Telecommunications Industry Ombudsman

How we can help with complaints about credit management

Guidance Document

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Who is this document for?

This document is for anyone who wants to understand how the TIO approaches complaints about credit management. It's designed to help consumers, representatives, and members of the scheme understand our work process and our expectations.

Whether you're making a complaint or responding to one, this guide explains how we work towards fair and consistent outcomes.

1. Common types of complaints involving credit management

The following is a list of common credit management complaints we can help with. This list does not cover all complaints, and we encourage all parties to contact us to find out if we can help with the complaint.

1.1 Debt collection disputes

- Sending disputed debts to debt collectors
- Unauthorised direct debits leading to debt collection
- Not giving people enough time to pay

1.2 Listing credit defaults/financial hardship

- Incorrectly listing defaults on credit reports
- Placing credit enquiries on credit reports
- Not giving people enough notice of defaults

1.3 Billing and payment errors

- Incorrect charges
- Getting notifications to pay when already paid
- Delayed payment processing
- No payment alternatives to direct debit

2. How we handle complaints

When handling complaints about credit management, we uphold fair procedures and practices in all aspects of our work. We engage with all parties in a clear, independent and transparent way. We seek to build trust and collaboration through our engagement with all parties. We use common approaches to do this.

The following examples show how we may resolve cases. The examples are guides only. What is fair and reasonable depends on the individual circumstances of each complaint.

2.1 Debt collection disputes

The most common complaints consumers make are about providers sending debts to collectors while in dispute, direct debiting amounts without authority and not giving people enough time to pay debts.

Debt collection can limit consumers' access to mainstream loans and financial products and cause them to rely on high-interest lenders. Where people are experiencing financial hardship, debt collection activity can cause greater hardship. Debt collection can also impact credit scores negatively and limit access to credit, housing and employment. Credit management, which includes suspension or disconnection of services, may also stop consumers from accessing essential services online. When people cannot connect with others using their phone or internet, they may feel isolated and excluded from the world. This is impact may be greater when they live in rural or remote areas.

Disputed debts sold

We expect providers to not sell debts while consumers dispute them and when they are experiencing financial hardship. We expect providers to consider consumers' individual circumstances and how selling debts will impact them.

When handling these complaints, we ask providers to show us how they responded to consumers' individual circumstances.

We may ask providers to show us how they shared their financial hardship policies with consumers and what steps they took to help consumers through their processes.

We expect providers to engage with consumers early to prevent financial hardship. Early engagement might start when consumers miss payments, make partial payments or pay late. In handling these complaints, we may ask providers to show us how they engaged with consumers and what the results were.

For more on financial hardship, see our Good Industry Practice Guide for Financial Hardship.

Unauthorised direct debits

Most complaints about providers direct debiting accounts without authority are when people cancel services and providers continue charging them.

When consumers cancel services, we expect providers to tell them clearly how cancellation will affect them and immediately record cancellations in their systems.

When handling complaints, we ask providers to give us information showing how they did this. We compare the steps they took to the consumer experiences. If providers missed steps set out in the relevant rules, we may ask them to compensate consumers for causing them inconvenience or distress.

Not enough time to pay

We expect providers to only start credit management after they have considered the individual circumstances of each consumer and how their actions will impact consumers. This includes suspension or disconnection of services.

We also expect providers to only start credit management after they have given consumers 10 working days' notice.

When handling these complaints, we will ask providers to show us their consideration of the circumstances and the notice they gave. If they have not done so, we may ask them to make offers suited to the circumstances. This might include stopping credit management, setting up payment plans suited to consumers or waiving disputed charges where appropriate.

We expect providers to be proactive when dealing with complaints involving financial hardship. We may ask providers how they shared their financial hardship policies with consumers and what steps they took to help consumers through their processes.

We expect providers to offer consumers experiencing financial hardship flexible payment arrangements that suit them as well as payment options tailored to their individual situations. We may ask providers to show how they have done this.

What did they agree to?

We ask parties what they agreed to. This information is shown in Critical Information Summaries and contracts, which may be signed at points of sale or agreed to over the phone or in webchats.

These summaries tell us how the parties agreed to pay and when. We review summaries against what both sides say has happened. This helps us decide what is fair and reasonable.

Solutions

If providers sell disputed debts and we find they didn't consider consumers' individual circumstances and the impact on them, we may ask them to recall debts and offer payment plans suited to consumers' circumstances or waiving disputed charges.

Where we find providers continue charging for services after cancellation, we may ask them to refund those charges, update their customer management systems and tell us what they will do to prevent this happening again.

If incorrect direct debits have negative impacts on consumers (such as leaving them with no money), we may ask them to refund consumers or to compensate them. The amount of compensation depends on the individual circumstances of each complaint.

If consumers are experiencing financial hardship and we find providers knew this but failed to help them, we may ask providers to buy back sold debts, stop direct debiting charges or waive some charges where appropriate.

If we find providers failing to offer consumers experiencing financial hardship caused consumers further hardship, we may ask them to offer consumers appropriate compensation.

Case study: Fastfone disconnects Jimmy's phone an hour after the direct debit failed

Jimmy had a month-to-month mobile service with Fastfone for $55 per month upfront, paid by direct debit. One Monday morning at 9am, Jimmy received a text from Fastfone saying his direct debit failed. He transferred money from one account to cover the $55 and told Fastfone. At 9:55am Jimmy received another text saying Fastfone would disconnect his mobile at 10am.

Jimmy used his partner's phone to call Fastfone, which said the terms of its contract let Fastfone disconnect services when direct debits fail. Jimmy couldn't believe Fastfone would be so mean when he had already paid.

At 10:30am Jimmy made an urgent complaint to us, saying he did everything he could to correct the failed debit as soon as possible. He wanted Fastfone to reconnect the service straight away and compensate him for the disconnection.

