

Understanding Financial Difficulty in Western Australia



Welcome

Telecommunications Industry Ombudsman Judi Jones, Ombudsman

I am pleased to introduce the Understanding Financial Difficulty in Western Australia report, in partnership with the Financial Counsellors Association of Western Australia.

The results of our report have been invaluable, and show a pattern of financial difficulty in Western Australia that is surprising and varied. As well as the more traditional issues highlighted such as employment and health, the survey has highlighted the impact of telecommunications on those with financial challenges. 91% of financial counsellors told us they have helped someone with a phone or internet related issue; and 70% of financial counsellors said problems with phone and internet services have increased over the last two years.

13, 623 residential consumers and small businesses contacted us in 2016/17 about a problem with their phone or internet service - a 49.1% increase in complaints since 2015/16. In complaints such as billing, payments, contracts and credit management, we can see how financial problems impact on people's lives and the community around them. As well as widening our understanding of those who need our help the most, this survey gives us an opportunity to shape our services to be accessible and supportive.

Thank you to the financial counsellors and workers from across Western Australia who took the time to respond. Your expertise and input has been invaluable and helped produce an insightful study.



Financial Counsellors Association of Western Australia Bev Jowle, Executive Officer

Financial Counsellors Association of Western Australia is proud to partner with the Telecommunications Industry Ombudsman on this report.

The Telecommunications Industry Ombudsman is a supporter of the financial counselling sector in Western Australia. To this end FCAWA has collaborated with the Ombudsman to produce this survey amongst financial counsellors and financial capability workers to promote the services we provide, where we provide them and uncover some of the big issues facing our members and their clients.

The purpose of the FCAWA is to be the collective voice and forum for financial counsellors to express their views on systemic consumer related issues affecting the community.

Federal or State Government funding agreements support financial counsellors throughout Western Australia to provide free, independent and confidential financial counselling services to members of the community experiencing financial hardship.

This report illustrates there has never been a more important time for the services of the FCAWA and its members. Thank you for your ongoing support.



Introduction

In dealing with complaints and in providing financial counselling, the Telecommunications Industry Ombudsman and Financial Counsellors Association of Western Australia both work directly with those affected by financial problems. To better understand what financial counsellors were seeing, and also how this relates to difficulties with phone and internet services, the Telecommunications Industry Ombudsman and the Financial Counsellors Association of Western Australia surveyed financial counsellors about the issues.

Financial counsellors have frontline expertise and many have worked in this area over a number of years. As well as understanding the challenges of financial hardship, the financial counsellors are also aware of the particular issues facing Western Australians. Those surveyed are all members of Financial Counsellors Association of Western Australia.

The survey looked at the possible causes of financial difficulty in Western Australia, the pattern of key issues, how problems were developing, and how problems may be solved. The survey also asked financial counsellors how difficulties with phone and internet services have impacted on the lives of the clients they work with.

Reflections from Financial Counsellors in Western Australia

“ Overselling is a huge issue, clients often with mental health issues have trouble saying no to pressured sales ”

“ Clients give up in the first instance after trying to resolve a complaint - this leads to unpaid debts, default listings, debt collection and court action that could have been avoided ”

Key Findings of the survey

Financial counsellors in Western Australia

- 71 financial counsellors, financial capability workers, and community workers responded to the survey.
- Most respondents have been in their role for over 5 years (76%) and see up to 15 clients per week (74%).
- The ways people hear about the work of financial counsellors are word of mouth (94% of responses), from NGO or community groups (82%), government agencies (76%), and websites (76%). Other ways include posters and flyers, referred by a medical professional, from an MP, Senator or Councillor.
- Financial counsellors from all the regions in Western Australia are represented in the survey.

Causes of financial difficulty in Western Australia

- Financial counsellors ranked the leading causes of financial difficulty; low income (1), unemployment (2), poor financial management (3), mental health (4), and relationship breakdown (5).
- Over the last two years financial counsellors have seen a rise in the causes of financial difficulty, reporting increases in unemployment (86% of responses), low employment (85%), mental health (77%), and relationship breakdown (68%).

