

# Financial counselling **It makes a difference**



A collection of financial counselling **case studies** from across Australia



# Acknowledgement

This publication would not have been possible without the contribution of the many financial counsellors from around Australia who took the time to provide client case studies.

Thank you.



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## *Disclaimer*

Identifying information relating to clients has been removed from these case studies and substituted with fictional names and other details. This publication is based on case studies provided by financial counsellors. It does not represent the attitudes or opinions of other third parties, including funding bodies.

# About this Report

The 65 case studies in this report provide a window into the real life experiences of people in financial difficulty and of how financial counselling makes a difference. There is no one typical client: each person and family is unique. What they all have in common however, is that this group were lucky enough to find a financial counsellor.

Most people don't know what a financial counsellor does. They are sometimes confused with either financial planners or budget workers. Reading this report will help dispel some of that confusion, providing an insight into the day to day work of a financial counsellor. Just as importantly, it shows how the lives of 65 families were transformed from debt and despair to stability and confidence.

More than 2,500,000 Australians are struggling financially<sup>1</sup>. This why we are so passionate about increasing access to financial counselling.



1 A 2012 report from the Australian Social Inclusion Board noted that 13% of Australians live in households of high financial stress—this is around 2.5 million Australians. See *Social Inclusion in Australia: How Australia is Faring*, 2nd Edition, 2012, p 33. This indicator is based on data from the Australian Bureau of Statistics Household Expenditure Survey.

# About Financial Counselling

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| <b>What is financial counselling?</b>            | Provide free, independent and confidential advice to people in financial difficulty.  |
| <b>Where do financial counsellors work?</b>      | Not-for-profit community organisations.   |
| <b>Finding a financial counsellor</b>            | Ring the National Debt Helpline on 1800 007 007 or go to <a href="http://www.ndh.org.au">www.ndh.org.au</a> and the “Find a Financial Counsellor” map |
| <b>Numbers of financial counsellors</b>          | Around 800 (roughly one financial counsellor for every 2,600 Australians in financial difficulty).  |
| <b>How many people do they assist each year?</b> | Around 100,000 people ring the National Debt Helpline each year. Face-to-face services assist around 130,000 people each year.                        |
| <b>Causes of financial difficulty</b>            | Unemployment, illness, relationship breakdown, insufficient income, addiction.  |

## 1 Case Study

Caitlin's husband had a high paying job but left the family. Caitlin is now a single mother with a young daughter and when she presented for financial counselling was struggling to make ends meet on a Centrelink parenting payment. Two credit cards in Caitlin's name were with debt collectors and payment was being demanded on the gas bill from a previous house. Caitlin had also been convinced by a salesperson into signing up for an educational pack of \$3,000 for her daughter.

A financial counsellor helped Caitlin to claim all government concessions, claim child support through the Department of Human Services, change the lease on the house to Caitlin's name and change bank accounts so that Caitlin could access a fee-free account. Together Caitlin and the financial counsellor created a budget tailored to Caitlin's circumstances. They explored options for priorities of rent, food, energy, medicine and clothing before tackling debts. The financial counsellor arranged small pro rata payments for gas and credit card debts and assisted Caitlin to return the Educational Pack, stating it was not suitable for the purpose it was intended and had the contract set aside.

As a result Caitlin grew in confidence and felt empowered to take control over her economic life. Her communication with her daughter improved and her daughter's schooling improved immensely. All debts have now been paid and Caitlin has not relied on child support. Caitlin undertook study and on graduating with qualifications in aged care now has full time employment and cancelled her Centrelink parenting payments.

Money that was being paid to debts now goes into a holiday account and Caitlin and her daughter have already been on a holiday. Caitlin has become an authority on home budgeting for her family and friends and she has upgraded her car using money that she has saved. Caitlin and her daughter are extremely happy. The financial counsellor has been advised by Caitlin that he is no longer needed, however Caitlin requested yearly review appointments. Originally sceptical, Caitlin has since sent two other friends along for financial counselling.

## 2 Case Study

Daniel had suffered a recent relationship breakdown alongside a large drop in his income when he was made redundant from his full time employment. This subsequently led to a manic episode, involuntary admission to hospital and diagnosis of bipolar mental health illness. Daniel's mortgage was in default and legal action had commenced to repossess the property. He had outstanding general household bills and medical bills.

Daniel was distressed and sought help to withdraw his superannuation to prevent the bank from repossessing his home. Due to Daniel's ill health he was unfit for work in the short term. His health meant he was unable advocate for himself, and had insufficient income to meet essential commitments.

A financial counsellor worked with Daniel and commenced immediate advocacy with his bank to halt repossession action. The financial counsellor also assisted Daniel to access part of his superannuation to address mortgage arrears. The financial counsellor provided continued intervention on Daniel's behalf, shielding him from stress and giving Daniel space and time to work with his medical team on his recovery.

Daniel made a recovery and secured employment earning approximately \$1,500 net per fortnight. Daniel was able to bring his bills up to date and resume payments on his mortgage and was therefore no longer at risk of homelessness.

### 3 Case Study

Pam and Michael are a couple in their 70s who had owned a very successful business. They then found out that their accountant defrauded them of millions of dollars over a fifteen year period. This sent Pam and Michael's business into liquidation and resulted in them losing their home. Their solicitor advised them not to pursue the matter through the legal system because it would cost thousands of dollars, which they did not have, and they could not guarantee they would be able to get any money back.

The couple were distressed as their many years of hard work had disappeared. Pam and Michael still had extensive debt in their personal names, originally used for business purposes. But there was no money left from the business to pay these out as they had ensured their employees and business creditors were paid out first.

Pam and Michael exhausted all avenues to keep themselves financially afloat until they had no money left and needed to apply for the aged pension. They saw a financial counsellor not knowing what else to do. Initially the best solution seemed to file for bankruptcy as they could not manage any of their debts as most of their money was going on rent, which didn't leave much for basic expenses. They described how they used to live without ever thinking about money and now they didn't have enough money for food. As a very proud couple Pam and Michael found the prospect of bankruptcy quite demoralizing but they had to seriously consider this option to avoid other legal repercussions.

After further discussion of their options, it was decided to seek waivers on all debts. So far the financial counsellor has managed to obtain waivers for \$85,000 of their \$101,500 debts and is still in negotiation with creditors to waive the remaining debt.

Pam and Michael did not believe that this relief was even possible. They are very thankful to the financial counsellor for restoring their dignity and peace of mind knowing they can live the rest of their lives without debts hanging over their heads.

## 4 Case Study

Gerard was unemployed due to serious ill health. From medical reports, it was clear that Gerard would never be in full employment again. He was at risk of losing his home due to mortgage debt and had numerous overdue credit cards.

Gerard was not in receipt of any income and his savings were almost exhausted. In fact, he had less than \$20 in his account when he saw a financial counsellor for the first time. The financial counsellor found that Gerard was able to access his superannuation to pay his mortgage however there was a 26 week exclusion period for any Centrelink support. When Gerard received his superannuation payment he was able to pay out his mortgage but this left him with an unsecured loan and numerous credit card debts. Due to Gerard's extreme ill health the financial counsellor assisted him to obtain a Disability Support Pension. The financial counsellor negotiated with Gerard's remaining unsecured creditors and organised full and final settlement of all debts by using the remaining superannuation funds.

Gerard was able to retain his home and has sufficient income to now manage independently. Although Gerard's health continues to deteriorate, he is living happily and managing his own affairs.

## 5 Case Study

Zena had experienced domestic violence. She has two young boys and both her children have been impacted by the domestic violence in her previous relationship. As a result of the domestic violence Zena has suffered damage to her lower back which limits her daily activities including ability to work and she is reliant on a Disability Support Pension. She had been traumatised and suffered from severe depression and anxiety. Zena has no family in Australia and very limited English so cannot read or write in English. During her volatile previous relationship, Zena's ex-husband had full control of their financial matters and she was not permitted to open her mail. The bank had foreclosed on the family home and as a result Zena faced homelessness; she moved in temporarily with a friend. Zena had also signed documents under duress and only found out after the relationship ended that her ex-partner had taken out two credit cards in Zena's name.

