

Assisting and responding to customers in financial hardship

Principles and practices – guide for telecommunications providers

2nd Edition, April 2017



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Background

This second version of ***Assisting and responding to customers in financial hardship: Principles and practices for telecommunications providers*** is again the result of collaboration between financial counsellors, consumer representatives and telecommunications industry representatives.

That we are now releasing a second version is a measure of the success and usefulness of the original guide and reflects the continuing evolution of industry and community understanding about the best ways to assist people experiencing financial hardship.

One of the strengths of the guide has been its principles-based approach, rather than prescribing “one size fits all” solutions and this continues to be the underpinning philosophy. The guide is also intended to complement the *Telecommunications Consumer Protections Code* by offering best practice guidance.

The Telecommunications Industry Ombudsman again played a facilitative role in developing this guide, including convening a stakeholder workshop to consider how the guide could be updated to reflect current practice.

Providing effective responses to people experiencing financial difficulty is a principle to which we are strongly committed. We commend the guide to you.



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Statement of intent

Australian telecommunication service suppliers and consumer representatives intend that the telecommunications industry should assist and respond effectively, flexibly and compassionately to the circumstances of any customer who is in financial hardship. Managing situations where a customer is in financial hardship effectively and appropriately is not only potentially good for the supplier's business, it is the right thing to do.

This guide reflects this statement of intent.

This guide recognises the importance of access to essential telecommunication services for all Australians. This guide is designed to further promote an appropriate supplier response when an existing customer is experiencing financial hardship. This approach will assist customers who are experiencing financial hardship to stay connected while meeting their financial obligations to the supplier.

This guide reflects a shared view of recommended principles and practices that suppliers may proactively use to identify and to respond to customers in financial hardship.

1. Context

Telecommunications products and services are vital to the needs of Australians, especially to the way in which they interact with others or do business. Telecommunications affect almost every aspect of daily life – from health services and education, to banking and employment, and relationships with family and friends. Australians are also reliant on their telecommunications services to access government services such as Medicare and Centrelink, which are increasingly delivered online.

The way Australians use their phone has changed significantly over the last few years. There has been a shift away from landlines to make voice calls, with 31% of the adult population in 2015-2016 estimated to be without a fixed-line voice service in the home.¹ There is also a growing demand for access to data and online content services over fixed-line, wireless and mobile device connections.² The telecommunications industry landscape is also undergoing significant transformation: with the roll out of major telecommunications infrastructure – the National Broadband Network (NBN). The NBN will deliver voice and high speed internet services Australia-wide using a range of technologies.

Alongside this, there is greater diversification and complexity of product and service offerings, for example Australians can select whether to take up a plan with a retail service provider over the NBN at a range of different connection speeds, or to select a data sharing plan, that may share data across a range of devices and/or between family members.³

According to the Organisation for Economic Co-operation and Development (OECD), 12.8 per cent of Australians live with less than half the median income.⁴ Using 2016 Australian Bureau of Statistics data, around 2.9 million Australians live on a weekly salary of less than \$525 per week for a single adult or \$985 for a couple with two children.⁵

While these Australians may live below the poverty line, they may forgo food or other essential services so that they can stay connected.⁶

There are a number of reasons why someone may experience financial hardship. For example, hardship may be experienced as a result of illness, unemployment, or as a direct result of another party. Both the Victorian Royal Commission into Family Violence and the Women's Legal Services of Victoria heard that significant telecommunications debt is accrued when a telecommunications service is contracted on behalf of a violent partner.⁷ While the services may have since been cancelled, significant termination payments for the cancelled services may apply.

This guide complements protections already provided for in the *Telecommunications Consumer Protections Code* (TCP Code) that address some aspects of financial hardship. These protections include rules about:

- credit assessment at point of sale;
- spend management tools and notifications designed to reduce the prospect of unexpectedly high charges; and
- simpler and more comparable information that can assist customers select the most appropriate plan for their circumstances.

This guide also provides clarification and amplification of the requirements of the sections of the TCP Code (shown in Attachment A) that specifically deal with financial hardship.

1 ACMA, Communications Report 2015–16, June 2016, page 15, (Accessed on 10 January 2017 - <http://www.acma.gov.au/~media/Research%20and%20Analysis/Report/pdf/ACMA%20Communications%20report%202015-16%20pdf>)

2 ACCC, *Competition in the Australian telecommunications sector Report*, February 2016, pages 17-19 (Accessed on 10 June 2016 - https://www.accc.gov.au/system/files/ACCC%20Telecommunications%20reports%202014%E2%80%9315_Div%2011%20and%2012_web_FA.pdf).