Telecommunications issues in Western Australia

- 70% of financial counsellors report an increase in phone or internet related problems over the last two years.
- The most common issues about phone and internet services are consumers unable to pay their bill (83%), and consumers misunderstanding their contract (65%).

How to help people avoid financial difficulty

- Financial counsellors believe the top ways to help people avoid financial difficulty are financial education (89%), tighter regulation of loans and financial products (77%), and helping people find employment (74%).

Financial Counsellors in Western Australia

76%

of financial counsellors have over 5 years experience working with those in financial difficulty

90%

of financial counsellors work for a not for profit community service organisation or NGO

55%

of financial counsellors work over 35 hours per week

Where financial counsellors work in Western Australia

	RESPONSES
Perth	46.48%
South West	15.49%
Wheatbelt	8.45%
Kimberley	7.04%
Peel	7.04%
Great Southern	5.63%
Pilbara	4.23%
Gascoyne	2.82%
Goldfields-Esperance	2.82%
Mid West	2.82%
Ngaanyatjarra Lands	1.41%
All	1.41%

46%

of financial counsellors work in Perth with other counsellors based across all the regions in Western Australia

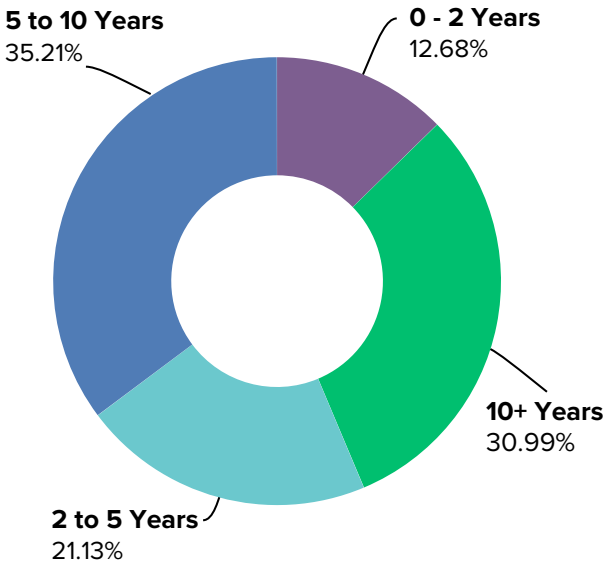
74%

of financial counsellors see up to 15 clients per week

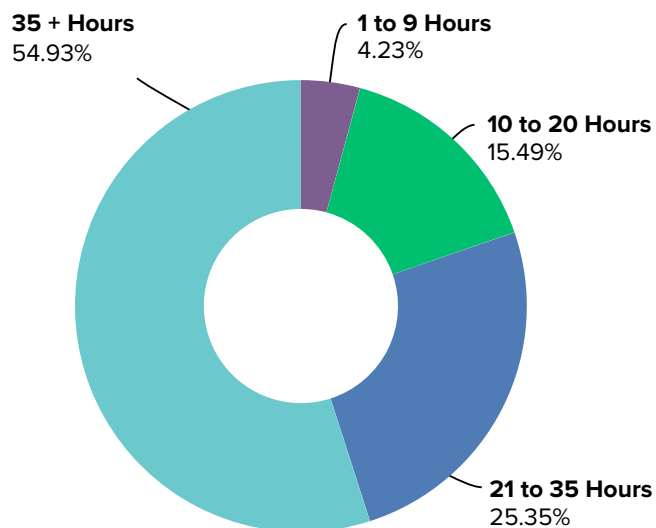
9%

of financial counsellors see over 30 clients per week

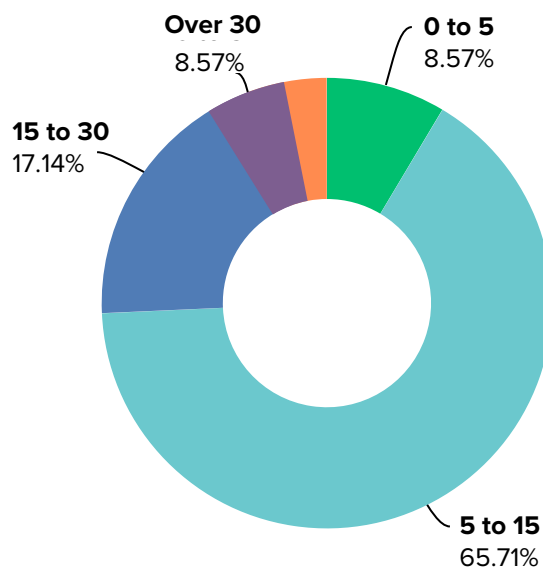
Number of years financial counsellors have been in their role



