



# Thematic review: Our financial hardship complaints 2021 – 2023

April 2023



Telecommunications  
Industry  
Ombudsman

# Message from the Ombudsman, Cynthia Gebert



Financial hardship is becoming a reality for more Australians, placing pressures on households to pay bills for essential telco services. In 2023, we have seen the cost of living increase, with interest rates and rental costs on the rise. Some Australians who are struggling financially will need to make difficult choices about how they pay for these goods and services.

As consumers navigate these difficulties, it is timely for us to share updated data about our financial hardship complaints. Although we saw a reduction in these complaints during the early stages of the COVID-19 pandemic, they are no longer falling in line with our general complaints.

Financial hardship complaints remain an important focus for my office because the impact on consumers is significant, and these complaints often affect some of the most vulnerable Australians.

It is important for us to share this information as the Federal Government and telco industry review the current co-regulatory arrangements, some of which may no longer be fit-for-purpose. This report is also a timely reminder to telcos that while consumers may not be complaining to the TIO, they may still need assistance to pay for their phone and internet services.

## Introduction

In September 2021, our office published our systemic investigation report *Responding to consumers in financial hardship*.<sup>1</sup> Our report highlighted the more than 2,000 complaints we received annually from consumers who said they were unable to pay their phone or internet bills because of financial hardship.

When a consumer struggles to pay their bills, they may be in financial hardship. Financial hardship can happen suddenly, such as when an unexpected life event causes a change in a consumer's circumstances. It can also happen gradually, for example where a consumer misjudges their capacity to pay, or a provider fails to meet its responsible selling obligations. For other consumers, financial struggle is simply a constant.

There are many potential causes of financial hardship, and consumers will experience hardship – and respond to it – in different ways.

During the early stages of the COVID-19 pandemic, we were pleased to see the telco industry act quickly to respond to the needs of financially vulnerable consumers. This resulted in a reduction in the number of complaints we received about financial hardship, at a time when we had expected hardship complaints to rise.

Since we published our report in 2021, the telco sector and Australian consumers have experienced significant change. In recent months, we have seen the cost of living increase, with interest rates and rental costs on the rise.<sup>2</sup>

1. Telecommunications Industry Ombudsman, Systemic Investigation Report September 2021, [Responding to consumers in financial hardship](#).

2. See Australian Bureau of Statistics, [CPI index \(December Quarter 2022\)](#), [Selected Living Cost Indexes](#) (December 2022).

Since 2021 we have also seen the way consumers pay for their phone and internet services change. Increasingly, consumers are paying for their services using automatic payments debited directly from their bank account, sometimes without receiving a bill before the payment occurs. This can add a layer of difficulty for consumers experiencing financial hardship, as it may reduce their capacity to control their payments.<sup>3</sup>

The industry regulator (the Australian Communications and Media Authority) and consumer bodies have continued to recognise the ongoing impacts of financial hardship for telco consumers.<sup>4</sup>

In this context, it is timely for us to reflect on our more recent complaints involving financial hardship.

This report provides an overview of the complaints we received about financial hardship between 1 April 2021 and 31 March 2023.

During this time, we saw complaints about financial hardship remain steady, following the sharp decrease we observed in our 2021 report.

While it is pleasing hardship complaints remain below pre-pandemic levels, financial hardship remains a significant concern for consumers and its impacts can be severe.

We hope the information in this report will help industry, regulators, and government in responding to the challenges presented by financial hardship.

## WHAT IS FINANCIAL HARDSHIP?

The Telecommunications Consumer Protections Code (TCP Code) states a consumer is in ‘financial hardship’ when they cannot pay a specific debt or ongoing bills to their telco provider, but believe they could pay if the payment arrangements changed.<sup>5</sup>

Causes of hardship can be temporary or ongoing, including:

- sudden or chronic illness
- unemployment, or
- domestic or family violence.

This report uses the term ‘financial hardship’ more broadly than the definition in the TCP Code. We use ‘financial hardship’ to describe any financially vulnerable consumers who are struggling to pay their bills, whether or not their provider has formally assessed them as being in hardship.

## WHAT IS HARDSHIP ASSISTANCE?

This report uses the term ‘hardship assistance’ to describe the different ways providers can help consumers work through financial hardship.