3 Ibid, pages 25-26

4 OECD (2017), *Poverty rate (indicator)*. doi: 10.1787/0fe1315d-en (Accessed on 10 January 2017 - <https://data.oecd.org/inequality/poverty-rate.htm>)

5 Australian Council of Social Service, *Poverty in Australia Report 2016* (Accessed on 08 December 2016 - <http://acoss.wpengine.com/poverty-2/>); Melbourne Institute of Applied Economic and Social Research, *Poverty Lines: Australia ISSN 1449-0530 March Quarter 2016* (Accessed on 8 December 2016 - <https://melbourneinstitute.com/downloads/publications/Poverty%20Lines/Poverty%20Lines%20Australia%20March%202016.pdf>)

6 SACOSS and ACCAN, *Connectivity Costs – Telecommunications affordability for low income Australians*, November 2016, page 20 (Accessed on 22 February 2017 - <https://accan.org.au/our-work/research/1257-connectivity-costs>); Anglicare Victoria, *Trying to connect: Telecommunications access and affordability among people experiencing financial hardship*, September 2013, page 11 (Accessed on 22 February 2017 - <http://accan.org.au/our-work/research/711-affordability-for-low-income-consumers>); Consumer Action Law Centre, *Do the Poor Pay More? Research Report*, January 2005, page 43 (Accessed on 08 December 2016 - <http://consumeraction.org.au/wp-content/uploads/2012/05/DL54.pdf>); Senate Community Affairs References Committee, *A hand up not a hand out: Renewing the fight against poverty*, March 2004, page 252 (Accessed on 08 December 2016 - http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/Completed_inquiries/2002-04/poverty/report/index)

7 Royal Commission into Family Violence in Victoria, *Report and Recommendations into Family Violence in Victoria*, March 2016 and Women's Legal Services Victoria, *Stepping Stones: Legal Barriers to Economic Equality after Family Violence*, September 2015.

2. Objectives

The specific objectives of this guide are to:

1. advance a progressive approach within the Australian telecommunications industry to assist residential and small business customers to meet their financial obligations while maintaining access to essential telecommunications services;
2. provide guidance to suppliers and promote conversations within supplier organisations about good principles and practices for dealing with customers in financial hardship, which apply and build upon the service standards required by the TCP Code⁸;
3. ensure such principles and practices are applied irrespective of the cause of the customers' financial hardship, or their cultural or linguistic background; and
4. offer guidance about what might be included in a supplier's financial hardship policy.

It is not intended that customers, including those in financial hardship, will have ongoing access to telecommunications services that they cannot afford and do not pay for.

3. Governance

The governance arrangements that relate to this guide and its application are as follows:

- This guide illustrates examples of best practice. All suppliers are encouraged to review this guide to consider how relevant principles and practices can be adopted in their own businesses.
- Communications Alliance (CA) will consider the principles in this guide in developing any guidance note to assist suppliers in meeting their financial hardship obligations under the TCP Code. This guide will also be considered in any future review of the TCP Code more generally.
- Suppliers and consumer representatives are encouraged to maintain regular contact and build working relationships to identify emerging issues and good practice approaches regarding financial hardship.
- This guide will be reviewed regularly, at least once every 3 years, by telecommunications suppliers and consumer representatives, facilitated by the Telecommunications Industry Ombudsman (TIO).

⁸ A concordance table which compares the supplier requirements specified in the TCP Code with the principles and practices in this document is shown in **Attachment A**.

4. Scope

4.1. Financial hardship

The TCP Code defines Financial Hardship to mean a situation where:

- a) a customer is unable to discharge the financial obligations owed by the customer under their customer contract or otherwise discharge the financial obligations owed by the customer to a supplier, due to illness, unemployment or other reasonable cause; and
- b) the customer believes that they are able to discharge those obligations if the relevant payment arrangements or other arrangements relating to the supply of telecommunications products by the supplier to the customer are changed.

However, the situation defined in the TCP Code may not be the only reason a customer cannot discharge their financial obligations. Other reasons may include:

- the customer is experiencing temporary financial difficulty due to a number of competing financial commitments that fall due at the same time, restricting their ability to meet existing financial commitments in a timely manner;
- the customer may face financial hardship as a result of family violence;⁹ and
- the customer is experiencing entrenched financial hardship due to ongoing physical, mental, economic or cultural barriers that limit their ability to manage their financial commitments.

