



**CITY  
FINANCE**

HERE WHEN YOU NEED US

# Hardship Policy

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City Finance Lending Pty Limited

Company:	City Finance Lending Pty Limited
ACN:	602 842 839
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## VERSION CONTROL

<b>Version Number</b>	<b>Date Updated</b>	<b>Notes</b>
1	1 July 2024	Original document prepared and finalised.
2	18 February 2025	Approved by Board
3	21 January 2026	Updated to align with Standard Operating Procedures

## SECTION A – INTRODUCTION

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### 1. BACKGROUND

- 1.1 This document outlines City Finance Lending Pty Ltd's ("**City Finance**") policies and procedures for dealing with hardship.
- 1.2 Under the *National Consumer Credit Protection Act 2009* (Cth) ("**the National Credit Act**"), a customer has the right to request hardship assistance in certain circumstances.
- 1.3 A '**financial hardship**' arises where a customer is reasonably unable to meet their contractual obligations due to illness, unemployment or other reasonable cause (can include a change in the customer's financial circumstances or reduction in income).
- 1.4 A customer who is unable reasonably to meet their obligations under a Credit Contract due to a financial hardship may apply to City Finance for hardship relief.

### 2. OBJECTIVES OF POLICY

- 2.1 City Finance's Hardship Policy ("**Policy**") has been implemented because:
  - (a) City Finance has an obligation under the law to have in place adequate arrangements to deal with situations where a customer seeks hardship relief;
  - (b) City Finance also has a general obligation as a licensee to deal with customers efficiently, honestly and fairly. A key component in meeting this obligation is to act reasonably when customers have good reasons why they cannot meet their current Credit Contract obligations; and
  - (c) Where procedures for dealing with hardship are not managed appropriately, City Finance's Australian Credit Licence ("**ACL**") may be suspended or cancelled, and City Finance and/or its Representatives may be liable for fines and/or imprisonment in extreme cases.
  - (d) City Finance is committed to identifying and supporting vulnerable customers, including customers experiencing domestic or family violence, illness, unemployment, reduced income, or other circumstances contributing to financial hardship.
- 2.2 This Policy applies to City Finance and all of its Representatives.

### 3. DEFINITIONS

- 3.1 **Authorised Representative** means a person authorised by the customer to act on their behalf, including a financial counsellor, solicitor, guardian, support person or advocate.
- 3.2 **Business Day** means a day other than a Saturday, Sunday or public holiday in the relevant Australian jurisdiction.
- 3.3 **Collections Team Member** means the person responsible for identifying hardship indicators, engaging with customers, recording hardship information, and referring hardship matters appropriately.

- 3.4 **Complaints and Hardship Officer** means the person responsible for backend hardship administration, record keeping, monitoring arrangements, compiling supporting information, and assisting with hardship processing activities.
- 3.5 **Compliance Officer** means a person appointed by City Finance responsible for oversight of hardship applications, compliance obligations, training and reporting under this Policy.
- 3.6 **Credit Contract** means a Contract regulated under the National Consumer Credit Protection Act 2009 (Cth), including any Credit Contract where applicable.
- 3.7 **Customer** means any borrower, or consumer who has entered into a regulated Credit Contract with City Finance.
- 3.8 **Final Decision** means a written response to the customer informing them of the outcome of their request for hardship variation.
- 3.9 **Financial Counsellor** means a qualified and independent person who assists customers experiencing financial difficulty or hardship.
- 3.10 **Financial Hardship** means a situation where a customer is unable to meet repayment obligations due to illness, unemployment, injury, family violence, reduced income, increased living expenses or other reasonable cause.
- 3.11 **Hardship Arrangement** means an agreed variation to the original repayment obligations intended to assist a customer experiencing financial hardship.
- 3.12 **Hardship Notice** means a notice given by the customer to City Finance either verbally or in writing, of the customer's inability to meet their obligations under a Credit Contract on the grounds of financial hardship.
- 3.13 **Supporting Information** means documents or evidence requested to assess a hardship application, including income evidence, medical certificates, bank statements or statements of financial position.
- 3.14 **Vulnerable Customer** means a customer experiencing circumstances that may make them more susceptible to financial harm, including family violence, elder abuse, mental illness, disability, language barriers or financial abuse.