Hardship assistance may include (but is not limited to):

- offering a flexible payment plan
- moving consumers onto a lower-tier or prepaid plan
- restricting part of a service to keep the remaining services active
- discounting fees or waiving a debt.

3. Telecommunications Industry Ombudsman, Systemic Investigation Report July 2022, [Investigating complaints about essential mobile services](#), pages 26-27.

4. See for example Australian Communications Consumer Action Network, [endorsement of Consumer Action Law Centre position](#), 30 November 2022; Consumer Action Law Centre, [ACMA Telstra direction reveals weak and worrying gaps in its powers to regulate telecommunications](#), 24 November 2022; Australian Communications and Media Authority, [campaign to help telco customers having difficulty paying their telco bills](#), 9 March 2023; Australian Communications Consumer Action Network, [1 in 5 Australians struggling to pay a Telco bill \(accan.org.au\)](#), 24 November 2022.

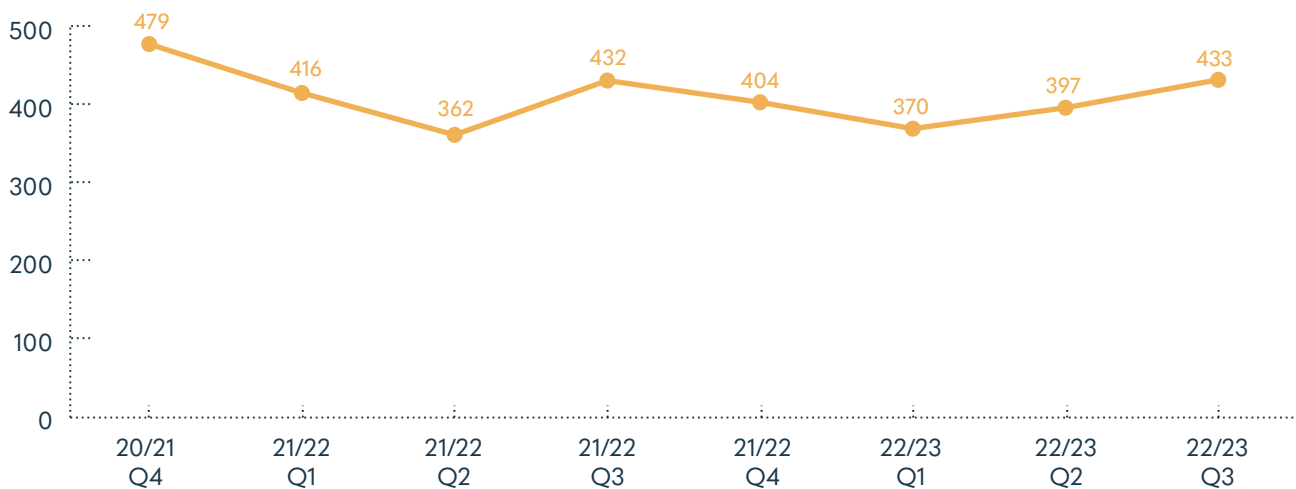
5. Communications Alliance, [Telecommunications Consumer Protections Code](#) clause 71.



# Our financial hardship complaints 2021-2023

Between 1 April 2021 and 31 March 2023, we received over 3,000 complaints from consumers experiencing financial hardship. Most of these consumers said they had trouble paying their bills or outstanding debt and their provider did not give them appropriate help to overcome their financial vulnerability.

**TIO complaints involving financial hardship – April 2021 to March 2023**



## Hardship complaints remained steady

In our 2021 report, we observed a sharp reduction in complaints about financial hardship during the early stages of the COVID-19 pandemic. Since then, the number of hardship complaints we received has remained steady, contrasting with the ongoing general decrease in our overall complaint numbers.

During this review period, financial hardship complaints increased as a proportion of our complaint base. Over the last 12 months, we observed hardship complaints rise from 2% to 2.4% of our new complaints. They remain below pre-pandemic levels (around 3% of the complaint base).

## Most of our hardship complaints involve mobile services

Our complaints data shows mobile services are more likely to be involved in complaints about financial hardship than other service types.

