



Hardship, hard to get help

Lenders fall short in financial hardship support



Lenders are making improvements



Seven of the ten lenders reviewed had programs underway to improve their approach to financial hardship.



Actions for lenders

ASIC expects lenders to:

- ✓ review the full report
- ✓ self-assess against the findings from the review
- ✓ improve their approach to supporting customers experiencing financial hardship.



ASIC's response

ASIC will:

- ✓ provide individual feedback to all lenders in the review
- ✓ ask lenders to prepare an action plan of how they will respond to the issues raised
- ✓ prioritise investigation of non-compliance with financial hardship obligations and take enforcement action if warranted
- ✓ continue collecting hardship-related data from lenders for the next 12 months
- ✓ start a consumer awareness campaign on financial hardship.



Key findings

Lenders aren't doing enough to support home loan customers experiencing financial hardship

1



Lenders didn't make it easy for customers to give a hardship notice

2



Assessment processes were often difficult for customers

3

Lenders didn't communicate effectively with customers



4

Vulnerable customers often weren't supported



35%

of customers dropped out of the assessment process at least once

40%

of customers who received assistance fell into arrears right after the assistance period ended

Overall, there was inadequate focus on customers.

Background

More consumers are experiencing difficulty in making home loan repayments

54%

increase in the number of hardship notices from customers in the last quarter of 2023 compared with the same period in 2022

Lenders have an important role in supporting customers who experience financial hardship



The financial hardship process is a critical protection for customers. It gives them an opportunity to work constructively with their lender



ASIC reviewed 10 large lenders to understand how they support customers experiencing financial hardship.