## **SECTION B – PROCEDURES**

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### **4. RECEIVING REQUESTS FOR HARDSHIP VARIATIONS**

- 4.1 City Finance maintains dedicated contact channels, including telephone number and email address to receive and manage Hardship Notices.
- 4.2 Hardship Notices may be received directly from the customer or from an authorised representative, including a Financial Counsellor.
- 4.3 A customer is not required to use specific wording, complete a form, or make a hardship request in writing for City Finance to recognise a Hardship Notice.

- 4.4 City Finance's employees must immediately refer customers requesting a hardship variation to the Complaints and Hardship Officer. This ensures that hardship notices or requests for the postponement of enforcement procedures are treated as an urgent matter.
- 4.5 On receiving a Hardship Notice, the following information must be recorded:
- (a) date of application;
  - (b) name of customer;
  - (c) contact details of customer;
  - (d) preferred contact method of customer (phone/email);
  - (e) details of the Credit Contract and
  - (f) information regarding the nature and impact of the customer's current financial difficulties.
- 4.6 All hardship interactions, decisions, supporting information, and communications must be recorded in City Finance's customer management system in a factual, objective, and complete manner.
- 4.7 Once Hardship Notice is received, the Complaints and Hardship Officer must acknowledge receipt of the Hardship Notice using the preferred contact method of the customer as soon as practicable.
- 4.8 Staff must engage with customers in a respectful and meaningful manner to understand their circumstances and determine appropriate support options.
- 4.9 Upon identification of a Hardship Notice, enforcement action and escalated collections activity must be appropriately suspended while the hardship request is being assessed. Contractual repayments and direct debits will continue unless an alternative arrangement, payment pause, or hardship variation is approved.

## **5. ASSESSING REQUESTS FOR HARDSHIP VARIATIONS**

- 5.1 City Finance will assess hardship requests with the objective of achieving fair, reasonable, and sustainable outcomes for customers.
- 5.2 City Finance will take reasonable steps to minimise the need for customers experiencing domestic or family violence to repeatedly disclose sensitive information and will handle such matters sensitively and confidentially.
- 5.3 City Finance will only request information that is reasonably necessary to assess the hardship request.
- 5.4 Upon receipt of a Hardship Notice, City Finance may request the customer provide additional information or evidence of their financial hardship and expenditure. This may include:
- (a) proof of income – current pay slip, bank statements or letter of benefits from Centrelink;
  - (b) medical certificate; and/or

- (c) a statement of financial position or a statement of income and expenditure.

This request must be made within twenty-one (21) days of City Finance receiving the Hardship Notice.

5.5 The Compliance Officer is to review the application and make a determination, taking into consideration the following factors:

- (a) there is a need for assistance, and if this assistance is provided, it will not merely delay the customer continuing to be in default;
- (b) the term of the Credit Contract;
- (c) the customer's capacity to repay taking into account their weekly expenditure, the weekly rental repayments and the money the customer is likely to have remaining after their living expenses have been deducted from the after tax-income;
- (d) whether the customer's current income and financial circumstances fall below City Finance's minimum serviceability and affordability requirements; and
- (e) any other relevant factors.

## **6. TYPES OF ASSISTANCE**

6.1 The following are the kinds of hardship assistance City Finance may provide if an application for hardship relief is approved:

- (a) extend the period of the Contract and reduce the amount of each payment due under the Contract accordingly (without a change being made to the interest rate);
- (b) postpone during a specified period the dates on which payments are due under the Contract (without a change being made to the interest rate); or
- (c) extend the period of the Contract and postpone during a specified period the date which payments are due under the Contract (without a change being made to the interest rate).

6.2 City Finance will seek to provide assistance in the form that is appropriate to the particular customer's situation.

## **7. CONFIRMING AN ARRANGEMENT FOR HARDSHIP RELIEF**

7.1 City Finance will provide the customer with their Final Decision informing the customer of the final outcome of their Hardship Notice within the appropriate timeframes as noted in section 9 below.

7.2 Where City Finance has agreed to provide assistance to the customer to address the customer's inability to meet their obligations under the current Credit Contract, the Final Decision will include information about terms of the new arrangement including any particulars of the changes in the terms of the Credit Contract, and any information required by the National Credit Act and Regulations.

7.3 If the Contract involves more than one party, City Finance will require all parties to the Contract agree to the terms of the arrangement.