Average number of hours worked per week by financial counsellors



Average number of clients seen by financial counsellors each week



How financial counsellors help people

	RESPONSES
Advocacy	98.57%
Referral to other agencies	98.57%
Communicating with third parties	97.14%
Debt negotiation	94.29%
Prioritising debts	91.43%
Developing a money plan	88.57%
Bankruptcy support and information	87.14%
Taxation debts and unpaid fines	81.43%
Tenancy issues	70.00%
Financial literacy training	68.57%
Provide money and support	51.43%

Financial Counsellors could select multiple answers

“ Word of mouth remains the highest referral point with many people stating ‘I didn’t know you existed’ ”

Causes of financial difficulty in Western Australia

86%

of financial counsellors report an increase in financial difficulties caused by unemployment over the last two years

68%

of financial counsellors report an increase in relationship breakdown contributing to financial difficulties

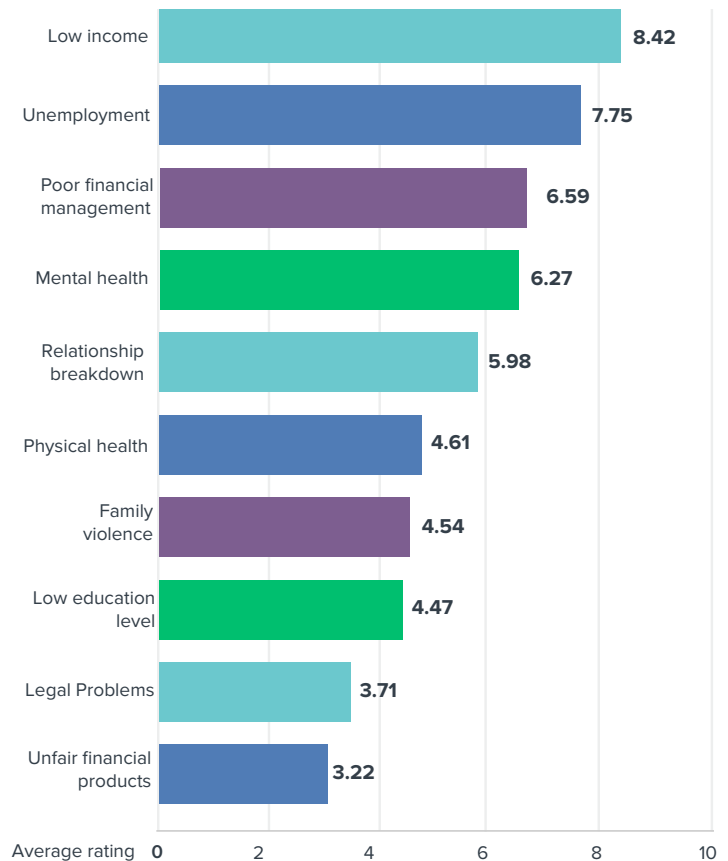
78%

of financial counsellors reported an increase in mental health issues contributing to financial difficulties

50%

of financial counsellors reported an increase in unfair loans and financial products contributing to financial difficulties

Causes of financial difficulty



How causes of financial difficulty have increased over the last two years

	Significantly Increased	Increased
Unemployment	56.06%	30.30%
Low income	40.91%	43.94%
Mental health	36.36%	42.42%
Family violence	27.27%	40.91%
Relationship breakdown	21.21%	46.97%
Poor financial management	15.15%	33.33%
Unfair loans and financial products	12.12%	37.88%
Legal problems	9.09%	31.82%
Physical health	7.58%	31.82%
Low education level	3.03%	24.24%

How to help those in financial difficulty

89%

of financial counsellors say financial education is the best way to help people avoid financial difficulty

