

Responding to customers in financial hardship:

Principles and practices for telecommunications providers

March 2014

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Message from Communications Alliance

Telecommunications were historically regarded as just another “utility” – a service in the same category as access to electricity, gas and water – necessary to maintaining a modern and comfortable standard of living.

The communications revolution of the past 30 years has, however, transformed the impact that communications technologies have on the lives of modern Australians, and the importance of such access to an individual’s ability to engage with their community, care providers and governments, and to participate equitably in the opportunities and benefits of today’s society.

This transformation underlines the need for telecommunications service providers to pay ever-closer attention to the needs of customers experiencing financial hardship – whether this is a temporary or persistent difficulty.

Measures to assist low-income Australians to stay connected have been in place for many years and many Australian telco providers have responded creatively in this area; seeking ways to understand better the plight of those experiencing financial hardship and how service provider and customer can work together to keep connectivity alive while managing and meeting obligations on both sides of the equation.

Industry worked closely and successfully with financial counsellors and other consumer representatives recently to produce an upgraded and comprehensive set of financial hardship management obligations that telecommunications service providers are required to meet. These are contained within the Communications Alliance **Telecommunications Consumer Protections (TCP) Code 2012** – a code that is registered and enforceable by the industry regulator, the Australian Communications and Media Authority (ACMA).

This document is the product of an energetic collaboration by financial counsellors, consumer representatives, the TIO and industry players. It is not designed to create additional rules for consumers or the industry, but rather to help all stakeholders better appreciate the tools and practices they can potentially draw on to create positive, sustainable outcomes for the many Australian communications customers who find themselves in tough financial situations.

John Stanton

Chief Executive Officer

Message from Financial Counselling Australia

There is a wise saying that a conversation is simply a search for common meaning. If there is a theme that sums up these guidelines and the process that led to them, it would be about our search for common meaning – and the many conversations that led us here.

At its essence, this document changes the conversations between telcos and customers in hardship – and changes them for the better. The principles and practices represent a major leap forward, setting out examples of best practice. They have the potential to fundamentally change the way the telecommunications industry responds to customers in financial hardship.

The same search for common meaning was evident in the process that led to the development of the guidelines. The telecommunications industry, financial counsellors and consumer advocates all started with the same premise: that we wanted to improve responses to customers in financial hardship. But good intentions are not enough. We needed to listen to each other and that took some time, and some give and take. As our conversations continued, the document slowly took shape.

What is important for the future is to continue the productive working relationship that has developed during the development of this particular document.

We will want to talk more about this document – because it is meant to evolve and change over time – but also about myriad other issues affecting consumers and telcos. We look forward to these conversations.

It is also important to acknowledge the invaluable facilitative role played by the TIO. Apart from their great patience, the clarity of the document, and its plain English style, is a testament to the skill of the TIO drafters. They managed to take the gist of a rough idea in a meeting and turn it into elegant English on a page.

As a final comment, it is worth coming back to the people this document is designed to assist: people who want to pay their bills, but are struggling to find a way. Every day, financial counsellors assist thousands of Australians in this situation. Most people will have debts with many creditors, including banks, utilities and telcos. They will generally also be under significant stress and sometimes even suicidal. Financial difficulty doesn't come all nicely wrapped up in a box, so that you can deal with it alone. It affects physical and mental health, relationships with partners and children. What matters most is listening and treating people with respect. When we change the conversations, we change the outcome.

Fiona Guthrie
Executive Director

Message from the Telecommunications Industry Ombudsman

Financial hardship is an apt description of the day-to-day reality for many in our community. For these Australians, because of their poor financial position, life can be very hard. They may not be able to afford the basic necessities – for both themselves and those who rely upon them. They may be stressed by bills they cannot pay. And they may be excluded from engagement in their community at every level.

The purpose of this document is simply stated: to enable customers who are experiencing financial hardship to stay connected to essential telecommunication services while assisting them to meet their financial obligations. It is a purpose that seeks to give life to an intention of responding effectively, flexibly and compassionately to the circumstances of any telecommunications customer who is in financial hardship. It is also a purpose that reflects how critical access to telecommunications has become for every member of our community.

