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Hardship Policy and Procedures

Emo Investments Pty Ltd

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Table of contents

1.	PURPOSE	2
2.	OUR OBLIGATIONS	2
3.	SOME WORDS EXPLAINED	2
4.	HOW WE ADMINISTER THIS DOCUMENT	3
5.	REVIEW AND AUDIT	3
6.	OTHER POLICIES AND DOCUMENTS	3
7.	APPENDICES	3

1. Purpose

The purpose of this document is to set our policy and procedures for hardship.

2. Our obligations

The National Credit Act says that a customer who is unable reasonably (because of illness, unemployment or other reasonable cause) to meet their obligations under a credit contract (consumer lease), and who reasonably expects to be able to discharge their obligations if the terms of the contract were changed as follows, may apply to the credit provider for such a change:

- extending the period of the contract and reducing the amount of each payment due under the contract accordingly;
- postponing during a specified period the dates on which payments are due under the contract; or
- extending the period of the contract and postponing during a specified period the dates on which payments are due under the contract.

The credit provider does not have to agree to a hardship request but it has to advise the customer of the decision in writing within 21 days. The notice has to state whether or not the credit provider agrees to the change and if the credit provider does not agree, the notice must advise:

- the name of its approved external resolution scheme;
- the customer's rights under that scheme; and
- the reasons why the credit provider does not agree to the change.

In addition to these specific obligations, the credit provider has a general obligation as a licensee under the National Credit Act to deal with their customers efficiently, honestly and fairly. Behaving fairly means that the credit provider must act reasonably when a customer has good reasons why he or she cannot meet his or her current loan obligations.

3. Some words explained

In this document:

Board means our board of directors. If we have a sole director, it means the sole director. If we are not a company, it means the owner or owners of our business.

Credit Contract means a contract under which the Credit Provider provides credit and include in this context a consumer lease. Credit Contract and Consumer Lease are interchangeable terms.

Credit Provider means the person who provides credit under a credit contract and in this context it includes a lessor under a consumer lease. Credit Provider and Lessor are interchangeable terms.

IDR means internal dispute resolution.

EDR means external dispute resolution.

National Credit Act means the National Consumer Credit Protection Act 2009 (Cth).

We, us and **ours** refers to the licensee named on the cover page of this compliance plan.

4. How we administer this document

The Board is ultimately responsible for this document.

This document was adopted by the Board on the date specified in the table below.

Any changes to this plan must be approved by the Board.

The responsible Manager is responsible for the day to day administration of the policy and procedures in this document.

The table below is a record of changes made to this document. The table will be updated when changes are made. Each updated version of this document will replace the earlier version.

DOCUMENT VERSION CONTROL TABLE			
Version	Description of change	Date approved by Board	Effective date
1	Original version		

5. Review and audit

We review this document every year or as the need arises due to change in legislation or change in hardship policies of lenders. After the review, if we think that changes should be made to this document, we will amend the plan.

We can also review and amend this document at other times – for example, in response to audits or comments from ASIC.

6. Other policies and documents

This document is part of our compliance plan to comply with the credit legislation, our general conduct obligations under section 47 of the National Credit Act, and the conditions of our Australian Credit Licence. Our Compliance Plan document sets out the overall structure of this compliance plan.

This document is also part of our risk management system. Our Risk Management System document sets out the overall structure of our risk management system.

7. Appendices

Appendix 1 – Our hardship policy and procedures

Appendix 1

Our hardship policy and procedures

Introduction

This document sets out our policies and procedures for dealing with hardship.

Under the National Credit Code, a consumer has the right to request hardship assistance in certain circumstances. The request, generally speaking, is addressed to the Credit Provider as the Credit Provider has the decision making capacity in relation to the C0redit Contract.

What is financial hardship?

Under the National Credit Code, financial hardship arises where a borrower/lessee is reasonably unable to meet their contractual obligations due to illness, unemployment, or other reasonable cause. Other reasonable causes could include a change in the Lessee's financial circumstances, a relationship breakdown or reduction in income.

Avoiding financial hardship

Hardship is not always possible to avoid, if unforeseen circumstances such as unemployment occur.

However, to the extent that hardship is foreseeable, responsible lending which is mandatory under the Credit Law assist in ensuring customers do not experience hardship. This includes making an assessment of the customer's capacity to repay, so that (based on the information available to the Credit Provider at the time of the loan application) the Credit Provider can be satisfied that the customer will be able to repay the Credit Contract/Consumer Lease without substantial hardship.

Making information available to customers

We will provide customers with general information about financial hardship and steps they can take to either avoid financial hardship or address financial hardship with us as lessor if they are experiencing financial hardship.

How we will manage hardship enquiries

Customers may contact us at any time regarding hardship matters by calling a general telephone number. Because we are a small scale consumer leasing business, we do not have a dedicated toll-free telephone number for customers to call about hardship. Our general telephone number can be used by customers to contact us to discuss hardship.

Dealing with requests for assistance

After a borrower has contacted us we will endeavour to collect from the customer as much information as is necessary and relevant to the hardship application. We may request from the customer additional information and if we do, the customer must provide us with the additional information.

Once we have the necessary information we will consider the hardship application.

Information that is relevant and important to enable us to assess a hardship application may include:

- Payslips or bank statements
- Medical certificate
- Centrelink statements
- A statement of financial position or a statement of income and expenditure.

Whilst customers may not want to disclose all the above information, the lack of information may hinder our ability to assess the application and recommend a course of action. It is therefore recommended that customers provide as much information as they can to clarify the reason for the hardship and assist us to assess the request.

Types of assistance we will provide

As Credit Providers we have a number of options (none of which is mandatory) which we can offer in relation to a hardship application.

As a guide, we may provide a number of remedies such as;

- Postponing repayments during a specified period.
- Extending the term of the contract and reducing the amount of each payment under the contract accordingly.
- Extending the term of the contract and postponing repayments during a specified period.
- Adding arrears to the lease balance and extending the lease term.

Our commitment is that we will genuinely endeavour to assist customers with hardship requests noting that it is open for us to conclude that even with the above remedies available, the customer may still not be able to meet his or her contractual obligations and therefore we may decline any remedy.

Refusing an application

We may refuse an application for hardship consideration and assistance where:

- We do not consider that the customer is in hardship;
- We do not consider that the customer would be able to meet the repayments terms of the contract even if they were varied as requested; or
- We consider that the borrower would be unable to meet their credit obligations in the long run.