77%

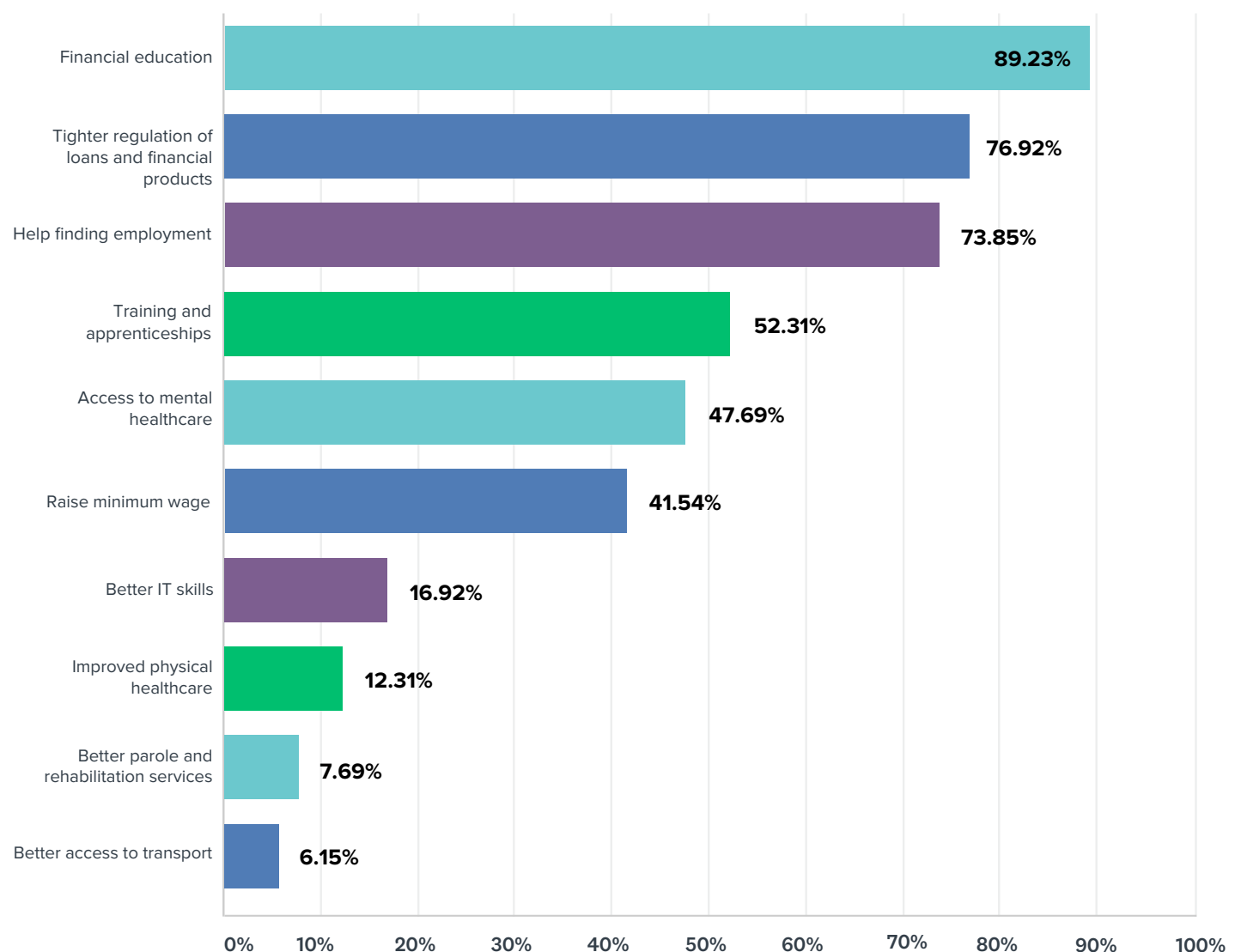
of financial counsellors say tighter regulation of loans and financial products would help

74%

of financial counsellors say help finding employment will avoid people experiencing financial difficulty

52%

of financial counsellors think more training and apprenticeships would help avoid financial difficulty