It is perhaps counter-intuitive that responding effectively and appropriately when consumers are in financial hardship is potentially good for an organisation's bottom line. However, this is something I have heard again and again from business people who are expert in this area. That it is also the right thing to do, though, strikes a strong chord with an Australian community committed to a fair go.

My office has been pleased to facilitate an ongoing discussion between representatives of the telecommunications industry and consumers to develop this principles and practices document for responding to customers in financial hardship. A series of roundtables, forums and workshops have allowed the exchange of ideas and examples to inform what is a flexible and achievable set of principles and practices. I encourage every telco to take up the challenge the document presents, and to think carefully about how their business might better assist customers in financial hardship.

We have committed to facilitate a further workshop after 12 months, so that telcos and those who represent consumers in financial hardship can review the impact of the document. I am more than hopeful that we will be able to report, at that time, measurable success.

Simon Cohen

Telecommunications Industry Ombudsman

1.

Statement of intent

Australian telecommunication service suppliers and consumer representatives intend that the telecommunications industry should 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.

Responding to customers in financial hardship: Principles and practices for telecommunications providers (the document) reflects this statement of intent. It has been developed through a collaborative process by service providers, consumer advocates, financial counsellors and others involved in the telecommunications industry, and facilitated by the Telecommunications Industry Ombudsman. An overview of the development of the document is set out in **Attachment A**. The organisations and persons who have participated in the development of the document are noted in **Attachment B**.

The document reflects a shared view of recommended principles and practices that suppliers may use when dealing with consumers in financial hardship.

The document complements protections already provided for in the Telecommunications Consumer Protections Code 2012 (the TCP Code 2012) 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 consumers select the most appropriate plan for their circumstances.

The document also provides clarification and amplification of the requirements of the sections of the TCP Code 2012 (shown in **Attachment C**) that specifically deal with financial hardship.

The document is designed to further promote an appropriate supplier response when an existing customer is experiencing financial hardship, by providing for additional activities that will assist consumers to stay connected while meeting their financial obligations to the supplier.

The document further recognises the importance of access to essential telecommunication services for all Australians.

The document will be reviewed regularly by the organisations and persons named in **Attachment B**.

2.

Purpose and objectives

The overall purpose of the document is *to enable customers who are experiencing financial hardship to stay connected to essential telecommunications services while assisting them to meet their financial obligations*.

The specific objectives of the document 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 about good principles and practices for dealing with customers in financial hardship, which apply and build upon the service standards required by the TCP Code 2012.¹
3. Ensure such principles and practices are applied irrespective of the cause of the customers' financial hardship, or their cultural or linguistic background.
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.

¹ A concordance table which compares the supplier requirements specified in the TCP Code 2012 with the principles and practices in this document is shown in **Attachment D**.

3. Governance

The governance arrangements that relate to the document and its application are as follows:

- This document illustrates examples of best practice. All suppliers are encouraged to review the document to consider how relevant principles and practices can be adopted in their own businesses.
- Communications Alliance (CA) will consider the principles in the document in developing any guidance note to assist suppliers in meeting their financial hardship obligations under the TCP Code 2012. The document will also be considered in any future review of the TCP Code more generally.

4. Scope

4.1 Financial hardship

The TCP Code 2012 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 may receive a telecommunications bill that is higher than they are expecting and that they cannot immediately afford, and they may require additional time to pay
- the customer may have 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.

In addition, a customer's financial hardship may be entrenched. For example, some customers have ongoing physical, mental, economic or cultural barriers that limit their ability to understand, enter into and/or manage financial commitments in general, which may place them in financial hardship.

It is intended that the document 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.

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.

4.2

Essential telecommunications services

The document aims to assist customers maintain access to essential telecommunications services. Essential telecommunications services may include:

- services that enable citizens to have contact with essential services, such as emergency services, health and community services and education services
- services that allow citizens to earn a living, such as services used to conduct a business or for paid employment
- services that allow citizens 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. This may include, for example, content and entertainment services.