When Zena approached a financial counsellor for assistance she had recently taken out an intervention order against her ex-husband. The financial counsellor assisted Zena to receive a debt waiver under compassionate grounds for the two credit card debts. Zena was referred by the financial counsellor to transitional housing and given assistance with food vouchers and material aid.

## 6 Case Study

Sally and Dean are a couple who would have been considered 'slow to learn' when they were at school. They now both receive the Disability Support Pension and are supported by a local community disability service. The couple are also training for their Certificate III in Aged Care and Disability Care with the view to improve their lives and get off income support. However, Sally and Dean were consistently in debt with utilities, council fines (in relation to their dogs) and accessed Centrelink advances because they could not pay their way.

The couple met with a financial counsellor to develop a budget and money management plan that worked for them both. This included joint e-accounts for bills, personal expenses, education and savings. They each still have their own discretionary money, which was important to Dean, however both take responsibility to pay bills now and meet their goals.

Since their meeting with the financial counsellor, Sally and Dean have now saved \$800. They plan to get their licences and purchase a car so they can work when their study finishes. Their lives are now on a different course.

## 7 Case Study

Peter was referred to a financial counsellor by his university student support service after he notified the university of his intention of withdrawing from his studies. Peter's financial situation was desperate and he had been relying on other students for food and borrowing money from his grandmother, an aged pensioner. A major issue for Peter was his expensive mobile phone contract which accounted for the majority of Peter's income. The outstanding debt on Peter's account was in excess of \$3,000 and increasing, despite Peter's attempt at repayment. A financial counsellor helped Peter to prove that the contract was unfair which eventually resulted in its cancellation and waiver of the arrears.

Peter has continued his tertiary studies and will graduate next year with an engineering degree. Peter is overjoyed with the result which turned his life around.



## 8 Case Study

Maria is a single parent with two children. She was retrenched from her workplace nearly a year ago. This is the first time that she has been out of work. Since losing her job she has applied unsuccessfully for many positions. She thought obtaining another position would have been easier and the time it has taken has caused her considerable stress.

Maria was renting privately and up to date on her rent though finding it difficult to meet the payments. Her electricity account was in arrears and one credit card of \$20,000 was over the limit. Maria had used all her savings on living expenses since being retrenched and no longer had capacity to meet the credit card commitment.

A financial counsellor worked with Maria to request a period of no payments on the credit card, and a freeze on interest fees and charges. A six month moratorium was obtained with the interest and charges frozen during this time. A support letter was provided to Maria's energy company requesting a reduced repayment plan for the electricity arrears which was accepted. Maria was referred to support services including a tenancy service, food bank, emergency relief providers and provided with a support letter for an application to public housing. Maria ended up moving in with a family member to share the rent and reduce housing costs. She also applied for public housing and is now on the waiting list.

## 9 Case Study

May is an Aboriginal woman who, although profoundly deaf and never having learnt sign language, has developed her own way to communicate with the local community. For May relying on someone to assist her in a financial counselling interview was out of the question so she educated the financial counsellor on her own way of communicating using hand signs, facial expressions and the printed word.

It turned out that May had utility debts with three different suppliers which she could not afford to repay. When the financial counsellor contacted the collection agencies about the utility debt it was obvious there was a breakdown in communication: simply, the debt collection agencies did not realise they were ringing a totally deaf person who did not answer the phone. This made it hard for May to advocate on her own behalf.

Over several sessions, May and the financial counsellor worked through a plan and found that May was able to pay each creditor \$20 fortnightly with interest cancelled. This payment scheme is now operating successfully and May calls in at the service from time to time so she can update the service on her progress. May is proud she can settle her debts and she is approaching her final payment.

## 10 Case Study

Amanda's rent-to-buy debt for her TV was not decreasing. She owed approximately \$2,200. Working with a financial counsellor Amanda, who had received an annual family tax payment, wanted to make an offer to settle of \$1,500 to the rental company. The company agreed to accept Amanda's \$1,500 in full and final settlement because of her good history with them and coupled with the fact that she couldn't sustain her repayments for much longer.

## 11 Case Study

Bob is a male detainee who has been sentenced to prison for a two year period. Prior to his imprisonment he had a well-paying job and all his payments were up to date.

Since being in prison however Bob has accumulated a number of debts. He owns a cabin outright but is renting the land. He has substantial rental arrears on the rented land and the matter has been before the state authorities. His car is being used by his brother and payments on the car loan are in arrears. A letter has been received from the state authority demanding the car registration plates be returned plus a fine as the car registration had expired. Bob also has been unable to make payments on a personal loan for several months since his incarceration.

With Bob's permission a financial counsellor contacted lenders and the state authority as well as arranging for Bob's brother to return the license plates. The state authority after receiving the license plates withdrew the fine. The car finance company repossessed the car and is putting it up for auction and they will accept the proceeds from its sale as final settlement. The bank denied hardship assistance and sent a letter informing him of this decision to his ex-wife's address. A letter of complaint has been written to the bank in relation to sending personal mail to Bob's ex-wife. Bob has a set period to arrange sale of the caravan and have it removed from the site. If dwelling is not sold the managers will take vacant possession of caravan as repayment which suits Bob.

## 12 Case Study

A young married couple, Eva and Paul live in a regional community. Eva and Paul's income reduced due to floods in the area. Paul had previously had a contracting business exclusively with one landholder. When the floods came Paul couldn't get to where he needed to be and the landholder took on the job themselves. Paul is diagnosed with bi-polar and Eva cares for him on and off dependent upon his illness.

When Eva and Paul contacted a financial counsellor they had been unemployed for 12 months and both were receiving a Centrelink Newstart allowance. At the start of their unemployment they had the mortgage paid in advance but since then had already had a hardship arrangement on their mortgage with the bank. They also had three credit cards between them and a personal loan. They had been living on the credit cards and all were now at their limit. They had also sold all movable assets to keep the payments going. They were coming to the end of the hardship period on their mortgage and were very anxious which was exacerbating Paul's condition. Eva and Paul's priority was to keep the home they had battled hard to keep. The only other assets of value left were their two vehicles. They had some superannuation but in various funds, some of which couldn't be released. They wanted to access their superannuation and were prepared to sell one vehicle to assist.

Paul had promises of work in the past year only to be let down when they lasted only a couple of days. Eva and Paul were concerned that as they live in a small community where personal details are known by all, Paul's illness was causing employers to knock him back.

They worked with the financial counsellor toward settlement offers on all unsecured debt so that if no work was forthcoming they could maintain their mortgage. The bank accepted a settlement on the credit cards and the balance of the personal loan. It was a great outcome for them and they are optimistic about the future knowing they can maintain their mortgage. Eva and Paul were so grateful for the assistance, particularly the financial counsellor acknowledging Paul's illness and understanding some of the issues it can bring.

## 13 Case Study

Amy is a single mother with a four year old child. Amy's sole source of income is a Centrelink benefit and after meeting her essential commitments she has difficulty juggling living expenses and meeting her ongoing debt commitments. This includes an instalment payment plan of \$20 per week with a telephone company. She is left with little money to buy food, pay rent and utilities. Additionally, Amy suffers from anxiety, depression, she has been diagnosed with bi-polar and previously she was under treatment for a medical condition. Her health issues are serious and prevent her from re-engaging in work. A financial counsellor assisted Amy to arrange bank waivers to her credit card debt.