It is intended that this guide be of a broad application so that it applies to the range of financial hardship circumstances, from customers who experience brief periods of financial difficulty through to those who have, and are likely to continue to have, restrictions in meeting their financial commitments in the longer term.

Suppliers are encouraged to consider how their financial hardship policies are able to provide for a range of responses designed to assist all customers in financial hardship meet their financial obligations and stay connected to an essential telecommunications service. These responses may range from a brief and temporary intervention or activity, to a long-term or sustained effort to assist the customer, taking into account any underlying circumstances or contributing factors to the customer's financial hardship.

4.2. Essential telecommunications services

This guide aims to assist customers maintain access to essential telecommunications services. Access to telecommunications services continues to be important, with the increasing digitisation of the Australian economy, including the provision of Australian government services exclusively over digital means and the fast-changing technology that people use to stay connected.

Essential telecommunications services may include services that:

- enable consumers to have contact with critical services, such as emergency services, health and community services and education services;
- enable consumers to have contact with government services such as Medicare, Centrelink and the Australian Tax Office that are now more frequently delivered online;
- allow consumers to earn a living, such as services used to conduct a business or for paid employment; and
- allow consumers to participate meaningfully as members of a family, community and society more generally.

What is an essential telecommunications service is not a static concept; it has and will continue to evolve as the community adopts and adapts to different ways of using telecommunications. It will also evolve in response to new product offerings from suppliers and the emergence of additional methods of accessing services.

However, some services provided by suppliers are not essential. These may include, for example, content and entertainment services such as video on demand streaming services.

⁹ Women's Legal Services Victoria, *Stepping Stones: Legal Barriers to Economic Equality after Family Violence*, September 2015, page 6. See also Royal Commission into Family Violence in Victoria, *Report and Recommendations into Family Violence in Victoria*, March 2016, page 102.

Assessing whether a particular telecommunications service is an essential service may depend both on the nature of the service, and the particular circumstances of the customer. For example:

- access to a standard telephone service with some restrictions for outbound calls may be a sufficient service for some consumers to meet basic needs;
- for consumers with a communications impairment, an essential service may be a service that provides access to the National Relay Service or an equivalent service;
- an internet service may be essential for consumers who need access to government services that are provided exclusively online;
- for consumers who are elderly, unwell or have experienced family violence, telecommunication services such as internet and mobile phones may be essential to keeping in touch with family and friends, and accessing information and support;
- access to an internet service may be essential for consumers who work from home to earn a living
- access to an internet service may be essential for consumers such as families with school-aged children who need the internet to complete homework or undertake distance study online;
- for consumers who rely on a medical alarm to contact their doctor or health services in case of an emergency, their standard telephone service may be an essential service; and
- access to a mobile telephone service (for example, a pre-paid service), may be essential for consumers who are homeless, who do not have access to a landline and those who for other reasons rely primarily on mobile communications.

4.3. Application of this guide to a diverse telecommunications industry

It is recognised that there is a diverse range of telecommunications service suppliers in Australia:

- Some suppliers are subject to legislated requirements when offering basic telecommunications services such as standard telephone services.
- A number of suppliers are very substantial and sophisticated corporations with large customer bases; these suppliers offer a broad range of products and services to the Australian community.
- Many suppliers are much smaller operators, with small customer bases, niche clients or specialty products.

All suppliers are encouraged to implement the key principles and practices in this guide in a manner that is relevant to their customers and the communities in which they market their services:

- For suppliers that are substantial and sophisticated corporations with large customer bases, many of the practices may already be in place or achievable over time.
- For other suppliers, the TCP Code represents the minimum requirements. These suppliers are encouraged to examine the additional activities in this guide to see whether and how they might be implemented. This would assist their customers experiencing financial hardship to stay connected to essential telecommunications services and meet their financial obligations.

5. Principles

This guide establishes the following principles to guide the design of supplier financial hardship policies, recognising the primary objective for these principles is to enable customers in financial hardship to stay connected to essential telecommunications services while assisting them to meet their financial obligations.

Accountability

- Ultimate responsibility for developing, promoting and driving implementation of a financial hardship policy lies with the senior leadership of the supplier organisation.
- Responsibility for awareness of the supplier's financial hardship policy, and the application of the policy to individual cases, lies with all supplier staff and agents who deal with customer service calls, bills and credit management processes.