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

- For some consumers, access to a standard telephone service with some restrictions for outbound calls may be a sufficient service 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.
- For consumers who work at home, access to an internet service may be essential to earning a living.
- For consumers such as families with school-aged children who access homework or conduct project research online, or who undertake distance study using online course and teaching materials, access to an internet service may be essential if they are to effectively engage in education.
- For some consumers – including those who are homeless, those who do not have access to a landline service and those who for other reasons rely primarily or solely on mobile communications – access to a mobile telephone service (for example, a pre-paid service), may be an essential service.

4.3

Application of this document 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 document 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 2012 represents the minimum requirements. These suppliers are encouraged to examine the additional activities in this document 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

The document establishes the following principles to guide the design of supplier financial hardship policies.

Accountability

- Ultimate responsibility for developing 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 in 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 for identifying 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 penalised 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 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 disadvantaged². 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 financial hardship indicators 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)
- 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 who may be vulnerable or disadvantaged, or
- a customer requesting to use Centrepay.

6.2 Accessibility

Suppliers can take a number of steps to make it easy to access financial hardship assistance. This includes through active promotion of, and appropriate communication about, financial hardship policies. It also includes making available multiple contact options for 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 early identification of customers who may be experiencing financial hardship, including through self-identification, supplier 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 notify customers experiencing financial hardship about those programs and services (e.g. at <http://australia.gov.au/services/service-task/apply-for/apply-concessions>), and
 - e) where appropriate, identify appropriate financial counselling services (e.g. by providing the national financial counselling hotline number 1800 007 007) and notify customers experiencing financial hardship about those.
- 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 and identifiable from the provider's website
 - b) provides information about the policy in another format (for example, as a hard-copy) if requested by a customer

² The Australian Competition and Consumer Commission publication (2005) *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.

- c) provides information about the policy in the supplier's stores, and on bills, reminder notices, and outbound SMS, email and phone calls, 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:
- a) by 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) by clearly and transparently outlining reasonable information and documents a consumer will need to disclose to allow an assessment of financial hardship
 - c) by encouraging assessment of financial hardship and capacity to pay without onerous information or documentation requirements
 - d) by making available a short and simple summary of financial hardship services, and
 - e) by making relevant information accessible 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).

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 a customer's eligibility using objective criteria as indicators of financial hardship
 - b) promotes early identification of a customer's financial hardship
 - c) promotes a full assessment of the customer's circumstances, including consideration of any other debts or bills for which the customer is responsible
 - d) only requires relevant documentation or information from the consumer
 - e) 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 has other debts they cannot afford
 - f) considers whether the customer was sold the service in a fair and accurate manner
 - 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.
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) 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. 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 waivers of part of debts) 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-sizing" the services provided to the consumer to increase affordability
 - h) transferring the customer to pre-paid services, and
 - i) making available Centrepay services.

5. Require that payment arrangements are documented and made available to the customer in printed form, and contain the information required by sub-clause 6.13 of the TCP Code 2012.

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. 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.
4. Make reasonable efforts to contact a customer who has broken a payment arrangement before recommending 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.
5. 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). 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
- 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
 - the outcomes of any regulatory audits.

Attachment A:

Chronology of the principles and practices document

Date	Event
14 November 2011	A roundtable meeting to discuss financial hardship issues, prompted by a rise in complaints made to the TIO about payment arrangements and service suspension/disconnection, and by discussions held at an external dispute resolution conference for financial counsellors in May 2011. The meeting was facilitated by the TIO and was attended by a wide range of stakeholders, including telecommunications providers, consumer advocacy groups, government regulators and financial counsellors. The aim of this meeting was to build relationships and begin a discussion.
30 July 2012	A forum attended by a cross section of telecommunications providers, representatives of the bank, water and energy sectors, consumer advocates, financial counsellors and consumers who have themselves experienced hardship. The forum examined the good practice of other industries, considered hardship from a range of perspectives and discussed the development of a single and consistent hardship policy for the telecommunications industry. Key themes arising from the forum were the essential nature of different types of telecommunications services and the importance of staying connected throughout periods of hardship.
31 July 2012	A workshop attended by the same cross section of stakeholders as the forum the preceding day, during which the participants began the process of deciding exactly what should and should not be included in the principles and practices document. Discussion points included the document's purpose and scope, accessibility of the document and financial hardship assistance more generally, the definition of financial hardship and its indicators, assessment and decision making, and the relationships to be forged between industry and financial counsellors.
19 December 2012	A working party facilitated by the TIO and made up of representatives of the telecommunications industry, consumer advocates, and financial counsellors met to review a draft document that had been developed by the TIO based on discussions from the financial hardship workshop. Key issues arising from this meeting were the need to appropriately define what an essential service is, and to recognise that financial hardship varies in severity and requires a continuum of possible responses.
February-March 2013	During February and March 2013 the TIO engaged in teleconferences with each member of the working party and developed a further draft.
31 May 2013	The working party met again as a group via a teleconference to discuss the most recent draft of the document. Key points included how compliance with the document could or should be achieved and/or measured, and the relationship of the document to the Telecommunications Consumer Protections Code.
3 September 2013	The working party met face to face again to review, amend and accept changes made to the draft document since the May 2013 teleconference. Key issues discussed during this meeting included the public launch of the document, where ownership of the document would sit, and what the impact of the document might be on the day to day functioning of a telecommunications provider or a financial counsellor.

Attachment B:

List of organisations and persons

involved in the working party to develop
the principles and practices document

Name	Organisation
Angelo Angelopoulos	Telstra
Michael Blonk	Optus
Gerard Brody	Consumer Action Law Centre
Victor Cheng	Optus
Teresa Corbin	ACCAN
Chris Dodds	ACOSS
Margaret Fleming	Communications Alliance
Sally Forde	Telstra
Shona Fury	Communications Alliance
Leo Gagic	Telstra
Fiona Guthrie	Financial Counselling Australia
Jeremy Hobbs (until 2013)	Optus
Una Lawrence	ACCAN
Lauren Levin	Financial Counselling Australia
Michael McBride	iiNet
Rachael Milfull	Care Financial Counselling Service and Consumer Law Centre of the ACT
John Stanton	Communications Alliance

Facilitation Team

Simon Cohen	Ombudsman
Maree Davidson	Facilitator
Shobini Mahendra	TIO
Phillip Money	TIO
Jessica Hunter	TIO

Attachment C:

Relevant extracts of financial hardship rules in the TCP Code 2012

Clause 2.1 – Definitions

Financial Hardship means a situation where:

- c) 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
- d) 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.

Urgent Complaint means a complaint where:

- a) the Complaint is made by a Customer who has applied for or has been accepted as being in Financial Hardship under that Supplier's Financial Hardship policy, and where the subject matter of the Complaint can reasonably be presumed to directly contribute to or aggravate the Financial Hardship of that Customer.

Clause 6.6 – Access to information about payment and debt collection processes

Suppliers must, at no cost, provide Customers with timely access to such information as is necessary to allow a Customer to be informed of a Supplier's payment and debt collection processes.

6.6.1 A Supplier must take the following actions to enable this outcome:

- a) **Information about payment difficulties:** provide timely access to and information regarding, processes to assist Customers who are experiencing difficulties paying their Bills; and
- b) **Bill payment information:** at the time of, or before, the issue to the Customer of the first Bill by the Supplier, advise Customers in general terms of:
 - iii. any processes the Supplier has for:
 - C. assisting Customers who experience difficulties paying their Bills, including where to access the Supplier's Financial Hardship policy as referred to in clause 6.12.

Clause 6.7 – Notice to restrict, suspend or disconnect a service

Suppliers must ensure Customers are given adequate notice regarding a decision by the Supplier to Restrict, Suspend or disconnect their Telecommunications Service for credit and/or debt management reasons.