## 14 Case Study

Greg is 50 years old and was referred to a financial counsellor by a service following threats of suicide. Greg was unable to deal with his creditors and was in imminent danger of losing his house through mortgage default. A financial counsellor assisted Greg to stay in his house, negotiating with the bank to implement an affordable repayment plan that meets arrears while Greg seeks to access Total Permanent Disability (TPD) insurance and superannuation to pay the mortgage. Greg now has a life arrangement in place on his credit card, a mortgage with an affordable repayment plan (arrears capitalised) while he seeks to negotiate the insurance claim with the support of his union and ex-employer. Greg is no longer at risk of suicide, his self-esteem has increased and health stabilised.

## 15 Case Study

Lauren had bowel cancer. With most of her bowel removed and severe side effects from chemotherapy she had to resign from work. Lauren had four credit cards totalling \$58,000 and had no assets. The creditors aggressively chased Lauren regarding her debts which impacted on her health. Working with a financial counsellor Lauren applied for waivers on all her credit cards. Eventually all of Lauren's debts were waived due to her health condition.

## 16 Case Study

Helen is a female in her fifties. She was referred and accompanied to her appointment with a financial counsellor by her support worker from a Mental Health Service. Helen had been diagnosed with clinical depression and expressed suicidal ideation on several occasions. Two unfortunate events in the previous year had contributed to her mental health issues, as well as placing her in financial difficulties: she had left her well-paying job and accepted an offer of voluntary redundancy. Shortly after this, her marriage broke up, leaving her as a sole parent with three children. Cultural issues led Helen to hide and minimise her difficulties from her family. Being unaware of possible entitlements to Centrelink income support, she used her retrenchment payout for living expenses, including repayments on the home loan for nearly a year. After her lump sum was exhausted, she applied for and received Centrelink income support. Until she attended financial counselling, she did not realise that she was not receiving her full entitlements.

Helen was unable to meet the repayments on her home loan plus another very large credit commitment. She expressed the hope that she would recover and return to a job with comparable wages to the previous one having updated her resume and seeking assistance to obtain employment. However after the initial contact, Helen's illness was disabling and made it very difficult for her to engage in

the financial counselling process, compounded by issues of cultural shame. Helen would be unlikely to keep the house even if she regained full employment.

With the support of the financial counsellor Helen decided to put the house on the market and provided proof of this to the lender. The lender accepted Helen's special circumstances and agreed to a suspension of payments for the period required to sell the house privately. The financial counsellor prepared a letter of support for public housing. In the end this was not needed as Helen's family agreed to provide accommodation to her and her children once the house was sold.

## 17 Case Study

Salma is an older single mother of Middle-eastern background. Prior to seeing a financial counsellor Salma had contacted a commercial debt management company and was considering entering into a debt agreement with them.

Salma was anxious and depressed. She had total unsecured debts of over \$32,000 incurred to assist her family and she was now unable to repay them. She felt unable to cope with the incessant phone calls from her creditors. Salma accepted that she had been a relatively poor money manager; she said that she had frequently indulged in improper spending in the past. Also, whenever her children experienced financial problems, she had assisted them without considering the financial ramifications on herself.

Salma was provided with referrals for personal counselling to assist with her emotional needs. She was then encouraged by the financial counsellor to start maintaining a daily record of expenses. This was a process Salma found useful, informative and empowering. Salma was able to balance the budget with a small surplus. The financial counsellor subsequently assisted Salma to obtain affordable reduced payment arrangements with her lenders, which included waiver of interest and fees.

After three months Salma was struggling with the payment arrangements and re-considering bankruptcy. After listening to all pros and cons with the financial counsellor Salma changed her mind. Salma decided to retire early to spend time with her grandchildren giving her the opportunity to access her superannuation funds. She used part of it to make reduced lump-sum payments to settle her debts.

Salma has now successfully settled the accounts. She said that she is able to apply her budget through expense-tracking and better discipline. Most importantly she can now lead a more settled and happier life in retirement.

## 18 Case Study

Lynette has a terminal illness and was about to be evicted from her accommodation. She had previously sought hardship assistance from her bank and had been refused. She had attempted to resolve this dispute directly with her creditor, but was unsuccessful. She had been paying her debt rather than purchasing her medication or attending medical appointments.

After representation from a financial counsellor Lynette was able to have the debt waived with no adverse credit listing within 24 hours. Lynette was very relieved as it allowed her to avoid eviction and address her medical treatment without fear of harassment from debt collectors.

## 19 Case Study

The Smiths are a couple with dependent children. They were both working and high income earners until one spouse became ill with a life threatening illness and had to give up work due to deteriorating health and need for hospital treatment (five months in hospital over the past year).

Although the family had private health insurance, it did not cover the cost of the gap for medical treatment which amounted to \$30,000. The Smiths accessed an early release of their superannuation funds to pay this cost. Mrs Smith is now receiving some payments from her superannuation fund as a result of the illness and some Centrelink income. The Smiths have a mortgage for a house that they do not want to lose so chose to enter into a debt agreement to repay their other debts.

At the time of the first contact with a financial counsellor, the Smith's cost of utilities was substantial. They had outstanding current electricity and gas bills and substantial arrears on both. The utility providers were not satisfied with the level of instalments previously arranged, and referred them to a financial counsellor to look at their income and expenses and repayment capacity. The financial counsellor completed a preliminary income and expenses statement based on information provided by clients. Due to Mrs Smith's frail state of health, the financial counsellor proposed to the utility provider accepting instalment payments lower than the usage, on compassionate and medical grounds. The Smiths were also interested in knowing more about how bankruptcy could help them keep the house. The financial counsellor referred them to an insolvency practitioner and trustee for a second opinion and expert advice.

The Smiths filed for bankruptcy and were required to make contributions to the Australian Financial Security Authority (formally Insolvency and Trustee Service Australia) in bankruptcy but for a far lower amount and for a shorter period than under the Smith's previous debt agreement. The Smith's provided the financial counsellor's support letter detailing the situation and the extenuating circumstances and their request for lower repayments on utility debts was accepted relieving some of their stress.

## 20 Case Study

A financial counsellor assisted new parents Josh and Tracy through the financial maze of starting a family. The couple worked with the financial counsellor to draw up a budget. They were less stressed by having a plan on paper worked out which kept all their creditors happy through establishing repayment plans. Financial counselling has significantly helped Josh and Tracy's relationship as they embark on becoming new parents.

## 21 Case Study

Mark was a detainee in prison. Two weeks prior to his release from custody Mark made contact with a financial counsellor as he had a number of financial issues that he wanted to address before his release. An appointment was made following Mark's release.

Prior to his incarceration Mark had been in full time employment and he hoped to be able to return to work. However, while in prison Mark had accumulated a child support debt, eight years of tax returns that need to be submitted and traffic and parking fines. With Mark's permission, a financial counsellor contacted the Child Support Agency, Australian Tax Office and State Revenue Office associated with the traffic and parking fines. Mark was also referred to a financial counsellor who could assist him in completing his tax returns as part of a free Tax Help Service.

Mark was granted time to complete his tax returns and when the final position was calculated he did not have a debt to the tax office. The Child Support Agency recalculated Mark's debt and Mark entered into a new arrangement to pay his current commitment and to address his arrears. Mark also entered into a payment arrangement to pay his traffic and parking fines.

## 22 Case Study

Chris is bi-polar with multiple mental health issues (including depression, anxiety, ADHD, OCD and schizophrenia) and has complex physical health concerns (including obesity, heart disease, food allergies, high blood pressure). He was referred by his mental health professional to a financial counsellor as debt was causing a significant impact on Chris' health. He had increased levels of anxiety and inability to afford medication and maintain a special diet. After advocacy by his financial counsellor, the creditor agreed to waive Chris' debts.

## 23 Case Study

Sam and Rhonda are a husband and wife in their 60s. Both work full time in low paying jobs. They had a mortgage of \$480,000 and unsecured debt of \$180,000. They had supplemented their income with credit cards for the past six years.