We asked Fastfone to reconnect the service as soon as possible. We reminded it about the 10-day notice it should have sent Jimmy before disconnecting services. Fastfone reconnected Jimmy's service at 11:15am.

Fastfone apologised to Jimmy and offered him two months' charges free. Fastfone also said it would give training about disconnection and credit management procedures to its frontline staff.

Jimmy accepted the offer, acknowledging Fastfone's apology as remorse for a genuine mistake and feeling his trust in Fastfone restored. The TIO sets out what it thinks is good practice in its Good Industry Practice Guides. Good industry practice is one of the pillars of the TIO's Fairness Framework.

4.2 Credit defaults

Other common complaints consumers make are about providers wrongly default listing, placing credit enquiries on credit reports and not giving people enough notice of default listings.

Providers must follow strict rules when they default list consumers. These rules are set out below at 3. Rules, Laws and relevant information.

Wrongly default listing, placing credit enquiries on credit reports and not giving people enough notice of default listings may cause consumers financial uncertainty or hardship, as well as distress and anxiety.

Wrongly default listing

We expect providers to default list consumers only as a last resort, that is, only after they have exhausted all good industry practice. Good industry practice means providers should ensure people are not disputing debts before default listing. It means they should give consumers clear and accurate warnings on bills before default listing. It also means they should give people enough notice prior to the default list.

When handling these complaints, we may ask providers to show us how they followed good industry practice. We may also ask providers to share delivery addresses, signatures for receipt of goods and the identification process they used to check for fraud. We compare this with consumers' experiences and decide if providers followed all procedures, codes and laws.

Credit enquiries

When consumers want to buy goods or services over time, they apply for credit. When they apply for credit, the law says providers must check consumers' credit reports. This is to make sure they can afford the goods or services they want to buy, and check they are not in debt.

When providers do this, they must tell consumers they will check their credit reports, but they do not need consumers' permission to do so. The check and the amount of credit consumers apply for are recorded on credit reports. These are called credit enquiries.

In handling these complaints, we ask providers to show us they told consumers they wanted to check their credit reports. Their responses help us decide what is fair and reasonable in the circumstances.

Not enough notice

We expect providers to follow the rules for giving notice they want to default list. In handling these complaints, we ask providers to show us how and when they notified consumers. This might include call recordings, transcripts of webchats or interaction notes. We assess the notices to check providers followed the correct notice periods.

What did they agree to?

We may ask parties what they agreed to. This information is shown in Critical Information Summaries and contracts, which may be signed at points of sale or agreed to over the phone or in webchats. These tell us how the parties agreed to pay and when. We review summaries against what both sides said happened. This helps us decide what is fair and reasonable in the circumstances.

Solutions

If we find providers wrongly default list consumers, we may ask them to buy back debts, remove default listings and offer compensation where appropriate.

If we find default listings are valid, we may ask providers to arrange payment over time that suits consumers' capacity to pay. To prevent consumers from falling into financial hardship, we ask providers to consider the impact on them when arranging payment plans.

If consumers complain about credit enquiries and providers didn't tell them they would check credit reports, we may ask providers to get credit enquiries removed, apologise to affected consumers and offer compensation where appropriate.

If we find providers did not give consumers enough notice to pay, we may ask providers to offer consumers a range of payment options to suit their individual needs.

Case study: Mona finds a default listing by Lisanet on her credit report

Mona applied for a home loan and discovered a default listing on her credit report by Lisanet for $1,500. She'd never been a Lisanet customer so called Lisanet to explain her situation. Lisanet said on 25 June 2024 someone using her identity opened an account, received a promotional TV and never paid for the internet service. Mona asked how to report a fraud. Lisanet explained the process and directed Mona to us.

Mona's experience looked like she may have been a victim of fraud, so we needed to investigate.

Providers must do multi-factor authentication when consumers add services to their accounts. We asked Lisanet for the call recording of the sale and the delivery receipt. The receipt showed Lisanet sent the TV and overdue notices to 3 Louvre Lane. The call recording did not sound like Mona's voice.

We asked Mona to give us information showing where she lived at the time. She gave us bills in her name for the last three years from her current provider at another address. She said she had never lived at 3 Louvre Lane.

We asked Mona if she had shared or lost any personal information recently. She sent us a police report she made when she lost her wallet on 20 June 2024.

We shared Mona's address with Lisanet. They'd spoken with Mona before so knew her voice was not the same as the recorded one. We said we were satisfied Mona was a victim of fraud.

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Lisanet accepted it was a case of fraud, saying it may not have done multi-factor authentication well enough. In response to our investigation, Lisanet recalled the debt and removed the default listing from Mona's credit report.

Mona was grateful she could now apply for a home loan. Lisanet said it would give staff more training on multi-factor authentication.

3. Laws, Codes and relevant information

The laws, codes and relevant information below are what we will consider in complaints involving credit management.

- Australian Consumer Law
- Debt Collection Guideline for Collectors and Creditors
- Privacy Act 1988
- Privacy (Credit Reporting) Code 2025
- Telecommunications (Financial Hardship) Industry Standard 2024
- Telecommunications Consumer Protections Code 2019
- Telecommunications (Consumer Complaints Handling) Industry Standard 2018
- TIO Terms of Reference 2025.

TIO Good Industry Practice

Our Good Industry Practice Guide for Credit Management sets out what we think is good industry practice for complaints about credit management.

The Good Industry Practice Guide for Credit Management sets out our expectations of providers under these headings:

- Assessing consumers' ability to pay
- Early engagement
- Financial hardship
- Privacy breaches
- Fraud
- Default listing as a last resort

Please see the TIO Good Industry Practice Guide for Credit Management.