Accessibility

- All customers and relevant third parties (such as financial counsellors) have access to simple and readily identifiable pathways to report financial hardship.
- Policies and procedures acknowledge that vulnerable customers may have barriers to self-identification of financial hardship and implement supplier-initiated practices that may serve to identify customers who may be in financial hardship.
- Supplier financial hardship policies do not require customers to be represented by third parties such as financial counsellors.

Fairness

- Supplier financial hardship policies promote fairness and transparency of decision making in determining whether and how to assist a customer who is identified as being in financial hardship.
- Supplier financial hardship policies ensure that customers are not treated unfairly or otherwise disadvantaged as a result of entering financial hardship arrangements with the supplier.

Flexibility

- Given the range of circumstances in which a customer may find themselves in financial hardship, supplier financial hardship policies ideally offer a response that can be tailored to meet these circumstances and the repayment capacity of individual customers.
- Supplier financial hardship policies provide clear guidance for contact centre staff regarding referral pathways and the responses that are likely to be most appropriate given a particular circumstance.

Mutuality

- Supplier financial hardship policies recognise that both consumers and providers have obligations to each other when negotiating arrangements to address financial hardship.
- Supplier financial hardship policies recognise that both customers and employees of the supplier deserve to be treated with dignity, respect and courtesy.

Proportionality

- Supplier financial hardship policies ensure that the response to a customer who is experiencing financial hardship is proportionate, and commensurate with matters such as the degree of vulnerability and the customer's capacity to meet their financial obligations. This includes taking steps to ensure customers are only offered repayment options and ongoing services that they can afford.
- Supplier financial hardship policies, while similar in intent, may differ having regard to the strategic objectives of the supplier, number and type of customers to whom the supplier provides services, and the range of services provided.

6. Key practices

6.1. Identifying financial hardship

Early identification of a customer in financial hardship will maximise the opportunity for effective interventions to assist the customer in meeting their financial obligations and staying connected.

Financial hardship may be identified by a customer reporting to their supplier that they are unable to meet their existing financial obligations (self-identification).

However, some customers may be unable or unwilling to identify themselves as experiencing financial hardship, as they may be vulnerable or disadvantaged or have experienced family violence.¹⁰ Therefore, financial hardship may also be identified when:

- a third party (such as a financial counsellor) reports to a supplier that a customer is unable to meet their existing financial obligations (third-party identification), or
- the supplier identifies that a customer may not be able to meet their existing financial obligations (supplier identification).

Examples of potential indicators of financial hardship that may assist in supplier identification of customers in financial hardship include:

- unusually high charges that the consumer states they cannot afford
- an emotional response from a customer when contacted by a supplier, that is caused by an overdue account (e.g. anger, crying, fear)
- consistent late payment (e.g. bills overdue by 35 days or more) by a customer, or repeated part-payment and accrual of arrears
- a customer requesting a payment plan or an extension to pay
- a customer with multiple broken payment arrangements
- a customer agreeing to multiple or more expensive services for use by someone else, where those services start to accrue high debt
- a customer who may be vulnerable or disadvantaged, or
- a customer requesting to use Centrepay.

¹⁰ The Australian Competition and Consumer Commission publication (2011) *Don't take advantage of disadvantage* sets out a range of characteristics of disadvantage or vulnerability that may be experienced by consumers, including: low income, non-English speaking background, disability, including intellectual, psychiatric, physical or sensory, serious or chronic illness, poor reading, writing and numerical skills, homelessness, youth, elderly, remoteness and/or indigenous background. The Consumer Affairs Victoria discussion paper (2004) *What do we mean by vulnerable or disadvantaged consumers?* also sets out useful guidance on this issue. See also Women's Legal Services Victoria, *Stepping Stones: Legal Barriers to Economic Equality after Family Violence*, September 2015, page 6.

6.2 Accessibility

Suppliers can take a number of steps to make it easy to access financial hardship assistance, including:

- The active promotion of, and appropriate communication about, financial hardship policies.
- Making multiple contact options available to customers in financial hardship.