On meeting with the financial counsellor initially the couple thought they should go bankrupt however the financial counsellor identified that there was some equity in their property. After numerous meetings and discussions Sam and Rhonda decided that they would sell their property. The financial counsellor contacted creditors in regard to their unsecured debts and the creditors were all prepared to wait until the property was sold to determine what funds would be available. On sale of the property Sam and Rhonda used some funds to commit to a rental property and bought some essential items they had been going without. Over the next 16 months the financial counsellor negotiated with creditors on behalf of the couple and eventually every creditor accepted the offer that was put to them.

Sam and Rhonda are happy that they did not go bankrupt and that they are now completely debt free to start the next chapter of their life stress free.

## 24 Case Study

Cara's mother has dementia. Her mum is now in a nursing home with her pension paying for the nursing home costs. It was recently discovered that Cara's mum had been approved for a credit card that no one in the family knew about and which was in arrears. A financial counsellor assisted Cara and her mum to contact the lender with details regarding Cara's mum circumstance and proof of her health condition. A full debt waiver was granted.



## 25 Case Study

Charlotte is a parent of two children (aged nine and six). Charlotte separated from her husband and there is a history of domestic violence. She works part time and lives in public housing.

When ending her relationship Charlotte had to flee her property for several days. She completed a rent rebate when her husband left and this resulted in a rent increase. Charlotte didn't understand why the rent had increased and was unable to afford the rent. Her rent arrears were \$3,800 and she was at serious risk of eviction. On top of this, Charlotte had old phone and credit card accounts with a debt collection agency, two pay day loans and a car loan with arrears.

Working with a financial counsellor on her budget Charlotte and the financial counsellor identified Charlotte had deficit of \$260 per fortnight. Charlotte was not receiving child support and the financial counsellor identified that the public housing authority had increased rent calculated on Charlotte receiving child support. Charlotte's wages summary also showed that she was incorrectly being taxed at the highest rate.

The financial counsellor assisted Charlotte with these issues as well as helping Charlotte negotiate a significant reduction in debt repayments. Charlotte's net income increased by \$170 per fortnight. Charlotte's arrears were reduced and she was granted an order to pay rent and arrears however her tenancy was protected. Charlotte was also referred to Tax Help and she received a refund of \$2,800. She was able to buy some items for the children, made lump sum payments towards the rent and car loan and made full and final settlement offers for the old debts (receiving a 75% discount).

The financial counsellor referred Charlotte to a women's support program to access counselling and support services to deal with her domestic violence trauma. Charlotte says she feels more in control and is less stressed.

## 26 Case Study

With seven months remaining on his prison sentence and worried about a number of debts that he was unable to service, Jamie contacted a financial counsellor via his prison welfare officer. Jamie was separated from his wife and had a young child. He owed over \$25,000 across three credit card accounts and had a legal bill of \$10,000.

After discussing his options with a financial counsellor Jamie opted to authorise the financial counsellor to attempt to negotiate moratoriums on repayments and interest on all the credit card debt so that he could eventually repay them upon his release from prison.

The financial counsellor went to considerable effort to get an arrangement in place with every lender where Jamie had debt. Some of the lenders were more amenable than others and one insisted on a \$10 per month payment even while Jamie was in prison before agreeing to freeze the interest.

Once Jamie was on work release he was able to pay more towards reducing his debts, but even this was some effort to arrange as all payments from Jamie's prison account had to be approved by the prison authorities. Jamie was later released from prison as anticipated, having reduced the balance on all his debts rather than having the interest compound and spiral out of control. Jamie went to a well-paid job so that he could return to normal repayments (and paying interest) and reconciled with his wife.

## 27 Case Study

Dennis is nearly 70 and living in a rooming house. His sole source of income is the aged pension and he has no assets beyond basic household items. Dennis is in poor health, suffering the effects of alcohol abuse over much of his life. He is recovering from bowel cancer surgery and manages his stoma quite well although it restricts his ability to leave the home. His medical records also show he suffers from a heart condition as well. He appears frail, but retains determination to look after himself.

Dennis was involved with leases of two horses which cost him \$2,200 every three months. The horse trainer was harassing Dennis for payment however Dennis could not afford the payments given his current circumstance. Dennis was referred to financial counselling by a community legal service. On discussing his position it seemed Dennis had previously managed these horse lease commitments from the proceeds of gambling but since he has aged and been unwell he is now fully reliant on Centrelink income, which is clearly not enough to meet the lease costs.

With Dennis' permission the financial counsellor updated the stables of Dennis' condition and financial position and requested release from the lease commitments. One stable did so without a problem. The other stable however sent abusive letters and threatened legal action via their solicitor. Dennis was anxious and stressed. He was very concerned that the sheriff would be visiting to take away his meagre household possessions, these being the only assets he had. The financial counsellor corresponded with the stables solicitor outlining Dennis' judgement proof status and ill health, and asked again for the matter to be allowed to rest, on the basis that in the unlikely event of Dennis' position improving he will contact them again.

Dennis has been assured that his household possessions are not at risk and he is feeling more at ease about his situation. Dennis was also assisted with emergency relief food parcels. Dennis has agreed that his horse owning days are over and now feels able to get on with his life as best he can.

## 28 Case Study

Anne is a single mother with a nine-month old daughter. She receives income support and family tax benefit. Anne was working and had a partner when she incurred some debt. However her partner left when she told him she was pregnant. He provides no income and she is struggling with high rent and unable to work because of her baby.

After payment of rent, spending money on basic needs and trying to pay the loan, Anne was at times going without food for herself. Anne's baby also has health problems so serious that the death of the child could result without proper treatment. Anne was not receiving any financial assistance in caring for her daughter and not accessing the required medical treatment.

Anne became aware of support services and financial counselling via community education at a single mothers group. Working with the financial counsellor Anne elected to seek a waiver of the debt based on severe financial hardship and a moratorium of payments was successfully sought. Eventually, after three months of negotiation, the debt was waived. Anne was struggling with mental health issue and was referred via the financial counsellor to a loss and grief counselling service as well as support for food and clothing.

Anne is now able to manage her own financial affairs, live a reasonable life style and access proper medical care for her baby.

## 29 Case Study

Dave is in his forties with a net income of \$2,500 a fortnight. Before seeing a financial counsellor he did not have enough income to meet his living costs and service his debts.

Dave had credit cards and personal unsecured loans totalling \$100,000 resulting from a mixture of factors including relationship breakdown, assisting his ageing parents move from their home to a retirement facility, paying child support for his youngest child, supporting his sixteen year old son (son does not qualify for income support) and high petrol costs due to travel for work. He has no assets. After meeting his debts and rent, Dave was left with little income to meet all other costs.

Dave was referred to a financial counsellor by a creditor that denied him further hardship assistance. At the first interview Dave considered he might have to go bankrupt, although he did not want to. After assessing options with Dave the financial counsellor put an affordable offer to creditors involving waiving fees and interest and paying off the principal of the debts over seven years. After negotiations, four of the creditors agreed to this proposal, two others agreed to the repayment level subject to regular review and one creditor would not consider the offer and said that the debt was being referred for collection activity.

Dave is currently making the agreed repayments and paying what he can afford to the one creditor who has not agreed to the repayment plan.

## 30 Case Study

Vanessa is a 31-year old divorced mother with a special needs child. She escaped domestic violence and was in danger of homelessness due to rent arrears. Vanessa had many debts resulting from the abusive relationship including rent arrears from a previous tenancy, debts to two state government housing departments, debts related to traffic fines and parking, a Centrelink debt and a payday loan. Vanessa also had debts with three separate debt collectors, both her former and current electricity providers, her bank, and her mobile telephone service.

A financial counsellor advocated on Vanessa's behalf with the various creditors to obtain reduced hardship payment plans, get partial and full waivers on some debts, assisted Vanessa to access her superannuation funds early due to financial hardship and empowered Vanessa to take better control of her budget expenditure.

Vanessa avoided bankruptcy as a result of her financial counselling and is in a better state to be able to seek part-time employment, pay down her remaining debts, and obtain some stability for herself and her children.