6.7.1 A Supplier must take the following actions to enable this outcome:

- b) **Notice of disconnection, suspension or restriction:** unless subclause 6.7.1(a) applies, give the Customer at least 5 Working Days' notice prior to the Suspension, Disconnection or Restriction of the Telecommunications Service, including an indication of the earliest date the Disconnection, Suspension or Restriction could occur and the date of issue of correspondence if they are informed in writing. When notifying a Customer about a Supplier's Restriction, Suspension or Disconnection of the Customer's Telecommunications Service, the Supplier must:
 - iv. advise the Customer of the Supplier's Financial Hardship Policy in case they need such assistance
- d) **Disconnection notice:** send a separate written disconnection notice, not just a Bill, to the Customer and any relevant Guarantor prior to disconnecting the Telecommunications Service. The notice of disconnection must inform the Customer of how the Customer may access the Supplier's Financial Hardship policy.

Clause 6.11 – Financial Hardship policy

Suppliers must have a Financial Hardship policy and ensure that it is easy for Consumers to find and access.

Clause 6.11.1 - A Supplier must take the following actions to enable this outcome:

- a) **Accessibility of Financial Hardship policy:** ensure that its Financial Hardship policy is readily accessible on the Supplier's website
- b) **Contact details:** provide, on the Supplier's website, relevant contact details of staff with whom the Customer or former Customer may

discuss the Financial Hardship policy

- c) **Community financial counsellor:** provide, on the Supplier's website, details of a source at which the Consumer or former Customer can locate contact details of community financial counsellors or consumer advocates who deal with financial difficulty matters
- d) **Summarising the Financial Hardship policy:** provide a summary to a Customer, or former Customer, (either in writing or verbally) of how the Supplier's Financial Hardship policy may assist them:
 - i. upon request
 - ii. when the Customer, or former Customer indicates to the Supplier that they are experiencing Financial Hardship; or
 - iii. if the Supplier considers the Customer, or former Customer, may be eligible for the policy.
- e) **Summary of Financial Hardship policy:** provide at least the following information as part of the Financial Hardship policy summary:
 - i. options available to the Customer, or former Customer, to assist with their management of Financial Hardship as it relates to their use of Telecommunications Services (e.g. spend controls, Restriction of service)
 - ii. available times for contact with the Supplier regarding the Financial Hardship policy
 - iii. information that the Supplier might require a Customer, or former Customer, to provide to make an assessment of Financial Hardship under the Financial Hardship policy, e.g. income details, details of the Telecommunications Service (telephone number, broadband) and most recent contact details; and
 - iv. generally how the Supplier makes an assessment of Financial Hardship under the Financial Hardship policy
- f) **Reminder notice:** where issuing written reminder notices, advise the Customer, or former Customer, of the Supplier's Financial Hardship policy and how to obtain more details on it; and
- g) **Training of staff:** ensure that the Supplier's staff who are directly involved in applying the Financial Hardship policy are appropriately trained.

Clause 6.12 – Fair and timely Financial Hardship assessment

Suppliers must assess the Customer's or former Customer's eligibility for assistance under the Supplier's Financial Hardship policy in a fair and timely manner.

