

# Problems paying your mortgage

If you're struggling with your home loan repayments, there is help available. The earlier you get help, the more options you'll have.

## Contact your lender

You may be able change the terms of your loan, or temporarily pause or reduce your repayments. This is called a 'hardship variation'.

### Apply for a hardship variation

1. Contact your lender's 'hardship officer'.
2. Give the details of your loan (account name and number, and the amount you pay each fortnight or month).
3. Say that you want to change your loan repayments because you are experiencing hardship.
4. Explain why you are having difficulties making payments. Tell them how long you think this will continue and how much you can afford to repay.

Your lender must write to you within 21 days to let you know the outcome of your hardship request. If they ask you for more information, they must respond within 21 days from when you provide it.

### If your lender agrees to a hardship variation

Your lender will discuss the options available to you. They may be able to change your loan terms, or temporarily pause or reduce your repayments.

If you can continue to make payments, negotiate an amount that you can realistically afford to pay each fortnight or month. If you can't meet the terms of the new payment plan, contact your lender early to discuss the situation.

Here's what to do next:

- Make a plan to get back on track. Look at your budget to see if there's anything you can cut back on or manage differently. Search 'how to do a budget' on Moneysmart.
- Talk to your utility providers' hardship teams about paying electricity, gas, phone or water bills in instalments. Or shop around to see if you can find a better deal.
- Call the **National Debt Helpline** on **1800 007 007** to talk to a financial counsellor. The helpline is open Monday to Friday, 9:30am to 4:30pm.

### If your lender refuses a hardship variation

Your lender must give a reason if they refuse your hardship request. If you're not happy with their response, contact their internal dispute resolution team.

If you can't reach an agreement, contact the Australian Financial Complaints Authority (AFCA) on 1800 931 678 to make a complaint and get free, independent dispute resolution.

## Consider selling your home

If your circumstances are unlikely to improve, you may be better off selling your home.

It's better to sell your home yourself than have a lender take possession and sell it. You're likely to get a better price and will avoid paying any legal costs passed on by the lender.

Another option is to live somewhere else and rent out your home until you can afford the repayments again.

Selling your home is a big step, so talk to a financial counsellor or get legal advice first.

## Steps a lender can take if you're behind

Lenders have to follow a specific set of steps before they can take your home.

### 1. Default notice

Your lender can send you a default notice the day your repayment is overdue. But they may wait until it is 90 days or more overdue. The default notice gives you 30 days to make payments you've missed. You can still apply for a hardship variation at this stage.

### 2. After the 30 day default period

Your lender can serve you with a Statement of Claim or a summons. This is the start of legal action against you to claim the whole amount of your home loan.

You have a set number of days to file a defence or lodge a dispute with a dispute resolution scheme. If you do nothing, your lender can take action to repossess your home.

Get legal advice if you receive a Statement of Claim.

### 3. Eviction

If your lender gets a court order to repossess your home, they send you a Notice to Vacate or Sheriff's letter. They may also get a Warrant for Possession. A sheriff (or bailiff) comes to your home, evicts you from the premises and changes the locks.

Your lender may sell your home and take further action to recover the balance. This can include making a claim to sell your other assets.

## Look after yourself and get help

Experiencing financial stress can impact your mental health. If you're feeling overwhelmed it's okay to ask for help.

Contact [Beyond Blue](#) on **1300 22 46 36** or [web chat](#) (24 hours a day).