## 31 Case Study

Elizabeth is a single mother with debts in the tens of thousands of dollars mostly accumulated from a number of previous relationships. Her house was burgled on two occasions and she had no contents insurance. She was assisted to replace the furniture through a number of charities. Following these burglaries and during her absence from home, Elizabeth's home was destroyed by fire. The insurance is in the name of a former partner.

A financial counselling service assisted with referrals to find Elizabeth alternative accommodation.

Due to Elizabeth's poor emotional state she sought assistance from the financial counsellor for petitioning for bankruptcy. The financial counsellor is in the process of assisting her with this option and the relief to Elizabeth is obvious as she shows greater enthusiasm to move her life forward. Elizabeth said that prior to this support she felt the only way to resolve her situation was 'by drinking'.

## 32 Case Study

A respected Aboriginal elder Ruth is the sole carer for her two grandchildren. She has no other immediate family. Ruth presented in a very distressed state with a credit card debt of \$7,975. This was a debt she had incurred in providing mainly for the children. However, in making payments, set up by the collection agency, she found she was going without food to pay rent and care for the children. Ruth's health had also deteriorated to the extent she could not work.

A financial counsellor working with Ruth put a case to Ruth's principle creditor, a major bank. After several letter exchanges the bank finally agreed to a complete waiver. Ruth is now able to pay her rent and utilities and provide for herself and the two grandchildren.

Due to Ruth's declining health and absolute inability to find paid employment, the financial counsellor is also assisting her in obtaining a Disability Support Pension. Indications are the application will be successful. Ruth has been connected to proper medical care which was arranged through referral from the financial counsellor to another service.

## 33 Case Study

A financial counsellor working in an Aboriginal community received two complaints from community members Karen and Tom about door-door sales of vacuum cleaners with contract values of \$2,000 each. Both Karen and Tom stated that they were not fully aware of entering into a contract and questioned why a direct debit was coming out of their bank accounts and attracting dishonour fees.

The financial counsellor investigated the complaints and found the vacuum cleaner company used a finance company to provide credit for the vacuum cleaners. The financial counsellor questioned the method the salesman used to assess customer's capacity to pay before entering into the contract. Through investigations, the vacuum company identified that the employee who signed up Karen and Tom to these contract had decided to direct market in the Aboriginal community to boost his sales numbers (in one afternoon the salesman signed up 36 people each for \$2,000 vacuum cleaner contracts).

The financial counsellor worked with the vacuum company to resolve the situation. All 36 contracts were waived and monies refunded to those customers that had commenced payments. Dishonour fees incurred through the direct debit payment system were refunded to individuals, including Karen and Tom. The salesman was dismissed by the company. A confirmation letter was sent to all 36 people outlining the contract cancellation and refund options.

The financial counselling intervention resulted in \$72,000 worth of contracts being cancelled and an estimated \$2,000 in finance dishonour fees refunded to an already economically disadvantaged Indigenous community.

## 34 Case Study

Allan is a 35 year old of refugee background who has permanent residency. He was referred to a financial counsellor for assistance from a legal agency when he had tenancy issues. Allan had been living in public housing tenancy for several years. He had requested a transfer and required letters of support to assist his application. His current living situation was impacting on his physical and emotional well-being as well as leaving him at risk of eviction. His history of trauma was compounded by his tenancy situation and court appearances impacted on his memory. Allan had also incurred a number of debts including an overdue electricity account, a large gas bill and a payday loan. His only source of income was a Centrelink Newstart allowance.

A financial counsellor negotiated a sustainable repayment arrangement for the electricity arrears and organised a Centrepay deduction ensuring protection from disconnection. A small but sustainable repayment arrangement was negotiated with the payday lender and the financial counsellor organised for Allan to make the payments manually rather than via direct debit. The financial counsellor provided a letter supporting Allan's request for accommodation transfer and made a referral to a refugee support agency. Allan was able to meet all his financial commitments.

## 35 Case Study

Owen came close to suicide after too much stress and depression due to financial hardship from a period where he earned no income. A financial counsellor helped Owen to be reinstated on Newstart Allowance and encouraged Owen to follow-up mental health support. Recently Owen reported that he was going well and getting involved in the local community.

## 36 Case Study

Colleen lost her job and was worried about losing her house. Colleen and her partner Jill were depending only on Jill's income and Colleen started looking for a full time job. After working with a financial counsellor on an application for hardship on their mortgage it was found that as Colleen and Jill had paid the mortgage in advance this would cover them for three months of repayments.

## 37 Case Study

Cain is a former drug addict who thought he may have court-imposed penalties and other fines in various states dating back to when he was a teenager. A financial counsellor worked with Cain and wrote to the various state fine enforcement agencies to obtain information about the current status of Cain's fines. This revealed that Cain had fines dating back to 1995 for several thousand dollars. The financial counsellor put in place three payment arrangements. Any threat of apprehension by the police if he crosses into one of the states where he owed money for fines has been lifted.

## 38 Case Study

Gavin and Stacey are a married couple who had taken out two short-term secured loans totalling \$1.1 million on an expectation that the local council would re-zone their property. This did not happen due to a series of bureaucratic roadblocks and a change of government policy. Gavin and Stacey had been granted extensions to these loans but had just received foreclosure notices. They contacted a financial counsellor for assistance. The financial counsellor assisted Gavin and Stacey to lodge a complaint with the Financial Ombudsman Service (FOS). The outcome was that Gavin and Stacey were granted a 14 month extension to settle the loans with a reduction of the interest rates charged on the loans.

## 39 Case Study

Mr and Mrs Deng had never sought help in the past, from any service and it was evident their financial literacy skills were very poor. Mr and Mrs Deng had debts totalling some \$22,000 with an immediate concern being the utility accounts with the threat of water disconnection.

A financial counsellor immediately contacted creditors and a 28 day moratorium was arranged on all debts. Further meetings with the couple resulted in the completion of budgets and future money plans. Eventually the financial counsellor had the overall debt reduced to \$6,000, with a waiver of future interest and fees.

Mr and Mrs Deng are now making regular payments over a longer term and are able to manage their money for the first time in their lives. Their children are also benefiting from the new skills of their parents.

## 40 Case Study

May has three young children with the youngest suffering Downs Syndrome. She experienced domestic violence which left her traumatised and suffering from severe depression. May is reliant on income support and child support from the children's father. She also had a gambling problem that saw her use all the money available to cover her commitments.

May sought assistance from a financial counsellor due to overdue bills and needing urgent repairs on her car. The financial counsellor applied for a waiver on compassionate grounds for her credit card which was successfully resolved. The financial counsellor referred May to a community agency for assistance with the arrears for the rent and emergency relief for assistance with food parcel/vouchers. The financial counsellor was also able to access funding to assist in getting the repairs done on her car.

The financial counsellor assisted May to enter a self-exclusion program for her gambling and she has not gambled for the last two months. May was referred to a Christmas Program and able to choose presents for her children and herself. May was very grateful of the assistance and support she received.

## 41 Case Study

Dewi was a professional in her late 70s who was still working but her hours had reduced due to health problems. She was unable to pay the minimum monthly amount due on her large credit card debt. Dewi's bank referred her to a financial counsellor when she requested hardship arrangements. The financial counsellor assessed Dewi's financial capacity to repay her credit cards and gave her a printed copy for the bank. The bank then agreed to long term hardship arrangements for Dewi.

## 42 Case Study

Mick runs his own business. Mick owed around \$320,000 on the mortgage of his home where he lived with his pregnant wife and two children. Mick first fell behind in his mortgage repayments in mid-2011 because his business was struggling. By September 2011, he was able to return to making his normal monthly repayments but he was struggling to pay anything towards the arrears. The lender commenced legal action against Mick and by mid-2012 a notice to vacate was issued by the Sheriff who was charged with Mick's eviction by order of the court.

