

GETTING YOUR FINANCES BACK ON TRACK AFTER EXPERIENCING DOMESTIC VIOLENCE

Many women who are thinking about or have left an abusive partner find themselves with limited finances or debt. Abuse can affect women's finances in many ways. Financial hardship can leave some women feeling trapped in an abusive relationship because of concerns about surviving on their own. This leaflet has information about services for women whose finances have been affected due to domestic violence.

CENTRELINK SERVICES

Crisis Payment

Centrelink provides a Crisis Payment to people who experience severe financial hardship due to domestic violence and who are already receiving Centrelink income support. You can be eligible if you are forced to leave your home or if you remain at home and the violent partner is removed. To be eligible, you must contact Centrelink within seven days of the crisis event and lodge an application within fourteen days of contacting the agency. The amount is equal to one week of your standard benefit, minus any supplements. For more information, see:

www.centrelink.gov.au/internet/internet.nsf/payments/crisis.htm

Advance Payments

If you are a Centrelink client, you may request an Advance Payment of up to \$500 with no interest charges. Find out more about advance payments ask a Centrelink officer or see:

www.centrelink.gov.au/internet/internet.nsf/payments/advance.htm

FINANCIAL PRODUCTS

No interest and low interest loans

A number of agencies provide **no** interest loans to people who cannot afford essential items and services. A typical no interest loan is around **\$800-\$1200** and they can be paid back over twelve to eighteen months. No interest loans are usually available for people on Centrelink benefits who need assistance purchasing items such as whitegoods, furniture or medical equipment.

There are other options if you cannot get a no interest loan or need to borrow a larger amount of money. One option is to apply for a **low** interest loan. Low interest loans are designed for people on Centrelink benefits.

Alternatives to payday loans or same day cash advances

Payday loans or same day cash advances (e.g. from companies like Cash Converters, Dollars Direct or Cash Today) can seem attractive because approval is granted very quickly, sometimes with no credit checks. The problem is that these types of loans can end up costing you a lot of money in high fees and much higher interest than offered by banks and credit unions, making it difficult to pay back the loan. No interest loans and low interest loans are excellent alternatives to payday lenders and other short-term, high-cost lenders.

They can be used for personal, domestic or household expenses, such as buying a fridge, computer, furniture, medical expenses or house repairs. Loans of **\$500-\$3000** are available on a fixed low rate to be repaid over three years, with no additional fees and charges.

To find out more about no and low interest loans and providers of these loans, see the Money Smart website at:

www.moneysmart.gov.au/borrowing-and-credit/other-types-of-credit/no-or-low-interest-loans

or call the ASIC Infoline on – ☎ **1300 300 630**.

Matched savings plans

A matched savings plan is a program where people on low incomes agree to save a certain amount of money, generally **\$300-\$500**. Once you save this much money, your savings are matched dollar-for-dollar. For every dollar you save, the bank or other contributor also pays you a dollar.

One example of a matched savings account is **Saver Plus**, developed by the Brotherhood of St Lawrence with ANZ Bank. This program is designed for people on Centrelink benefits with some regular employment who are either attending or returning to vocational education or for a parent or guardian of a child in school. Call the Brotherhood of St Lawrence on ☎ **1300 610 355** or email saverplus@nullbsl.org.au for more information.

Another matched savings program is **AddsUp**, provided by the Good Shepherd Youth and Family Services in partnership with the National Australia Bank. Call Good Shepherd Youth and Family Services on ☎ **(03) 9418 3000** or visit – www.goodshepvic.org.au/dollars_n_sense_savings to find out more.

Credit cards

Credit cards can be great in terms of allowing flexibility in purchasing and paying for goods and services but they typically have much higher interest rate charges and fees than other types of credit. You can end up paying a lot of money and increasing your debt if you don't pay off your credit card when the interest free period is up each month. No interest, low interest loans and personal loans (even unsecured personal loans) are a cheaper alternative to credit cards, and can offer longer periods in which to pay back the loan.

