

Financial hardship

How to navigate your way through debt and financial hardship

If your bills or loan repayments are getting out of control, talk to your lender or provider about your options. Taking action straight away can stop a small problem from becoming a big one.

Here are some practical steps you can take to get your finances back on track.

Ask for financial hardship assistance

Things can happen that affect your ability to keep up with bills or loan repayments. For example, a natural disaster, illness, job loss or relationship breakdown. But you don't have to go it alone. There is help available.

The first step is to contact your lender or service provider. Most have hardship officers who can assess your situation and work out what help is available.

Options can include setting up a payment plan or altering your loan repayments. This is called a 'financial hardship arrangement'. Your arrangement may be temporary, like deferring a payment, or permanent, like varying a loan.

Ask for financial hardship assistance if you're struggling to pay:

- rent or utility bills
- mortgage repayments
- credit cards or loans
- home or car insurance premiums (or an excess, when making a claim)
- life or health insurance premiums

The Financial Rights Legal Centre [sample letter generator](#) can help you create a letter to apply for financial hardship assistance. Keep a copy of the letter for your records.

If you decide to speak to someone by phone, keep notes on what you discussed.

You may be concerned about how a financial hardship arrangement will affect your credit report. Lenders like to see that you've made a plan to get back on track. It's better for you and your credit rating.

Proving financial hardship

You might be asked to provide information when you apply for financial hardship assistance. Be prepared to show:

- the reason you are experiencing hardship, for example, a letter from your employer or a certificate for an illness

- your current income and other major financial expenses, for example, other loans
- what repayments you can afford

How to set up a payment plan

When negotiating a payment plan, don't agree to an amount that is too high for you to pay. If you're not sure how much you can afford, use the [budget planner](#).

Pay what you can

It is in your best interest to keep paying what you can. You will keep chipping away at your debt, making it easier to resume normal payments when you can.

If you find you can't stick to the new arrangement, tell your lender or service provider straight away. Keep paying as much as you can afford, even if it is not as much as you agreed to.

Where to get support or help

If you can't afford basics like accommodation or food, there are services to help you. See [urgent help with money](#).

Speak to a financial counsellor

If you have multiple debts to juggle, or would like help applying for financial hardship, contact a financial counsellor. Call the National Debt Helpline on **1800 007 007** to talk to a financial counsellor for free. The helpline is open Monday to Friday, 9:30am to 4:30pm. Alternatively, go to the government's help site: <https://moneysmart.gov.au/managing-debt/urgent-help-with-money>