A financial counsellor negotiated an arrangement to allow Mick to pay the arrears and continue with the normal mortgage repayments. The financial counsellor raised a dispute with the lender about the enforcement fees and legal costs added to Mick's account at a time when Mick was clearly in financial hardship. This resulted in a number of fees and charges being reversed, allowing Mick and his family a fighting chance of retaining the home in the longer term.



## 43 Case Study

Clive was an accountant for many years. He lost his job two years ago and struggled to find a new job so returned to study qualifying as a migration agent. Clive started working as a sole trader and being only relatively new in the field he had few clients and could not make the repayments for his different loans and credit cards (approximately \$34,000). Clive was worried that he might be forced into bankruptcy and the stress was affecting his health.

A financial counsellor applied for hardship variations to Clive's creditors. A recent follow-up call to Clive found that he was back on track now working 20 hours per week and his wife was also now working part time.

## 44 Case Study

Adrian was a self-employed architect until the global financial crisis when the business started to wind down. Adrian felt that the tough times would pass. Adrian's wife Jacinta was employed full time but was then forced to take a redundancy package.

Jacinta took things badly. She was very stressed with the situation and fell into depression. She then had a car accident and fell into a more severe depression, leaving her unable to get out of bed most days on top of the injuries sustained from the car accident. Jacinta was in and out of hospital because of her treatment and did not recognise the family a lot of the time. Adrian was completely overwhelmed with his situation. The situation worsened because Adrian had not been able to keep up with the household finances. He had let things build up and found himself in arrears and being harassed by debt collection agencies. Adrian had school fees in arrears with action threatened, credit card debts of approximately \$40,000 and mortgage repayments. Adrian registered at Centrelink and started receiving a Newstart allowance which was not enough to service his debts.

A financial counsellor provided Adrian with options and information. Adrian decided to speak with his bank and see if they would allow a redraw on his mortgage and allow him to pay out his credit cards and school fees debt. Adrian's bank agreed to the redraw of the mortgage and the financial counsellor negotiated with other credit providers for full and final settlements on Adrian's outstanding debts.

Jacinta is still in hospital receiving continual treatment and Adrian is receiving Newstart Allowance. Adrian has connected with a social worker associated with the hospital which Jacinta accesses. Adrian is now following up with education and training options around returning to his architectural work.

## 45 Case Study

April had multiple debts with one creditor. The creditor refused to accept one payment for all of the debts, they wanted one payment per debt. April could not make three individual repayments at the amount required. After support from a financial counsellor, April's creditor eventually accepted the one payment for all three debts.

## 46 Case Study

Tim's business suffered in the aftermath of the global financial crisis and business is still slow with his income about \$25,000 pa. Due to the income he receives however he is not entitled to any Centrelink benefits. Tim also experienced a death in his family and subsequent depression during which time he did not open his mail. Tim's house has been on the market for 18 months. When the property sells, he hoped to be able to clear all debts which total about \$640,000.

Tim attended his first financial counselling appointment with a suitcase of unopened mail and associated anxiety about facing his correspondence. The financial counsellor assisted Tim by informing him of his options and is in negotiation with creditors. Just by seeing the financial counsellor Tim says his anxiety has decreased and is feeling more positive about his situation.

## 47 Case Study

Adam is 40 years old, a sole parent of two school-age children and resides in government housing.

Adam's children both required medical interventions last year; one which necessitated surgery. In the previous year, he operated a small retail business. When the business did not succeed he became personally liable for the debts owed. Adam is currently working on a casual basis and receives Family Allowance. Centrelink had recently (incorrectly) cut off this allowance and due to a series of public holidays, his income was more limited than expected. He is eligible to receive child support but he only receives it intermittently.

Adam felt overwhelmed with financial difficulties and had spent significant time in negotiation with his creditors. He had recently negotiated repayment arrangements with the most persistent creditors, but had broken these due to insufficient income. He was extremely concerned that his parents not be adversely affected by his financial situation.

Adam presented to a financial counsellor with \$78,000 of debt comprising an old business rental lease, housing arrears, unpaid medical accounts and a long list of small debts administered by debt collection agencies. His father had agreed to act as guarantor for the business rental lease, and had taken out a line of credit against the family home, to support the business. At the time of receiving financial

counselling, he was being assisted by his accountant to apply for a release of taxation liabilities related to the failed business.

The financial counsellor assisted Adam with Centrelink issues, identifying additional income, prioritising debts, negotiating with five of the client's creditors and provided referrals to emergency relief providers and food banks. The financial counsellor also provided Adam with details of alternative financial counselling services for his parents and explored debt options and plans to deal with the debt impacting his parents' house.<sup>2</sup>

Adam's Family Allowance payment from Centrelink was reinstated, a number of small debts were paid out and he negotiated minimal regular repayments with a number of creditors. Adam is still negotiating the real estate lease issue and may consider bankruptcy pending advice received by his parents.

## 48 Case Study

Derek was living in shared house but was not listed on the lease. He left his job following the death of a family member. Derek was not able to keep up with his share of the rent and was asked to leave the property. He took out payday loans to pay the rent so that he would not become homeless. Derek managed to find work but on a lower income. He cannot afford the regular repayments to his debts including two payday loans, a computer lease, credit card and traffic fines which resulted in a suspended licence preventing him from better paid employment.

Derek became very stressed about his financial situation and was receiving calls from creditors most days asking for repayments at a rate he could not afford. His stress was further exacerbated by the possibility of again becoming homeless given his limited capacity to meet his share of the rent. A financial counsellors discussed with Derek ways of decreasing expenses in order for his income and expenditure to balance. With Derek's permission the financial counsellor negotiated reduced repayment arrangements with all of Derek's creditors, assisted Derek to apply for a repayment plan to keep his driver's license and encouraged Derek to go to the doctor to discuss his mental health issues. Negotiations with creditors are ongoing. Several have accepted the repayment arrangement that was offered.

Derek has had his licence reinstated. This has assisted him to gain a job on a higher income. He is now meeting his loan commitments.



<sup>2</sup> The financial counsellor could not also assist Adam's parents as this would have raised conflict of interest issues.

## 49 Case Study

Roy is an older Aboriginal man with intellectual disability. He is illiterate and vulnerable to entering unaffordable contracts. Financial counselling helped him sort out his debts and phone contracts. Roy is now on Telstra's *InContact* a free incoming call service with prepaid system for outgoing calls. He has now also set up Centrepay to cover energy bills and was provided assistance to withdraw a small amount of superannuation.

## 50 Case Study

Ben had been on a Disability Support Pension for 20 years. He had mental health issues and had been treated by a psychiatrist and psychologist. He was facing a court appearance for Grievous Bodily Harm and he had a long history of dependence on alcohol and other drugs. Due to the pending court appearance a jail sentence was quite likely. He was being assisted through the Magistrates Early Referral into Treatment (MERIT) program to enter a detoxification program and then went into a rehabilitation centre avoiding a jail sentence.

Ben had a debt to a telco of \$3,450. During Ben's time in rehabilitation a financial counsellor undertook to attempt to get his debt to the telco waived. The telco declined to waive the debt. The financial counsellor lodged a dispute with the Telecommunications Industry Ombudsman (TIO). The telco would still not waive the debt however undertook to not pursue it further and removed the default listing off Ben's credit report.

Recently Ben met the financial counsellor in the street. Ben shook the financial counsellor's hand, thanked him and told the financial counsellor how he now had a full time job.

## 51 Case Study

Henry is from a refugee background. He has two loans from a lender including a \$12,000 loan to buy a car. In addition, Henry initially had a credit card with a \$1,000 limit. Over two years he accepted successive credit card limit increases raising his limit to \$12,000. He used this credit to assist his relatives and family who were in financial difficulties.

Henry then lost his job and his capacity to make payments stopped. Henry has separated from his wife and now stays with friends. Henry started receiving a Centrelink benefit and even if he were to sell the car, Henry could not afford to pay out his loan. The lender pressured Henry to sign up to Centrepay to have \$20 per fortnight automatically deducted from his income support. Henry has other bills deducted from his Centrelink benefits.