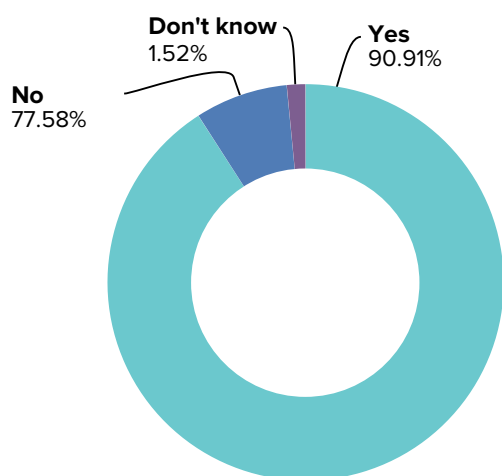


Phone and internet issues in Western Australia

91%

of financial counsellors have helped people with phone or internet related issues in the last two years

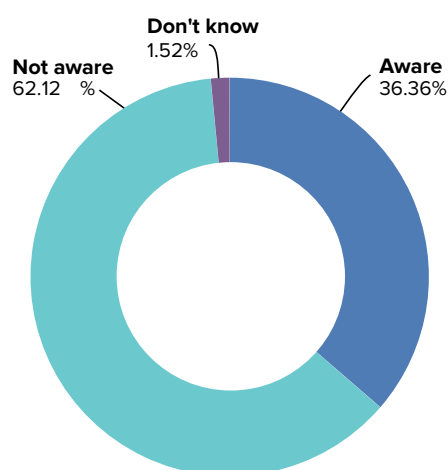
Financial counsellors who have dealt with phone or internet related issues in the last two years



83%

of financial counsellors say being unable to pay is a common cause of phone and internet related financial difficulty

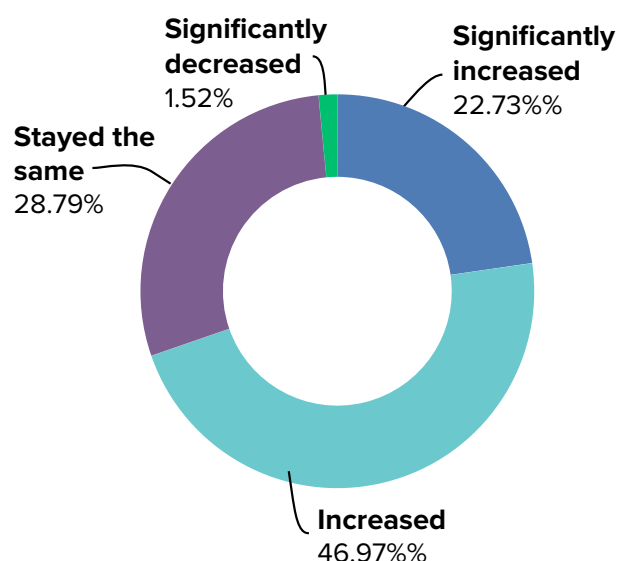
Clients awareness of how to complain about their phone and internet services



Phone and internet issues causing financial difficulty

	RESPONSES
Unable to pay	83.33%
Misunderstanding contract	65.15%
Not enough money coming in to cover required spending	57.58%
Late bill payments or often seeking extensions	53.03%
Bad relationship with phone or Internet Company	43.94%
Overselling	39.39%
Language or cultural barriers	31.82%
Increasing debt from credit cards or loans	30.30%
Legal action for debt recovery	25.76%

Increase in phone and internet issues over the last two years



What stops people complaining about their phone or internet service

90%

of financial counsellors say a lack of knowledge stops people complaining about their phone or internet service

