



## DEFAULT NOTICES FACT SHEET

*Disclaimer: Consumer Credit Legal Service (WA) Inc. produced this information as a general guide only. The information is not legal advice. You may ring us on (08) 9221 7066 for more help.*

### CASE STUDY

Ameenah skipped a repayment on her credit card last month. Her bank sent her a default notice. Ameenah calls CCLSWA because she does not know what the default notice means or what to do. CCLSWA advises Ameenah that a default notice allows her bank to start enforcement action against her if she does not fix the default. If she cannot pay in the short term, she may apply to her bank for a hardship variation.

### What is a default notice?

If you fail to make a repayment on a credit card, home loan etc. you are in default, even if it is late by one day only. However, your lender cannot take legal action against you unless they have sent you a default notice which says you are in default and owe money. Once you receive the default notice, you have 30 days to fix the default.

### What is in a default notice?

The default notice must tell you:

- you are in default;
- the amount you owe;
- how to fix the default (usually by paying an amount of money);
- your lender may start enforcement action if you don't fix the default within 30 days;
- your lender may repossess secured goods if you don't fix the default within 30 days;
- if you default during the 30-day period again, your lender may enforce without giving you further notice;

- your right to apply for a hardship variation and postponement;
- the external dispute resolution (**EDR**) scheme at which you can get help; and
- that the debt may be listed on your credit file if not paid for 60 days.

### What are your options?

From the time you receive the default notice, you have 30 days to fix the default.

Your options are to:

#### **1. Make a request to your lender for a hardship variation**

If you experience financial hardship (e.g. due to illness or unemployment) and struggle to make repayments on a credit contract, you could request that your lender vary your contract for a temporary period of time. Possible changes are extending your loan period or postponing repayments.

For further information about hardship variations, see our:

- [Hardship Variation Fact Sheet](#);
- [Step by Step Guide to Applying for a Hardship Variation before 1 March 2013](#); or
- [Step by Step Guide to Giving a Hardship Notice on or after 1 March 2013](#).

You could use our [Sample Hardship Variation Letter](#) to make this request to your lender.

#### **2. EDR**

If your lender refuses your request for a hardship variation, you could lodge a complaint with the Australian Financial Complaints Authority (**AFCA**).

AFCA is a free EDR service so you need not pay anything to complain.

#### **3. Negotiate a different repayment plan**

You could negotiate with your lender to pay back the debt in instalments.

#### **4. Do nothing**

If you do nothing, the debt will increase and your lender may start enforcement action, including going to court. If you take more than 60 days to repay the debt, and a default notice has been issued, your lender may record the debt on your credit file. For more information on credit files, see our [Credit Report Fact Sheet](#).

**For further information contact:**

**Consumer Credit Legal Service (WA) Inc.**

Website: [www.cclswa.org.au](http://www.cclswa.org.au)

Advice line number: (08) 9221 7066

**National Debt Helpline**

Website: [www.ndh.org.au](http://www.ndh.org.au)

Telephone number: 1800 007 007

**Australian Financial Complaints Authority**

Website: [www.afca.org.au](http://www.afca.org.au)

Telephone number: 1800 931 678