To promote accessibility of the policy, a supplier is encouraged to consider the following steps:

1. Specify processes that:
 - a) encourage customers who may be experiencing financial hardship to contact the supplier;
 - b) promote timely access to financial hardship assistance to customers who are identified as experiencing financial hardship through self-identification or third party identification;
 - c) implement an early response by the supplier for customers so identified;
 - d) where appropriate, identify appropriate government concession programs and services available to customers who may be experiencing financial hardship (e.g. at <http://australia.gov.au/services/service-task/apply-for/apply-concessions>); and
 - e) identify appropriate financial counselling services (e.g. by providing the national financial counselling hotline number 1800 007 007) available to customers who may be experiencing financial hardship..
2. Describe the range of responses that the supplier may use to assist customers experiencing financial hardship.
3. Offer information about the supplier's dispute resolution policy, and the customer's right to lodge a complaint with the TIO and any other relevant external dispute resolution forum if their hardship claim is not resolved to their satisfaction by the supplier.
4. Include a communication plan that promotes the existence of the policy in ways that are tailored to the specific needs of customers who may be experiencing financial hardship. The plan may address the following points:
 - a) includes minimum standards to ensure the policy is readily available, easy to find and accessible on the provider's website (for example, having the policy available on the provider's home page or just one click away);

- b) provides information about the policy in another format (for example, as a hard-copy) if requested by a customer;
 - c) provides information about the policy in the supplier's stores, and on bills, and when communicating with the consumer for example through reminder notices, outbound SMS, email and phone calls, and online chats or similar forums; and
 - d) tests the communication plan with customers on a regular basis to ensure messages are targeted appropriately.
5. Promote easy access to and use of financial hardship services by customers including by:
- a) providing a range of methods for the customer to make contact with the supplier where a bill cannot be paid in full, or a financial hardship arrangement is required;
 - b) accepting standard authority forms¹¹ when the customer is represented by a financial counsellor;
 - c) clearly and transparently outlining reasonable information and documents a consumer will need to disclose to allow an assessment of financial hardship;
 - d) encouraging assessment of financial hardship and capacity to pay without onerous information or documentation requirements;
 - e) responding to the disclosure of financial hardship circumstances with sensitivity, compassion and understanding;
 - f) making available a short and simple summary of financial hardship services;
 - g) making relevant information accessible through a wide range of channels to all customers, including those with disabilities (including vision, speech and hearing disabilities), and to those who require the assistance of language interpreter services (e.g. by providing the national Translating and Interpreting Service number 131 450); and
 - h) allowing customers to apply for financial hardship via the provider's website.

6.3 Assessment and decision-making

An effective way to assist a customer in financial hardship meet their financial obligations and stay connected is by undertaking a prompt and appropriate assessment of their circumstances, offering payment and service solutions that are affordable and sustainable, and clearly documenting and communicating any decisions made. To promote this, a supplier's financial hardship policy may include some or all of the following practices:

1. Provide for an assessment process that:
 - a) Determines, as early as possible, a customer's eligibility using objective criteria as indicators of financial hardship;
 - b) promotes a full assessment of the customer's circumstances, including consideration of any other debts or bills for which the customer is responsible;
 - c) only requires relevant documentation or information from the consumer;
 - d) promotes the appropriate referral of the customer to community financial counsellors where financial hardship is entrenched, especially where the provider is aware that the customer is impacted by family violence or has other debts they cannot afford;
 - e) considers whether the customer was sold the service in a fair and accurate manner;
 - f) considers whether the service selected by the customer is appropriate for their needs;
 - g) promotes the offering of payment options that the customer can afford to pay;
 - h) works towards the customer being able to stay connected to essential telecommunication services while meeting their financial obligations; and
 - i) ensures that any disputed charges are effectively managed under the supplier's complaint handling arrangements, and that the customer is not required to make payments for charges that are in dispute and still being investigated by the supplier, the TIO or relevant recognised third party.

¹¹ For example, the Financial Counsellor Authorisation Form accepted under the ACCC and ASIC Debt Collection Guidelines (July 2014).

2. Exempt a customer in financial hardship from further credit management actions while payments are being made to the supplier according to an agreed payment plan or schedule. This includes exempting the customer from the following credit management actions:
 - a) Restriction, suspension or disconnection of essential telecommunications services;
 - b) legal action relating to the outstanding debt;
 - c) credit default listing in respect of the outstanding debt; and
 - d) payment of additional debt recovery costs (including payment of any interest accrued prior to the customer being identified as in hardship or which has accrued during the customer's period of financial hardship).
3. Waive any fee for late payment of a bill by a customer experiencing financial hardship.
4. Offer a range of payment and essential telecommunication service options and incentives congruent with the customer's capacity to pay and circumstances. Options a supplier may consider include:
 - a) providing an extension of time to make a payment;
 - b) making available payment arrangements, including payment by instalments or over an extended period of time;
 - c) offering incentives (such as reduced payments and partial debt waiver) for meeting payment obligations;
 - d) providing payment vouchers to financial counselling or other community services, to give directly to consumers who are in financial hardship;
 - e) implementing hard caps and shaping for services;
 - f) restructuring the customer's account to increase affordability;
 - g) "right-planning" the services provided to the consumer to increase affordability;
 - h) transferring the customer to pre-paid services;
 - i) making available Centrepay services; and
 - j) releasing a customer in financial hardship from their contract and providing a waiver of debt when financial hardship is entrenched or the debt arose as a result of family violence.
5. Require that payment arrangements are documented and made available to the customer in an appropriate form, and contain the information required by sub-clause 6.13 of the TCP Code.