90%

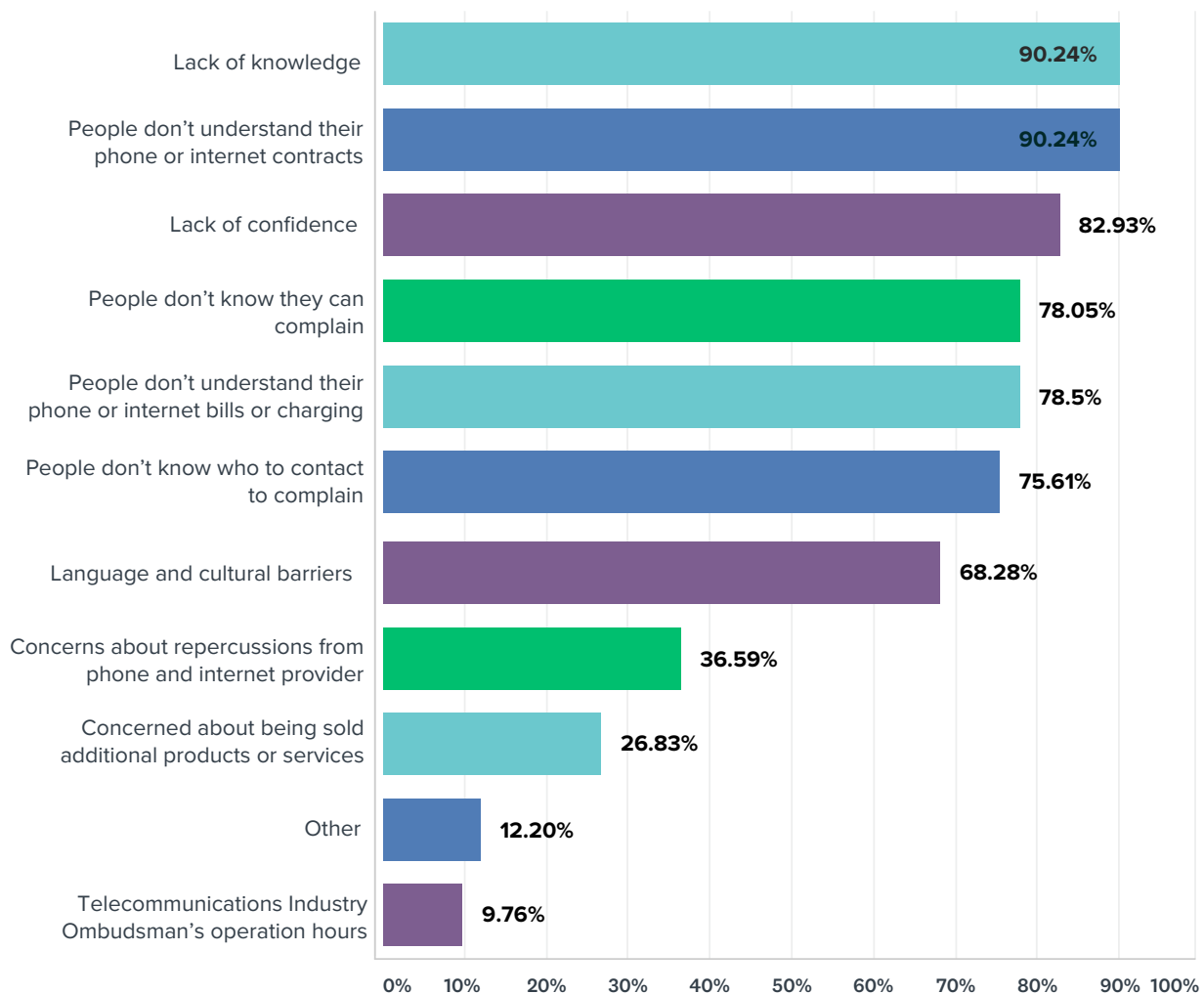
of financial counsellors say people not understanding their contract stops them complaining about their phone or internet service

83%


of financial counsellors say a lack of confidence stops people complaining about their phone or internet service

68%

of financial counsellors say language and cultural barriers stop people complaining about their phone or internet service



Making a complaint to the Telecommunications Industry Ombudsman

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- 1 Residential consumers and small businesses should first try to resolve their complaint with their phone or internet provider.
 - 2 If the complaint remains unresolved, the residential consumer or small business should contact the Telecommunications Industry Ombudsman by visiting www.tio.com.au or call 1800 062 058.
 - 3 The Telecommunications Industry Ombudsman will determine whether it can deal with the complaint.
 - 4 The Telecommunications Industry Ombudsman can work with the parties to resolve the complaint.
 - 5 The Ombudsman has the power to decide the resolution of the complaint.

About the Telecommunications Industry Ombudsman

The Telecommunications Industry Ombudsman is a free and independent dispute resolution service for residential consumers and small businesses who have an unresolved complaint about their phone or internet service.