6.12.1 A Supplier must take the following actions to enable this outcome:

- a) **Information required:** inform the Customer, or former Customer, of the information that the Supplier requires to assess their eligibility for assistance under the Financial Hardship policy and inform them that the assessment may be based on the information provided by them or other information available to the Supplier;
- b) **Provision of information for assessment:** inform the Customer, or former Customer:
 - i. that, if the Supplier requires supporting documentation from a Customer, or former Customer, to assess their eligibility for assistance under the Financial Hardship policy, the Customer, or former Customer, must send the documentation to a specific contact point. The Supplier must accept such documentation via:
 - A. a postal address;
 - B. facsimile; or
 - C. email;and provide the Customer, or former Customer, with details for those contact points as preferred by the Customer, or former Customer.
 - ii. if the information provided by the Customer, or former Customer, is not sufficient to make an assessment of eligibility under the Financial Hardship policy and of what other information is needed to make such an assessment;
 - iii. that, where the requested information is not provided, an assessment may not be made;
 - iv. how long it will take to make an assessment for assistance; and
 - v. that the provision of false or incomplete information may result in the Supplier cancelling any hardship arrangements;
- c) **Understanding:** in relation to the provision of information referred to at clauses 6.12.1(a) and 6.12.1(b), the Supplier must make attempts to ascertain whether the Customer, or former Customer, has understood the information provided by and contained in requests being made by the Supplier;
- d) **Timing of assessment:** ensure that an assessment regarding eligibility for assistance under a Financial Hardship policy is made within 7 Working Days after receipt of the final information from the Customer, or former Customer,;
- e) **Failure to meet criteria:** inform the Customer, or former Customer, immediately if assistance will not be given where it is clear to the Supplier that the Customer, or former Customer, does not meet assistance criteria;
- f) **Flexible repayment options:** where possible provide flexible repayment options to meet the Customer's individual circumstances;
- g) **No charge for assessment:** not charge for an assessment of, or subsequently for administration of, an arrangement under a Financial Hardship policy; and
- h) **Changed circumstances:** review the arrangements if the Customer notifies the Supplier that the Customer, or former Customer's, circumstances have changed.

Clause 6.13 - Communication of Financial Hardship arrangements

Suppliers must communicate to a Customer all necessary details of a Customer's arrangements under a Financial Hardship policy.

6.13.1 A Supplier must take the following actions to enable this outcome:

- a) **Arrangement details:** supply to a Customer, or former Customer, details of the Financial Hardship arrangement on request in writing and through any other means agreed between the Customer, or former Customer, and the Supplier;
- b) **Rights and obligations:** inform the Customer, or former Customer, of their rights and obligations under the Financial Hardship arrangement including, without limitation, that they have an obligation to promptly advise a Supplier if their circumstances change during the term of the Financial Hardship arrangement;
- c) **Duration of arrangement:** advise the Customer, or former Customer of the duration of the Financial Hardship arrangement or of the review date of the arrangement;
- d) **Commencement of arrangement:** ensure that the Financial Hardship arrangement will not commence unless the Customer, or former Customer, indicates their acceptance; and
- e) **Timing of communication:** advise the Customer, or former Customer, of the matters referred to in clause 6.13.1(a) to (c) within 7 Working Days of the Supplier and the Customer, or former Customer agreeing to the specific Financial Hardship arrangements.

Clause 6.14 – Credit Management in Financial Hardship

Suppliers must suspend Credit Management actions whilst an arrangement under a Financial Hardship policy is being discussed or is in place unless the Customer or former Customer, agrees otherwise, or there is a breach by the Customer, or former Customer, of that arrangement.

6.14.1 A Supplier must take the following actions to enable this outcome:

- a) **Suspension of Credit Management action:** suspend Credit Management action whilst an arrangement under a Financial Hardship policy is being discussed or is in place unless:
 - i. the Customer, or former Customer, does not meet their obligations under the arrangement. In that event, if the Customer, or former Customer, does not contact the Supplier to discuss a new arrangement, the Supplier must take reasonable steps to contact the Customer, or former Customer, before taking Credit Management action;
 - ii. the Supplier decides it is reasonable to do so given the circumstances, e.g. to prevent a further increase in the debt owed; or
 - iii. the Customer, or former Customer, agrees that the arrangement is unable to be completed;
- b) **Restarting Credit Management action:** restart Credit Management action when one or more of the above conditions is met (as applicable to the Customer’s, or former Customer’s individual situation) and the Supplier is unable, using reasonable steps, to make contact with the Customer, or former Customer; and
- c) **Prohibition on certain debt sale:** not sell the debt while an arrangement under a Financial Hardship policy is in place.

Clause 8.1 – Provision of a Complaint handling process that is accessible, transparent and free of charge

Suppliers must provide Consumers with a Complaint handling process that:

- a) is accessible, transparent and easily understood by Consumers and former Customers;
- b) is free of charge, other than as expressly provided for in this chapter; and
- c) provides for the courteous, timely and fair Resolution of Complaints.