While mobile services are the most complained-about service type (making up over 40% of our complaints), they drive financial hardship complaints disproportionately. Between April 2021 and March 2023, at least 67.1% of our new complaints about financial hardship involved a mobile service.<sup>6</sup>

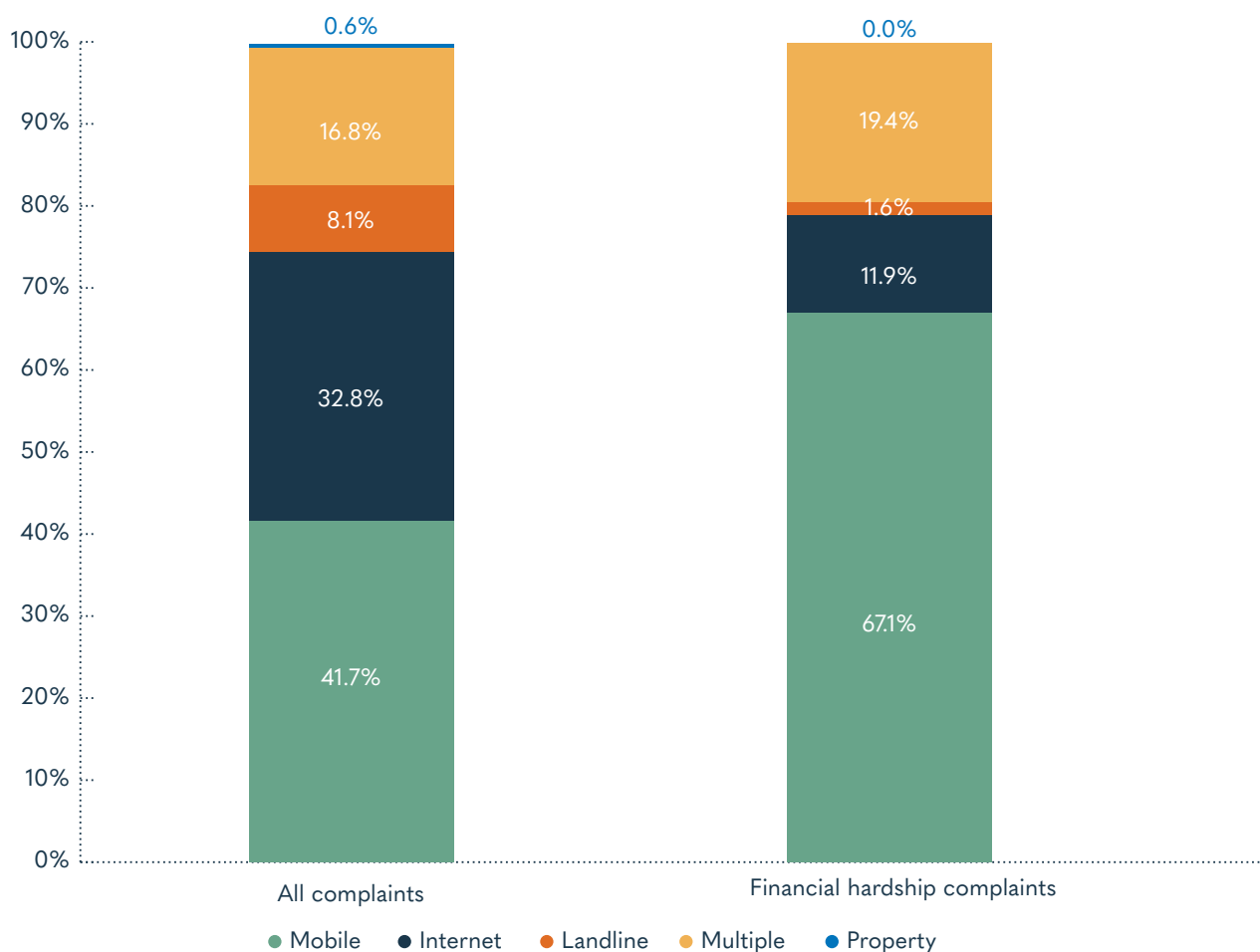
6. We categorise each new complaint by service type – Landline, Internet, Property or Mobile. If the complaint is about more than one of these service types, we mark it with the 'Multiple' service type. We do not typically receive any complaints with the 'Property' service type involving financial hardship – these complaints are usually disputes about damage a landowner claims a telco has caused to their property or about the location or safety of telecommunications infrastructure. They do not generally involve consumer debt.