6.4. Customer protections

Where a supplier is assisting a customer who is identified as being in financial hardship, there are a number of additional actions that can be taken to promote the customer meeting their financial obligations and remaining connected to essential telecommunication services. These include the following:

1. Provide for cessation of all referrals to debt collectors, assignment or sale of the debt, or credit default listing during the period that the customer's circumstances are being assessed or dealt with under the supplier's financial hardship arrangements.
2. Offer advice and education for customers about how to manage and reduce the cost of their services.
3. Provide the customer immediate access to its financial hardship program and referrals to other appropriate agencies if the customer is impacted by family violence.
4. Implement a process to regularly review individual financial hardship agreements to ensure they continue to meet the needs of customers in accordance with the framework principles.
5. Make reasonable efforts to contact a customer who has broken a payment arrangement before recommencing any credit management actions, so that the customer can stay connected to essential telecommunications services while the suitability of the current repayment arrangement is reassessed.
6. Implement a process for consultation with customers experiencing financial hardship to determine their level of satisfaction and to identify opportunities for service improvement. The process could also include consultation with relevant supplier customer service representatives.

6.5 Organisational arrangements

Responding effectively to financial hardship requires a whole of organisation effort, with strong leadership, empowered and well trained staff, and regular reviews of financial hardship arrangements. The following organisational arrangements reflect observed good practice that promotes effective responses:

1. Responsibility for developing and driving implementation of a financial hardship policy lies with the senior leadership. As such there is regular reporting of financial hardship data at senior leadership meetings.
2. Resolution of financial hardship inquiries as quickly as possible is an organisational target. Contact centre staff will need to be given the decision-making power necessary to achieve this target, including the ability to refer to the appropriate expert team or individual (e.g. a dedicated hardship team) if appropriate.
3. Financial hardship training is provided to staff who will deal with customers in financial hardship on a regular basis (e.g. every 6 months). In a franchise model, the franchisor may offer training to support its franchisees. The training may include the promotion of awareness that financial hardship can be a result of a range of circumstances, and provide staff with the skills and tools to assist consumers experiencing financial hardship in the most appropriate way.
4. New products and services are evaluated for their potential impact on customers experiencing financial hardship as part of the development process.
5. Supplier monitoring of systemic and quality issues including reviews of financial hardship activities.
6. Supplier hardship policies are reviewed on a regular (preferably annual) basis.

6.6. Relationships with third parties

Improved outcomes for customers experiencing financial hardship are more likely to be achieved by promoting stronger relationships between suppliers and third parties such as financial counsellors. Often, these relationships will include informal networks between the supplier's financial hardship staff and financial counsellors.

In addition, a supplier may consider including the following more formal steps in their financial hardship policy to improve working relationships:

1. Maintain regular contact with financial counselling organisations and relevant agencies to identify emerging issues.
2. Assist financial counsellors to keep abreast of supplier financial hardship policies, through mechanisms such as newsletters and other direct communications.
3. Appoint a liaison officer as a point of contact with financial counsellors.
4. Develop and communicate (e.g. via newsletters) a dedicated contact number and/or email address for financial counsellors that is regularly monitored.
5. Implement a mechanism to collect feedback from relevant contact centre staff about financial counsellor practices and provide this to the appropriate financial counselling agencies.
6. Explore development of relationships with other organisations that assist consumers experiencing financial hardship, such as Community Legal Centres.
7. Monitor good practice approaches for collaboration with third parties regarding financial hardship in other industries.

6.7. Success measures

It is important for suppliers to have in place measures that assess whether policies and practices are effective in assisting customers to meet financial commitments and stay connected.