8.1.1 A Supplier must take the following actions to enable this outcome:

- a) **Implement a process:** implement, operate and comply with a Complaint handling process that:
 - vii. is accessible including:
 - E. providing assistance to a Customer, or former Customer, to formulate, lodge and progress a Complaint including to Customers or former Customers, with disabilities, Customers, or former Customers, suffering hardship and Customers, or former Customers, from non-English speaking backgrounds;

Attachment D:

Concordance table – TCP Code 2012 and the principles and practices document

Issue	TCP Code 2012	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.	<i>Responding to customers in financial hardship: Principles and practices for telecommunications providers</i> (the document) contains a broader definition that: does not focus on the cause of hardship recognises that hardship can be both

Issue	TCP Code 2012	Responding to customers in financial hardship	Common principles	Points of divergence/enhancement
				temporary and entrenched 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.	The document suggests that the financial hardship policy should specify processes that: encourage customers who are experiencing hardship to contact their provider promote the early identification of and response to financial hardship where appropriate, notify customers about government concession programs and financial counselling services provide clear guidance for staff about referral pathways and the responses that are most likely to be appropriate given a particular circumstance. The document also recommends an annual review of financial hardship policies by suppliers.
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.	The document provides guidance about: the need to identify financial hardship as early as possible 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 3.3.1 Clause 6.12.1(c) Clause 6.6.1(a) Clause 6.6.1(b)(ii)(C)	Section 6.2(4) Section 6.2(5) Section 5 – Principle of Flexibility	Both documents agree that financial hardship assistance information should be easy to access via a supplier's website, and that customers should be informed about the existence and contents of such information. 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.	The document builds on this by suggesting that financial hardship policies: be made available in alternative formats upon a customer's request be mentioned in all stores, on all bills and in all outbound SMS, phone calls and emails. The document also promotes the regular testing of communication plans to ensure that the message of financial hardship assistance is being effectively disseminated.
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 Proportionality	Both documents agree that consumers have a right to receive a prompt and fair assessment of their request for financial hardship assistance. Both documents agree that any assessment of financial hardship should consider individual customer circumstances against a set of objective criteria. Both documents also agree that consumers may need to supply documentation to support their claim of hardship. Finally, both documents acknowledge that decisions/agreements relating to financial hardship need to be recorded in detail and carefully communicated.	The document 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.
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)	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. Both documents also agree financial hardship arrangements should be tailored to the circumstances of individual consumers.	The document builds on this by: highlighting the need to identify financial hardship early, in addition to responding to confirmed cases of hardship in a timely manner recognising the need to examine the underlying cause of the debt and whether it might be linked to unfair or inaccurate sales practices providing guidance on the wide variety of responses that are available to suppliers in addition to traditional payment arrangements, including consumer education that could help a consumer avoid becoming overcommitted again in future defining what an essential telecommunications service is, and stressing the importance of maintaining customer access to essential telecommunications services during times of

Issue	TCP Code 2012	Responding to customers in financial hardship	Common principles	Points of divergence/enhancement
				hardship encouraging providers to consult directly with customers experiencing hardship to identify opportunities for service improvement.
Debt Collection during Hardship	Clause 6.14.1(a) Clause 6.14.1(b) Clause 6.7.1(b)(iv) Clause 6.7.1(d) Clause 6.11.1(f)	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	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, credit default listing and the passing on of additional debt recovery costs) while payments are being made according to an agreed plan or schedule. 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. Finally, 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.	The document specifically notes that credit management includes the charging of late bill payment fees. It also stresses the importance of actually 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.	Whilst the TCP Code requires a supplier to be flexible when it is informed that a consumer's circumstances have changed, the document encourages suppliers to proactively review the suitability of individual financial hardship arrangements on a regular basis. The document 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 document 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 3.7.1	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 document 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(g)	Section 6.5(3) Section 5 – Principle of Flexibility	Both documents highlight the importance of adequately training staff to handle financial hardship matters.	The document builds on this by asking suppliers to provide staff with training every 6 months that covers: the wide range of circumstances that may give rise to financial hardship the skills and tools to assist consumers experiencing hardship in the most appropriate way.