YOUR RIGHTS AND RESPONSIBILITIES

Hardship policies

If you cannot pay your credit card, loans or mortgage, you can contact your credit provider and ask to negotiate a new payment agreement that you can afford or ask for a hardship variation.

A hardship variation is a formal process where you ask your credit provider to change the terms of your loan contract by allowing you to:

- ▶ Postpone your payments (with interest added on your loan)
- ▶ Make interest-only repayments for a period
- ▶ Extend your loan period so you can make smaller repayments over a longer period (although you may pay more interest in the long term).

Utility providers also have hardship policies. If you cannot pay your water, phone, gas or electricity bill, contact the utility provider and explain your situation. They may be able to arrange a plan so that you can make several payments over time, rather than all at once.

It is best to approach your bank or credit provider as early as possible when you know you are not able to make payments. Many people wait until the debt collector is knocking at the door before they ask for help and it is much harder to negotiate a payment plan at that stage.

Hardship policies can be difficult to understand. A financial counsellor may be able to assist you directly or by referring you to a lawyer. You can find a financial counsellor in your local area by calling the **Financial Counselling Hotline** on ☎ **1800 007 007** or checking the **Financial Counselling Australia** web site at: www.financialcounsellingaustralia.org.au/findacounsellor.htm

Your credit file

You can find out about your credit rating, which is especially important if you ever want to take out a loan, apply for a credit card or mortgage or sign up for a utility account (such as for phone, gas or water). A poor credit rating can result from missed or delayed payments on bills or debts.

Credit reports are usually provided for free and you can get yours by contacting a credit reporting agency. You will be asked for information that properly identifies you, which may include:

- ▶ your full name
- ▶ your address
- ▶ your date of birth
- ▶ your previous address
- ▶ your driver's licence number.

There are two main credit reporting agencies. Their contact details are:

Veda Advantage

PO Box 964 North Sydney NSW 2059.
☎ 1300 762 207 Fax: (02) 9278 7333
Email: assist.au@vedaadvantage.com
www.mycreditfile.com.au/home/free-credit-file.dot

Dun & Bradstreet

Public Access Centre Dun & Bradstreet (Australia)
PO Box 7405 St Kilda Road VIC 3004
☎ 132 333 Fax: 03 9828 3447
Email: customerservice@dnb.com.au
www.dnbcreditreport.com.au

NEED SOME ADVICE?

Financial counselling

Financial counselling is a free community service to help people who have financial problems. A financial counsellor can negotiate and advocate for people who are trying to manage their bills and debts. They can also teach financial skills and educate people about their rights and responsibilities when accessing financial services such as credit cards, loans and mortgages.

Each state and territory has a range of community organisations that are funded by the government and other sources to provide free financial counselling. You can find a financial counsellor in your local area by calling the **Financial Counselling Hotline** on ☎ **1800 007 007** or checking the **Financial Counselling Australia** web site at:

www.financialcounsellingaustralia.org.au/findacounsellor.htm

Legal centres

Legal centres can also be helpful with financial difficulties. Many legal centres do legal work that relates to financial matters for people facing hardship and a number of legal centres have financial counsellors based in their service.

There are a number of specialist services around the country that provide financial counselling, advice and referral. Two examples are the **Consumer Action Law Centre** in Victoria (☎ **1300 881 020** or www.consumeraction.org.au/) and **Consumer Credit Legal Centre NSW** (☎ **1800 808 488** or www.cclcnsw.org.au).

Each state also has Community Legal Centres that specialise in consumer law. See the **National Association of Community Legal Centres** web site for community legal centres and specialist services dealing in financial matters:
www.naclc.org.au/directory/

Online financial resources

Money Smart provides information on money, finances and services for people on low-incomes.
www.moneysmart.gov.au

Good Shepherd Youth and Family Services is a women-focused service that provides programs to help women experiencing financial and other difficulties. Their web site lists helpful services nationwide.
www.goodshepvic.org.au

The Davidson Institute provides online resources about financial issues and arranges free and low-cost budgeting and finance courses at local Westpac branches.
www.davidsoninstitute.edu.au