A financial counsellor assisted Henry to contact the lender to notify them that he should not have been given the increases in the credit card limit above \$1,000

because he was unable to afford the increases. The financial counsellor requested that the debts be reduced back to \$1,000. The lender agreed to a three month moratorium but did not agree to reduce the debt. The financial counsellor then took the dispute to the Financial Ombudsman Service (FOS) on Henry's behalf.

The financial counsellor successfully advocated to the lender to provide a long-term hardship arrangement for Henry in relation to his car loan and reduce his repayment to an affordable amount he can pay.

## 52 Case Study

Ricardo was a middle management public servant earning over \$100,000. He was made redundant in mid-2012 after continuous service of over 30 years. Given his redundancy package, Ricardo had an exclusion period of over a year for Centrelink benefits. Prior to his redundancy Ricardo had a marriage breakdown and still pays child support for two of his children. He has no assets and part of his redundancy payout went on settling debts associated with the marriage breakdown and property settlement.

Ricardo was highly skilled so he was initially confident of finding another job and used some of his redundancy money to undertake additional training to increase his qualifications. He had expected he would find work so then used his credit cards to live on when his cash ran out. Since his redundancy however, Ricardo has only had a short period of employment and at a reduced pay rate (around 30% of the pay level he was used to).

Ricardo became eligible for Newstart Allowance when he was homeless and living in his car. His income goes on food, storage for his remaining furniture, medical costs and his phone and internet which are critical for him to apply for employment. He has applied for numerous jobs, including one for which he was ranked successfully, but due to a public service freeze on recruitment, the opportunity has been placed on hold.

By the time he approached a financial counsellor Ricardo had three credit cards and a personal loan, with debts of around \$80,000. Ricardo's adult children sometimes help him out with money. He had initially kept his minimum payments up to date but had now exhausted all his resources. He had received financial hardship on his debts, with a nominal payment each month, but was now being declined further assistance by two banks on the grounds that the hardship appeared to be ongoing.

The financial counsellor provided Ricardo with information on emergency relief, including Telstra vouchers, as he was struggling to pay his Telstra account, and help to reduce food costs. The financial counsellor discussed options for dealing with Ricardo's debt and ongoing deficit. Bankruptcy was not an option as it would impact Ricardo's future job opportunities. The financial negotiator negotiated with creditors on Ricardo's behalf to extend hardship assistance. Two creditors agreed to another period of short term hardship and the other would accept a nominal payment of \$10 a month which Ricardo accepted noting that it is likely he will have to borrow money from his children to do so.

Ricardo continues to search for employment all over Australia.

## 53 Case Study

Sally was 42 years old and boarded with family after having recently been made redundant from her job. She had a health condition that meant she had high medical expenses. She had received a very small payout from the redundancy which she had used for living expense. Sally had been able to find another job fairly quickly, however this new job paid less than the previous one.

As a result of the reduction in her income Sally was unable to maintain payments on her personal loan. She was also having difficulty keeping up her medical insurance which she needed due to her ongoing health condition and upcoming operation. She had previously contacted the bank to talk to them about how tough things were for her but they had not been helpful and she said they had not offered her any assistance.

Sally's employee assistance program referred her to a financial counsellor. The financial counsellor discussed Sally's rights as a result of the financial hardship she was experiencing and that she could seek a variation to her personal loan contract. With her pending operation Sally applied to the bank for short-term financial hardship assistance to allow her to recover from her operation and make the necessary change to her health insurance. Sally wanted to deal with the matters herself and went through with the financial counsellor what she would like to say to the bank, practicing responses. Sally negotiated a six week 'payment holiday' on the personal loan and arranged for the private health insurance rebate.

From the discussion about the income and expenses it became apparent that Sally had not been receiving the federal government rebate on her medical insurance and was paying more each fortnight than she needed. She decided to apply for this to have more money available each fortnight as opposed to the end of the year. Sally felt this resolved the issue for her as the extra money from the reduced rebate would cover the gap in her personal loan repayments when they recommenced.

## 54 Case Study

Josephine was a reputable and well known piano teacher. She had many students attending her lessons, was living comfortably and was up to date with all of her debts. Josephine then relocated to another area of the city after she was traumatised by a peeping Tom living next door to her.

Following her move to the other side of the city Josephine was Centrelink dependant and had a credit card which she was unable to pay. The bank would not accept a long term hardship arrangement so Josephine lodged a successful complaint with the Financial Ombudsman Service (FOS). The outstanding amount was reduced and smaller monthly repayments were accepted. Then the death of her father severely impacted her and she ceased making her credit card repayments. She defaulted on the arrangement and the initial higher repayment amount was reinstated.

Josephine sought help from a financial counsellor as she stated that she has 'lost confidence in herself'. The financial counsellor made an application for hardship to the bank. Josephine was placed on a three month smaller fortnightly repayment arrangement. After the three months of initial hardship was up Josephine still required the smaller repayment level due to her continued hardship. After much advocacy the financial counsellor negotiated with the bank to reassess the hardship application. The outcome was positive. The debt has been reduced to 50% and a long term payment arrangement has been established.

Josephine has regained her confidence and is now working at two schools. She also has new students that attend her piano lessons.

## 55 Case Study

Hamish is an elderly pensioner who had been without a washing machine for six months. He attended an appointment with a financial counsellor for other reasons and was assisted to move on to a hardship/ bill smoothing payment plan with his energy retailer to help with stabilising his living costs. The financial counsellor also assisted Hamish to apply for a No Interest Loan to purchase a washing machine. Hamish was not expecting that assistance. He was very happy and appreciative.

## 56 Case Study

Mario sought assistance because the sheriff had come to his property to serve a writ for levy of property. The outstanding judgment debt was for unpaid water rates of approximately \$10,000 that Mario agreed that he owed. Mario had taken early retirement and had a very limited income. Mario had a mortgage on his property which was up to date but he also had equity in the property. He did not understand that his home could be forcibly sold if he did not pay this debt.

The financial counsellor met with Mario and discussed his current financial situation, the debt recovery process and his options. At the financial counsellor's suggestion, Mario contacted his superannuation fund and confirmed that he was eligible to withdraw some of his superannuation. The financial counsellor also encouraged Mario to discuss the impact of withdrawing his superannuation with his own accountant, which Mario did.

Mario contacted the financial counsellor to say that he had applied for and had been granted early release of his superannuation. He also had advised both the sheriff and the utility company of his intention to repay the outstanding debt with the early release of his superannuation. The debt was paid in full within 10 days of Mario contacting the financial counsellor. Mario was advised of the importance of keeping up the payment of his water and council rates and of the concessions available.

## 57 Case Study

Fred had a warrant for his arrest for non-appearance at the court for fines that he owed. A financial counsellor assessed Fred's financial position which revealed he had no capacity to pay his fines. The financial counsellor contacted the sheriff at the courts and had the arrest order rescinded. Fred was referred to the fines payment unit to explore if community service can be arranged in place of payment of fines. Fred is understandably very relieved.

## 58 Case Study

Samara, in her late 30s, has a long history of ongoing mental health issues, including manic depression and bipolar disorder since she was a teenager, and had problems with alcohol and smoking, which caused her major financial as well as health problems. Samara was struggling with payments on a five year debt agreement, which it did not look like she could ever afford. She had a \$6,000 personal loan and two credit cards debts totalling \$8,600.

After reviewing Samara's situation a financial counsellor calculated that even without debt servicing, Samara had a substantial fortnightly budget deficit. The financial counsellor raised a dispute with the debt agreement administrator to get a refund of \$700 of set up fees Samara had paid. The financial counsellor raised unjustness disputes with all three banks where Samara had debts as Samara had never had sufficient income to service the loans (even when they were granted). All three debts were waived.