The Telecommunications Industry Ombudsman was established in 1993 under the Telecommunications (Consumer Protection and Service Standards) Act 1999 (the Act) and is a company limited by guarantee. The Act requires telecommunications service providers to be members of the Telecommunications Industry Ombudsman and to comply with the decisions of the Ombudsman.

Scope of service

Dispute resolution services include:

- Dealing with individual and systemic complaints
- Promoting fair and effective resolution of complaints
- Providing information and analysis to community, government and members

The Telecommunications Industry Ombudsman can help consumers and small businesses with:

Contracts: Has a consumer agreed to something that they did not get?

Bills: Is a bill incorrect or is a consumer having trouble paying it?

Faults and services difficulties: Is mobile phone connectivity an issue?

Disconnections: Has a consumer's phone or internet been cut off?

Debt collection: Is a consumer or small business being asked to pay a debt that is not theirs?

If a consumer or small businesses has an unresolved complaint about these issues they should contact the Telecommunications Industry Ombudsman.

If the individual is unable to call, a friend, family member or financial counsellor can call on their behalf.

How the Telecommunications Industry Ombudsman records complaints

When recording complaints, the Telecommunications Industry Ombudsman collects information from residential consumers and small businesses. The information collected includes:

- which service provider the complaint is about
- whether the complaint relates to a landline phone, mobile phone or internet service
- the complaint issues
- the postcode of the residential consumer or small business
- the resolution the residential consumer or small business is seeking

If the complaint is about faults or connections, residential consumers or small businesses will be asked if the service is delivered over the national broadband network.

The Telecommunications Industry Sector

The Telecommunications industry regulators are the Australian Communications and Media Authority (ACMA) www.acma.gov.au and the Australian Competition and Consumer Commission (ACCC) www.accc.gov.au.

Government and the regulators set policy and regulations for the telecommunications sector.

The Communications Alliance is the peak body for the Australian communications industry. www.commsalliance.com.au

The Australian Communications Consumer Action Network (ACCAN) is Australia's peak communications consumer organisation representing individuals, small businesses and not-for-profit groups as consumers of communications products and services. www.accan.org.au

Financial Counsellors Association of Western Australia

FCAWA has been established and incorporated since 1985 as the peak body for financial counsellors in Western Australia.

The purpose and function of FCAWA is to be the collective voice and forum for financial counsellors to express their views on systemic consumer related issues, which affect the community. FCAWA has ongoing input into government and non-government policies and practices. Also as the peak body, FCAWA represents its members and consumers through various committees and lobbies for change through submissions and membership on industry action groups.

FCAWA has 120 members throughout Western Australia.

About financial counselling

Federal or State Government funding agreements support Financial Counsellors throughout Western Australia to provide free, independent and confidential financial counselling services to members of the community experiencing financial hardship. Financial Counsellors provide information, options and support for individuals, families and consumer groups to explore, develop and implement strategies to overcome their financial situation. Financial Counsellors can assist with queries and information relating to the following areas:

- rules and laws relating to bills and debts
- working out payments with creditors
- any other assistance which may be available
- what you can do if you can't pay bills, fines or debts
- consumer problems
- preparing a statement of position or a budget
- bankruptcy and alternatives
- other organisations which may be able to help

“ The most common problem I see is with people being given huge amounts of additional data and are not able to afford the high bills ”

“ The main problem is shuffling client from one person to another resulting in the repeating of information and clients getting too frustrated to deal with the issue at all ”

“ Contracts are too complicated, sold as ‘monthly charge’ but actually in small print there is a larger ‘minimum charge’ ”

“ The people I see aren’t not-paying because they’re greedy or lazy - they’re not-paying because they don’t have the money. ”



Contact us:

By phone 1800 062 058*

Online www.tio.com.au

By fax (free) 1800 630 614

By post PO Box 276 Collins St West VIC 8007

If you need an interpreter, please contact us through the Translator and Interpreter Service (TIS): 131 450

The Telecommunications Industry Ombudsman's Privacy Policy explains how we collect, use and handle your personal information. Ask us for a copy or find it at www.tio.com.au/privacy

*Free from landlines. If you are calling from a mobile, you can ask us to call you back.