Measures a supplier may adopt to assess the success of financial hardship policies and practices include:

- Quantitative measures, including:
 - » the number and proportion of customers who access financial hardship arrangements;
 - » the type of payment and service provision arrangements agreed for these customers ;
 - » the outcomes achieved by customers (for example, the proportion of customers who return to normal billing cycles; the proportion of these customers who remain connected);
 - » the number of complaints made by customers relating to financial hardship matters, including the number of complaints received by the Telecommunications Industry Ombudsman, and the outcomes of these complaints; and
 - » customer satisfaction with supplier financial hardship services.
- Qualitative information, including:
 - » case studies demonstrating the outcomes of financial hardship interventions;
 - » feedback from financial counselling and other consumer agencies;
 - » supplier employee feedback about financial policies;
 - » the findings of regular reviews of financial hardship policies; and
 - » the outcomes of any regulatory audits.

Attachment A:

Concordance table – TCP Code and the principles and practices guide

Issue	TCP Code	Responding to customers in financial hardship	Common principles	Points of divergence/enhancement
Defining Financial Hardship	Clause 2.1 - Definition of Financial Hardship	Section 4.1 - Scope	Both documents agree that being in financial hardship means that a customer has the willingness to pay but not the capacity.	<p><i>Assisting and responding to customers in financial hardship: Principles and practices for telecommunications providers</i> (guide) contains a broader definition that:</p> <ul style="list-style-type: none"> • does not focus on the specific cause of hardship • recognises that hardship can be both temporary and entrenched, and • acknowledges that hardship can be both minor and severe
Financial Hardship Policies	Clause 6.11 – Financial Hardship Policy	Section 6.2 Section 5 – Principle of Flexibility Section 6.5.(6)	Both documents require a supplier to have a policy on financial hardship that is easy to access.	<p>The guide suggests that the financial hardship policy should specify processes that:</p> <ul style="list-style-type: none"> • encourage customers who are experiencing hardship to contact their provider • promote the early identification of and response to financial hardship • provide clear guidance for staff about referral pathways and the responses that are most likely to be appropriate given a particular circumstance. <p>The document also recommends an annual review of financial hardship policies by suppliers.</p>
Identifying Financial Hardship	Clause 6.11.1(d) (ii) Clause 6.11.1(d) (iii)	Section 6.5(2) Section 6.1 Section 5 – Principle of Accessibility	Both documents recognise that consumers will not always self-identify and that telecommunications suppliers also have a role to play in identifying financial hardship.	<p>The guide provides guidance about:</p> <ul style="list-style-type: none"> • the need to identify financial hardship as early as possible, and • the types of consumer behaviours that may indicate financial hardship is present.
Customer access to Information	Clause 6.11(a) Clause 6.11(b) Clause 6.11(d) Clause 6.11(e) Clause 3.3.2 Clause 6.12.1(c) Clause 6.6.1	Section 6.2(4) Section 6.2(5) Section 5 – Principle of Flexibility	<p>Both documents agree that financial hardship assistance information should be easy to access via a supplier's website, and that customers should be informed at an appropriate point in time about the existence and contents of such information.</p> <p>Both documents also agree staff who specialise in financial hardship should be easy to contact, and that customers should be communicated with in a manner that suits their individual communications needs to ensure they understand.</p>	<p>The guide builds on this by suggesting that financial hardship policies:</p> <ul style="list-style-type: none"> • be made available in alternative formats upon a customer's request, and • be mentioned in all stores, on all bills and in all outbound SMS, phone calls and emails, and online chats or similar forums. <p>The guide also promotes the regular testing of communication plans to ensure that the message of financial hardship assistance.</p>