7.4 Any guarantors to the Contract will also be notified of City Finance Final Decision.

## **8. REFUSING AN APPLICATION**

8.1 City Finance does not have to agree to a hardship request.

8.2 City Finance will refuse an application for hardship relief where City Finance:

- (a) does not reasonably consider the customer is in hardship;
- (b) considers the customer would not be able to meet the repayment terms of the Contract even if they were varied as requested; or
- (c) considers the customer would be unable to meet their credit obligations in the long run.

8.3 The customer will be notified in writing within the appropriate timeframes as noted in section 9 below of receiving a Hardship Notice, if City Finance has refused an application for hardship relief.

8.4 The notice must advise the following:

- (a) A customer's right to lodge a complaint through City Finance's Internal Dispute Resolution process;
- (b) The customer's right to escalate the matter to the Australian Financial Complaints Authority ("AFCA"); and
- (c) The reasons why the application for hardship relief was refused.

8.5 If the customer does not agree with the decision, the customer may lodge a complaint with City Finance or escalate the matter to AFCA.

## **9. TIMEFRAMES FOR RESPONDING TO REQUESTS FOR HARDSHIP VARIATIONS**

### Where sufficient information has been provided

9.1 Where a customer has provided all the sufficient information about the nature and impact of the customer's current financial difficulties for City Finance to make an informed Final Decision, City Finance must advise customer of their Final Decision within twenty-one (21) business days of receiving the Hardship Notice.

### Where there has been a request for additional information

9.2 Where a customer has not provided all the sufficient information for City Finance to make a Final Decision, City Finance may request further information from the customer within twenty-one (21) business days of receiving the Hardship Notice.

9.3 Where City Finance has requested additional information from the customer, the customer will have twenty-one (21) business days to respond to this request for information.

- 9.4 Once the additional information has been received from the customer, City Finance must provide their Final Decision with twenty-one (21) business of receiving all requested information.
- 9.5 If the customer does not provide the information within the twenty-one (21) business day period, City Finance must provide their Final Decision within twenty-eight (28) business days of requesting the additional information.
- 9.6 City Finance will allow for flexibility for the customer in meeting the obligations for request for further information – for example, where the customer experiences a delay in getting medical reports from doctors, or certain financial information from an employer. Where the customer has shown a willingness to comply with the request for additional information but is not able to provide all the information in the timeframe required, City Finance may exercise its discretion to wait until all the requested information is received. Thereby the final twenty-one (21) business day period to respond to the Hardship Notice will not commence until that information is received.
- 9.7 City Finance will ensure this discretion is exercised appropriately and, where it is exercised, City Finance will ensure that allowing additional time does not result in an unreasonable delay. An unreasonable delay may exist where it is clear that no further information is likely to be forthcoming, and the continuing delay is likely to operate to the detriment of the customer (e.g. through accruing unnecessary fees and interest).

## **SECTION C – CONCLUSION**

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### **10. TRAINING**

- 10.1 Employees of City Finance who deal with clients need to have an understanding of the hardship policy and procedures. Consequently, all employees of City Finance will receive regular training and information about the hardship policy. This training will be scheduled and conducted at the discretion of the Compliance Officer.

### **11. ENFORCEMENT AND REVIEW**

- 11.1 Non-compliance with this Policy may result in disciplinary action being taken against the Representative involved and may also result in prosecution under the law where that act is illegal. This may include re-assessment of bonus qualification, termination of employment and/or fines and imprisonment (in cases that contravene for instance the National Credit Act).
- 11.2 City Finance's Director/Compliance Officer, in consultation with an external compliance consultant, is responsible for monitoring the implementation and ongoing compliance with this Policy. Refer to the Breaches and Incident Policy for further information.

### **12. AUDITS AND RECORDS**

- 12.1 The policies and procedures outlined in this document must be audited as part of any City Finance's compliance audit.
- 12.2 City Finance will maintain a Hardship Register to record hardship requests, decisions, arrangements, complaints, escalations, and monitoring activities.

12.3 All records of these audits and any other records in relation to this Policy must be kept for seven (7) years, or as otherwise stipulated in the City Finance's Document Retention Policy.

### **13. POLICY REVIEW**

13.1 This Hardship Policy will be reviewed at least annually by the Compliance Officer having regard to the changing circumstances of City Finance. The Compliance Officer will then report to the Director on Compliance with this Policy.

Issued by ***City Finance Lending Pty Ltd – 21<sup>st</sup> January 2026***