrangement.

7.4 Any guarantors to the credit contract will also be notified of FCS' Final Decision.

8. REFUSING AN APPLICATION

8.1 FCS do not have to agree to a hardship request.

8.2 FCS will refuse an application for hardship relief where FCS:

- (a) does not reasonably consider the customer is in hardship;
- (b) considers the customer would not be able to meet the repayment terms of the credit contract even if they were varied as requested;

- (c) considers the customer would be unable to meet their credit obligations in the long run; or
 - (d) the consumer does not provide information requested to assist in the consideration of the hardship application.
- 8.3 The customer will be notified in writing within the appropriate timeframes as noted in section 9 below of receiving a Hardship Notice, if FCS have refused an application for hardship relief.
- 8.4 The notice must advise the following:
- (a) The name of FCS's approved External Dispute Resolution ("EDR") Scheme;
 - (b) The customer's rights under the EDR Scheme; and
 - (c) The reasons why the application for hardship relief was refused.
- 8.5 If the customer does not agree with the decision, any further disputes will be referred to FCS's EDR Scheme.

9. TIMEFRAMES FOR RESPONDING TO REQUESTS FOR HARDSHIP VARIATIONS

9.1 Where sufficient information has been provided

Where a customer has provided all the sufficient information about the nature and impact of the customer's current financial difficulties for FCS to make an informed Final Decision, FCS must advise the customer of their Final Decision within twenty-one (21) days of receiving the Hardship Notice.

9.2 Where there has been a request for additional information

- (a) Where a customer has not provided all the sufficient information for FCS to make a Final Decision, FCS may request further information from the customer within twenty-one (21) days of receiving the Hardship Notice.
- (b) Where FCS has requested additional information from the customer, the customer will have twenty-one (21) days to respond to this request for information.
- (c) Once the additional information has been received from the customer, FCS must provide their Final Decision with twenty-one (21) days of receiving all requested information.
- (d) If the customer does not provide the information within the twenty-one (21) day period, FCS must provide their Financial Decision within twenty-eight (28) days of requesting the additional information.

- 9.3 FCS will allow for flexibility for the customer in meeting the obligations for request for further information – for example, where the customer experiences a delay in getting medical reports from doctors, or certain financial information from an employer. Where the customer has shown a willingness to comply with the request for additional

information but is not able to provide all the information in the timeframe required, FCS may exercise its discretion to wait until all the requested information is received. Thereby the final twenty-one (21) day period to respond to the Hardship Notice will not commence until that information is received.

- 9.4 FCS will ensure this discretion is exercised appropriately and, where it is exercised, FCS will ensure that allowing additional time does not result in an unreasonable delay. An unreasonable delay may exist where it is clear that no further information is likely to be forthcoming, and the continuing delay is likely to operate to the detriment of the customer (e.g. through accruing unnecessary fees and interest).

SECTION C – CONCLUSION

10. TRAINING

- 10.1 Employees of FCS who deal with clients need to have an understanding of the hardship policy and procedures. Consequently, all employees of FCS will receive regular training and information about the hardship policy. This training will be scheduled and conducted at the discretion of the Compliance Officer.

11. ENFORCEMENT AND REVIEW

- 11.1 Non-compliance with this policy may result in disciplinary action for the company representative including, but not limited to, performance review, reduction in bonus payment and/or termination of employment. This may include re-assessment of bonus qualification, termination of employment and/or fines and imprisonment.
- 11.2 FCS's CEO and Operations Manager, in consultation with an external compliance consultant, is responsible for monitoring the implementation and ongoing compliance with this Policy. Refer to the Breaches and Incident Policy for further information.

12. AUDITS AND RECORDS

- 12.1 The policies and procedures outlined in this document must be audited as part of any FCS's compliance audit or reviews.
- 12.2 All records of these audits and any other records in relation to this Policy must be kept for seven (7) years, or as otherwise stipulated in the FCS's document retention procedures.

13. Debt Waiver Policy

- 13.1 In some circumstances, FCS may consider it appropriate to waive the debt owed by a customer. This is discretionary.
- 13.2 Prior to considering any debt waivers, FCS will first consider repayment options and your assets. FCS may request that you complete a Statement of Financial Position and provide bank statements.
- 13.3 FCS will take the following into consideration:
- 13.3.1 Whether you are registered on the National Hardship register;

13.3.2 Terminal illness; and

13.3.3 Lifelong physical disability which will restrict the person from being employed for any job.

13.4 FCS reserve the right to monitor your circumstances, prior to providing a debt waiver (at their absolute and sole discretion).

Issued by DebtCo Pty Ltd T/AS Francom Credit Solutions.

1 November 2022