Samara now has a financial surplus and a much more positive outlook for the future. She is getting ongoing treatment for her mental health issues. After a month in rehabilitation Samara had stopped drinking and is seeking more treatment to stop smoking as well.

Samara wrote to the financial counsellor:

*The generous level of assistance given to me was outstanding. I had no expectations, based on my past experiences, when trying to sort out problems in my life.*

*Through my tears and shame, [the financial counsellor] managed to help me break down my budget, incomings and outgoings. He maintained a positive attitude towards my budget, even when I was obviously in deficit, by looking at ways to save money where I can.*

*[The financial counsellor] always treated me with the greatest of respect. I never felt judged or stupid. [He] took great care with my case by researching information on my behalf. A to do checklist was established, which helped me identify what I needed to follow up. [The financial counsellor] was also instrumental in me chasing up and consolidating my super funds, which I had found too difficult to do in the past.*



## 59 Case Study

Margaret is an aged pensioner with severe depression recently widowed and isolated from her children. She entered into a mobile telephone contract, home phone and internet contract comprising a plan that she neither understood nor could afford.

A financial counsellor was involved in advocacy on Margaret's behalf challenging liability on the various debts arising from the telephone plan as Margaret's mental health condition was fragile and she had low-level financial and technological literacy. The result was a partial waiver and the debt was reduced ten-fold so that Margaret could successfully enter into a repayment plan to pay the remaining balance within a short time-frame.

## 60 Case Study

Patricia is an Aboriginal woman in her late 40s. She has never had a job in spite of her potential and had been receiving Newstart income support. Patricia wanted to work but suffers immobilising depression. Patricia incurred debt as a result of family relying on her and taking advantage of her sense of responsibility. She had not paid her electricity bill for several years and was threatened with disconnection.

A financial counsellor assisted Patricia to negotiate a repayment plan with her energy retailer, set up Centrepay for future payments and receive an Emergency Electricity Payment of \$400 to help with costs.

## 61 Case Study

Madison had debts with a state revenue office. The state revenue office had outsourced debts to a collection agency that was demanding repayments larger than Madison could afford.

A financial counsellor began assisting Madison. The debt collection agency refused all offers made by the financial counsellor regarding smaller repayments which Madison could afford. The financial counsellor advised Madison to pay the proposed smaller amount regardless as it would help her should the issue go to court. The collection agency sent Madison a letter complaining that the repayment she had made was not large enough. The financial counsellor replied on Madison's behalf offering to withdraw the token gesture of payment if the debt collection agency was unhappy. The debt collection agency reluctantly accepted Madison's smaller repayments. Madison is happy.

Penelope is a 23 year old Aboriginal woman with two children (aged two and four). She participates in an education program to complete her high school education and lives in public housing.

Penelope had traffic fines across two states totalling \$1,300 and had lost her licence. She had a \$3,000 debt to an insurance company from being uninsured and involved in car accident. On top of this Penelope had regular repayments deducted from her Centrelink income for a car loan which she was behind in repayments, a rental contract for furniture and appliances and a “Non-lodger” debt due to three outstanding tax returns. She also had housing arrears of \$530 however was unsure why she had a debt as she pays her rent by Centrelink deductions.

A financial counsellors completed an assessment of Penelope’s financial situation revealing a budget deficit of \$60 per fortnight.

Through assistance from the financial counsellor, Penelope commenced a Work and Development Order (WDO) with one of the State Revenue Offices which allows eligible clients to reduce their fines through unpaid work with an approved organisation or via certain courses or treatment. As a result Penelope worked off her fines with one state and the financial counsellor negotiated an arrangement for Penelope to repay her fines in the other state. Penelope’s licence was then reinstated. The financial counsellor also negotiated a full waiver on the insurance debt. Penelope was then supported by the financial counsellor to request a hardship arrangement for the car loan. The creditor removed late payment fees and the balance of the account will be paid over 16 months which Penelope can afford. Penelope was also referred to the free Tax Help service and completed her three outstanding tax returns. She received a small tax refund and the non-lodger debt was extinguished and Centrelink refunded the payments made.

The financial counsellor investigated Penelope’s unexpected housing arrears to find it was human error on the side of the public housing office. Penelope commenced repaying a small repayment per fortnight. The financial counsellor explored options for child support payments which Penelope was entitled to however, Penelope did not want to pursue her ex-partner for child support. Penelope had another seven months to pay until she owned her rented appliances outright. The financial counsellor provided information on No Interest Loans Scheme (NILS) so next time Penelope can use this more affordable option.

At the end, Penelope’s income and expenditure was updated and she now had a surplus of \$80 per fortnight. Penelope says she feels relieved that all matters have been dealt with, and she said she felt less stressed. Her teacher encouraged her to complete a workshop at school on budgeting skills.

## 63 Case Study

Andrew is a 48 year old labourer and has been unable to work for three years due to a chronic back problem. His only income is a Disability Support Pension, which he was granted a year ago. He now experiences significant anxiety and depression. He lives alone, in a public housing flat on the second floor and has been waiting several years for a transfer. He has no assets, except for his guitar, which he describes as the 'only thing that keeps him sane'.

Andrew had three credit cards totalling \$9,000. He also a Centrelink loan and a small public housing debt (which arose from an internal error in the housing department). Since Andrew became unemployed, he has been making the minimum repayments on his credit cards. However, due to occasional late fees, the balance owing has not reduced on any card over three years. He is extremely anxious about the credit cards and becomes distressed at every letter sent to him by the lenders. He felt that bankruptcy is now his only option.

A financial counsellor assisted Andrew to explore his options. Andrew chose to request waivers from his creditors. The financial counsellor obtained letters of support from Andrew's doctor and treating psychologist. One creditor was able to waive the debt immediately and the two remaining creditors offered six month hardship arrangements with no repayments during this period. One of these debts was waived at the end of hardship period. The final debtor would not agree to waive debt until further information was provided by the client's doctor. This took several letters from the doctor and appointments with the client.

In all, it took nine months to confirm waivers from creditors. Statements and overdue reminders were sent continuously during this period though the lenders had been advised to cease doing so. This made Andrew extremely anxious and unnecessarily reconsider bankruptcy. Once waivers were confirmed, Andrew was relieved.

## 64 Case Study

Felicity was previously a sole trader. Her and her partner had an eight year old child but they were now separated. She says that post separation everything collapsed and she felt her life 'had been destroyed'. Felicity now lives with her parents on a temporary basis as her parents will not let her stay long term. She has had depression since her separation and has been diagnosed with bipolar disorder. Due to her current health condition she will find it difficult to obtain employment and she has no capacity to pay her debts including credit cards and mobile phone contract.

When Felicity sought assistance from a financial counsellor to help with her debts she was full of anxiety. The financial counsellor confirmed that Felicity had no assets. Felicity was assisted by the financial counsellor to apply for a waiver of the debts on compassionate grounds. Two banks agreed to waive Felicity's debts due to financial hardship and medical condition. Felicity's mobile phone provider has

also agreed to waive all her fees and charges and reduce the contract debt. With support from the financial counsellor Felicity is also on a waiting list for public housing.

Felicity is currently in a stable condition. She is thankful to the financial counsellor for changing her life.

## 65 Case Study

Joan, 48 years old, had lost her spouse through suicide. As a result she was struggling with mental illness and not in a position to seek employment. She was considered a possible suicide risk herself. She had no family to assist her, her income had more than halved and her debt exceeded \$20,000.

Creditor harassment was not helping Joan's mental wellbeing. A financial counsellor immediately sought moratoriums and referred Joan to grief counselling. As Joan's mental state improved she was assisted to obtain her proper welfare entitlements and find accommodation more suitable to her income (as she was in imminent risk of homelessness).

Over a period of three months the financial counsellor negotiated with all her creditors. Based on severe financial hardship and health issues a waiver of all debt was secured. Joan's mental state has progressed and she now lives in suitable accommodation. Joan is learning to manage her own financial affairs.