This means more financial hardship complaints involved debts and charges for mobile services than for every other service type combined.

Consumers struggling to pay for their telco services may be likely to rely on their mobile service for data connectivity, given the cost of fixed-line internet services.

In recent years we have seen many telcos move away from charging fees for excess data usage on broadband internet services, and from charging termination fees if a consumer cancels their plan early. In these circumstances, many telcos now only charge the consumer for the remaining value of any equipment that was tied to their plan.

### Comparison by service type of financial hardship complaints and all complaints April 2021 to March 2023



We welcome these developments, which allow consumers flexibility to change plans or telcos. They also provide greater consistency in monthly telco costs, which helps consumers budget effectively.

However, the high cost of many mobile handsets and accessories means mobile device payout fees remain a significant concern for consumers experiencing hardship. Device payout fees can present difficulty for a consumer in hardship if they wish to change their plan or telco to a more affordable option, or their telco cancels their service for non-payment of charges.

## Case study

### Neil\* was not offered a reasonable payment arrangement when he was unable to work

Neil has several services with Leaf Telco. Last year, he became seriously ill and was not able to work. This significantly reduced the income available to Neil's family each week. Because of this, he was not able to keep up with his monthly payments and a large debt built up on his account.

Neil contacted Leaf Telco to ask for help. Leaf Telco gave Neil an extension on the due date for his charges, but when the extension ran out he was not able to pay off the full amount. Neil contacted Leaf Telco again, but it refused to consider setting up a payment

arrangement unless he paid \$350 within the following fortnight. Neil could not afford this, so he contacted our office.

After we referred Neil's complaint to Leaf Telco's escalated complaints team, they came to an agreement about how Neil would pay off his debt. Neil agreed to cancel some of his services to reduce his ongoing monthly charges. Leaf Telco agreed Neil could pay off his debt over several months, at a monthly rate he could afford.

\*Names of all parties have been changed.





## Case study

### Yvonne\* was not able to reach her telco to ask for financial hardship assistance

Yvonne is a pensioner and government Centrelink payments are her main form of income. Until recently, she had a mobile service with BranchTel. Late last year Yvonne began struggling financially. Her fortnightly rental payments had increased, and she could no longer afford to pay for her BranchTel mobile service.

Because she could not afford it anymore, Yvonne cancelled her mobile service. Yvonne knew cancelling her mobile service would cause BranchTel to add an extra fee to her BranchTel account to pay off remaining charges for her mobile phone. The extra charges turned out to be about \$900, which Yvonne could not afford to pay all at once.

Using her landline, Yvonne called BranchTel to ask for help. BranchTel assigned a staff member to speak with Yvonne, but the staff member did not contact her and did not return her calls. Yvonne contacted us, and we referred her complaint to BranchTel.

After we contacted BranchTel, it resolved Yvonne's complaint by reducing her final charges to \$400 and setting up a plan to pay the charges off in weekly instalments over four months.

\*Names of all parties have been changed.



# Contact us

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

You can complain through our website at [www.tio.com.au](http://www.tio.com.au) or by calling **1800 062 058**.

You can post a letter to  
PO Box 276, Collins Street West, VIC 8007 or  
fax it to 1800 630 614.

If you need to use a language other than English, call the Translating and Interpreting Service on 134 450 and they will help you speak with us. They are a free service.

Calls to the above numbers on mobile phones may incur charges.

## Getting someone to help you

You can also ask someone else to complain for you or your business, such as a friend, family member, or financial counsellor. Ask for our authorisation forms over the phone or find them on our website.

## Additional resources for financial hardship

Financial Counselling Australia:  
[www.financialcounsellingaustralia.org.au](http://www.financialcounsellingaustralia.org.au)

The National Debt Helpline: [www.ndh.org.au](http://www.ndh.org.au) | 1800 007 007

You can find helpful information from the Australian Communications and Media Authority here:  
[www.acma.gov.au/help-if-you-cant-pay-your-phone-or-internet-bill](http://www.acma.gov.au/help-if-you-cant-pay-your-phone-or-internet-bill)



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