

## Step by Step Guide to Applying for a Hardship Variation

*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. Please note the information provided is correct as of date of production, as of 15 August 2023.*

*If you are experiencing financial hardship, you can apply to your lender to vary the repayments due under your credit contract. An application to vary a credit contract is called a hardship variation application. Use our sample hardship variation application letter to write to your lender.*

*If you have received legal or court documents from your lender, you may wish to contact our telephone advice line on (08) 9221 7066 before following this guide any further.*



### Step 1: Read our [fact sheet](#) on Hardship Variations

Explain the circumstances of your financial hardship to your lender (e.g., illness or unemployment) and set out exactly the variation you are asking for (e.g., reduced repayments, postponement or extending the term of your loan and adding your arrears to the end).

### Step 2: Write to your lender.

If you believe you will not be able to make the repayments due under your credit contract, you may notify your lender orally or in writing. We recommend, providing notice in writing and setting out your request for a hardship in a letter to your lender. Click here for our [sample hardship variation letter](#).

### Before you write the letter, consider:

1. How have your circumstances changed to cause you financial hardship?
2. When do you expect your circumstances to improve?
3. What are you doing to improve your circumstances?
4. What variations/changes do you seek?

It is useful to be very clear about what you propose to your lender.

A few examples of variations/changes:

- reducing the regular repayment amount due and having the arrears (the amount you were due to pay but did not pay) added to the loan contract to extend the term of the contract.
- postponement of payments due for [x] period and the arrears added to the loan contract to extend the term of the contract.
- postponement of payments due (this means you will make higher payments later); and
- postponement of payments due while you sell your property.

If you are unsure of what variation to seek, you may wish to speak to a free financial counsellor. See contact details below for the National Debt Helpline that may connect you to a financial counsellor near you.

### **Why should you apply in writing?**

1. Your letter should set out what variation you want and the reasons why your application should be granted; and
2. Your lender has obligations to respond to your request within a defined timeline. Putting your request in writing assists to maintain this timeline and evidence your application should a dispute escalate.

We recommend that you keep a copy of your letter and all correspondence with your lender.

### **Step 3: Lender's response**

Within 21 days from the date of your letter, your lender may request further information. If you provide additional information, then the lender must respond within 21 days of receipt of this additional information.

If you don't provide additional information, your lender must respond within 28 days of your initial request. It may be in your best interest to provide additional information as your lender will assess your hardship application based on the information you provide.

If your lender does not require any additional information then, within 21 days of your application they must; respond recording the agreed change to your credit contract; or if they have not agreed to your request, then they must provide reasons why they have not agreed and advise you of your rights to complain to the Australian Financial Complaints Authority (AFCA) including AFCA's contact details.

### **Step 4: What to do if you receive an unfavourable response or no response at all**



If you believe your lender has unreasonably refused your hardship variation application, or if they have failed to respond to you within the prescribed timeframe or at all, you may lodge a complaint with the AFCA (contact details below)

<b><u>For further information contact</u></b>
<b>Consumer Credit Legal Services</b> Website: <a href="http://www.cclswa.org.au">www.cclswa.org.au</a> Advice line: (08) 9221 7066
<b>AFCA</b> Website: <a href="https://www.afca.org.au/">https://www.afca.org.au/</a> Advice line: 1800 931 678
<b>National Debt Helpline</b> Website: <a href="https://ndh.org.au/">https://ndh.org.au/</a> Advice Line: 1800 007 007