Issue	TCP Code	Responding to customers in financial hardship	Common principles	Points of divergence/enhancement
Assessing Financial Hardship	Clause 6.12.1 Clause 6.13.1	Section 6.3 Section 6.2(5)(b) Section 5 – Principle of Fairness Section 5 – Principle of	<p>Both documents agree that consumers have a right to receive a prompt and fair assessment of their request for financial hardship assistance.</p> <p>Both documents agree that any assessment of financial hardship should consider individual customer circumstances against a set of objective criteria.</p> <p>Both documents also agree that consumers may need to supply documentation to support their claim of hardship.</p> <p>Finally, both documents acknowledge that decisions/agreements relating to financial hardship need to be carefully communicated with the consumer.</p>	<p>The guide provides that a supplier should not ask for any more documentation than is necessary to conduct the assessment, and that information/documentation requests should not be onerous for the consumer to meet.</p> <p>The guide also suggests a supplier includes release from contract without early termination fees and/or waiver of debt as an option in its financial hardship outcomes, if financial hardship is entrenched.</p>
Responding to Financial Hardship	Clause 2.1 – Definition of 'Urgent Complaint' Clause 6.12.1(f) Clause 6.12.1(h)	Section 6.1 Section 6.2(2) Section 6.3(1) Section 6.3(2)(a) Section 6.3(4) Section 2(1) Section 4.2 Section 5 – Principle of Flexibility Section 6.4(2) Section 6.4(4)	<p>Both documents agree that suppliers need to make special arrangements to assist consumers who are experiencing financial hardship, and that this assistance should be provided as soon as possible.</p> <p>Both documents also agree financial hardship arrangements should be tailored to the circumstances of individual consumers.</p>	<p>The guide builds on this by:</p> <ul style="list-style-type: none"> • highlighting the need to identify financial hardship early, in addition to responding to confirmed cases of hardship in a timely manner • providing guidance on the wide variety of responses that are available to suppliers in addition to traditional payment arrangements, including consumer education • defining what an essential telecommunications service is, and stressing the importance of maintaining customer access to essential telecommunications services during times of hardship, and • encouraging providers to consult directly with customers experiencing hardship to identify opportunities for service improvement.

Issue	TCP Code	Responding to customers in financial hardship	Common principles	Points of divergence/enhancement
Debt Collection during Hardship	Clause 6.14.1 Clause 6.7.1(d)(ii) Clause 6.6.1	Section 6.3(2) Section 6.3(3) Section 6.4(1) Section 6.4(4) Section 6.3(1)(h) Section 2(1) Section 4.2	<p>Both documents agree that the debt of a customer in financial hardship should be quarantined from normal debt collection activities (such as service restriction, legal action, sale of debts to third parties, credit default listing and the passing on of additional debt recovery costs) while payments are being made according to an agreed plan or schedule.</p> <p>Both documents also recognise that the restriction, suspension or disconnection of telecommunications services may have a negative impact on persons experiencing hardship, and that some types of correspondence from a supplier should contain information about financial hardship.</p> <p>Both documents agree that reasonable efforts should be made to re-establish contact with a consumer who has broken a promise to pay before credit management is recommenced.</p>	The guide notes that credit management includes the charging of late bill payment fees. It also stresses the importance of maintaining access to essential telecommunications services during times of hardship.
Reviewing Financial Hardship Arrangements	Clause 6.12.1(h)	Section 6.4(3) Section 6.5(5)	Both documents agree that there may be a need to review individual financial hardship arrangements to ensure that they continue to meet the needs of customers in hardship.	While the TCP Code requires a supplier to be flexible when it is informed that a consumer's circumstances have changed, the guide encourages suppliers to proactively review the suitability of individual financial hardship arrangements on a regular basis. The guide also promotes the systemic analysis of financial hardship activities.
Resolving Disputes	Clause 8.1.1(a)(vii)(E)	Section 6.2(3) Section 6.7	Both documents agree that lodging a complaint needs to be easy for customers experiencing financial hardship.	The guide specifically asks telecommunications suppliers to analyse complaints about financial hardship matters, including complaints that have been escalated to the TIO.
Third Parties	Clause 6.11.1(c) Clause 3.5.1	Section 6.1 Section 6.6 Section 5 – Principle of Flexibility Section 6.7	Both documents concur that there is value in putting consumers experiencing hardship in touch with financial counselling agencies, and that consumers should be able to choose whether they appoint a financial counsellor or other third party as an advocate.	The guide builds on this by fostering the creation and maintenance of a dialogue between telecommunications suppliers and financial counsellors to assist their shared clientele.
Staff Training	Clause 6.11.1(f)	Section 6.5(3) Section 5 – Principle of Flexibility	Both documents highlight the importance of adequately training staff to handle financial hardship matters.	<p>The guide builds on this by asking suppliers to provide staff with training every 6 months that covers:</p> <ul style="list-style-type: none"> • the wide range of circumstances that may give rise to financial hardship, and • the skills and tools to assist consumers experiencing hardship in the most appropriate way

Attachment B:

Organisations consulted

Australian Communications Consumer Action Network (ACCAN)
CARE Financial Counselling Service and the Consumer Law Centre of the ACT
Communications Alliance Ltd
Consumer Action Law Centre
Financial Counselling Australia
M2 Commander Pty Ltd
Optus
Southern Phone
Telechoice
Telstra
Telecommunications Industry Ombudsman
Vodafone

