



UNDERSTANDING FINANCIAL HARDSHIP STANDARD

IAA Guidance to Members on the:
Telecommunications (Financial Hardship) Industry Standard 2024

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Executive Summary

From 29 March 2024, the *Telecommunications (Financial Hardship) Industry Standard 2024* (the **Standard**) will come into effect.

The Standard is intended to replace the financial hardship provisions currently administered under the C628:

Telecommunications Consumer Protections Code (TCP Code).

The Standard is administered by the Australian Communications and Media Authority (the **ACMA**) and was introduced in accordance with the *Telecommunications (Financial Hardship Standard) Direction 2023* from the Minister for Communications to create a new industry standard that will better protect and assist customers experiencing financial difficulties. The need for such bolstered protections and assistance is in recognition of the increasing importance of having access to telecommunications services in the modern interconnected world, as well as the increasing cost of living for many Australians.

CSPs face new obligations under the Standard, and must make changes to their current policies, processes and operations to ensure compliance with the Standard. This guide was created to assist IAA members subject to the Standard in their compliance efforts. **However, this guide cannot, and does not intend to provide legal advice, and should not be taken as such.**

Changes to your business



Update your existing Financial Hardship Policy - now called the **Payment Assistance Policy** and **update your website accordingly**



Train personnel that deal with consumers, and ensure you have specially trained personnel authorised to deal with customers experiencing financial hardship



Review and document your **processes and procedures** so that they reflect your obligations under the Standard, including assessment of eligibility, record keeping, and communicating with customers

& more....



Glossary

financial hardship means a situation where a customer is unable to fulfil their financial obligations owed to the CSP (e.g. under their contract, or payment of a debt owed) due to any reasonable causes including (but not limited to):

- personal or household illness;
- unemployment, low or insufficient income, including reduced access to income;
- being a victim survivor of domestic or family violence;
- death in the family;
- change in personal or family circumstances;
- natural disaster;
- unexpected events or unforeseen changes that have impacted the customer's income or expenditure;
- or/ and the customer considers they would be able to fulfil those obligations if there was an arrangement for financial hardship assistance with the CSP.

financial hardship assistance means assistance offered by a CSP to help financial hardship customers to fulfil their financial obligations to the CSP.

financial hardship customer means a customer who is, or may be, experiencing financial hardship or other financial difficulties.

long term assistance means financial assistance sought by a financial hardship customer for a continuous period of more than 3 billing cycles.

option for assistance includes:

- (a) temporarily postponing, extending or deferring the time for paying a bill;
- (b) discounting a bill charge;
- (c) applying a credit to the customer's account;
- (d) waiving a debt;
- (e) payment plans tailored to meet the customer's ability to pay
- (f) an arrangement whereby the CSP matches/gives credit for payments made by the customer;
- (g) controls on how a customer incurs charges, including spend controls;
- (h) restrictions;
- (i) removing non-essential features of telecommunications goods/services at no cost;
- (j) transferring the customer to different telecommunications goods/services that better suit the customer;
- (k) adjusting internal threshold limits so that the customer is not disconnected; or
- (l) offering a free non-automatic payment method.

For the purposes of s 18(1), a CSP *must* make options (a) and (e) available.

payment assistance policy is the policy that a CSP must establish and maintain regarding their provision of financial hardship assistance under s 7.

short term assistance means financial assistance sought by a financial hardship customer for a continuous period of less than 3 billing cycles.

New Rules

s4 *Who do they apply to?*

Carriage service providers (**CSP**) that supply telecommunications products to residential, small business and not-for-profit customers.

Payment Assistance Policy

s7 A CSP must establish a Payment Assistance Policy (no longer called the Financial Hardship Policy) that is approved by the CEO (or equivalent) (**Policy**).

s8 The Policy must: be in writing; be clear, use plain language, be easy to read, understand and use; be accurate and up to date; be in an accessible format (including for people with special needs), and be clearly available on the CSP's website and app (if applicable) via a hyperlink from the website homepage and in a concise summary form. If a CSP has an application form, the form must be available at the same location as the Policy.

s9 The Policy must set out the CSP's processes for assisting financial hardship customers; be focused on the financial customers' needs and expectations; include a statement of intention, recognising the goal of the Policy as being to prioritise keeping financial hardship customers connected and only using disconnection as a last resort; state that applying for financial hardship assistance is a right and that it is provided free of charge; identify the times that customers can contact the CSP, via at least 2 contact points, and support services for customers in financial hardship, such as how to contact financial counselling services and the TIO.

s10 The Policy must permit customers to make an application for financial hardship assistance using all of the CSP's contact methods available to customers to contact the CSP; set out how a customer can make an application and track its progress; include a copy of the CSP's application form (if any); set out the CSP's processes for managing applications, and ensure that the processes set out in s 9 are accessible to people with special needs.



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- s 11 The Policy must: set out the CSP's steps to assess a customer's eligibility for financial hardship assistance, provide the eligibility criteria, and specify the types of information required to provide to support its application; state that customers seeking short term assistance or who are victims/survivors of domestic/family violence do not need to provide evidence of their financial hardship; specify timeframes for processing and assessing an application and to access assistance, and set out options for financial hardship assistance. It must not include multi-step processes that unreasonably delay or prevent customers being able to receive financial hardship assistance.
- s 12 The Policy must include information about how a customer can make a complaint to the CSP regarding their application or to seek a review. It should also outline the process for making a complaint to the TIO for external dispute resolution, and state that making a complaint (whether to the CSP or TIO) does not prevent the customer from agreeing to an arrangement for financial hardship assistance.
- s 13 The summary form of a Policy made available as per s 8 (see above) must be no longer than 500 words, and must be clear and easy to read. It should state that financial hardship customers have a right to apply for short term and long term assistance; that financial hardship assistance is free of charge, and it should also set out the definition of financial hardship, options for assistance, the application process, and how to make a complaint to the CSP and TIO, as well as how to contact counselling services and the TIO.

Financial Hardship Assistance

- s 14 A CSP must take all reasonable steps to identify financial hardship customers for the purpose of advising them on options for assistance as early as possible. This includes making reasonable efforts to communicate in writing with the customer after becoming aware that the customer has more than 2 consecutive overdue bills, a total of 3 overdue bills in the previous 6 months, or arrears of +\$200. The CSP must also follow the steps in s 15.



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s 15

If a customer indicates they are a financial hardship customer, the CSP must advise the customer about its Policy and how to make an application; discuss the CSP's options for assistance and processes and timeframes for applying for and accessing financial hardship assistance; offer to provide the application form (if any) and Policy in a suitable form; offer to provide an email address and telephone number to communicate with personnel authorised to deal with financial hardship matters, and to discuss options to assist the customer; assist customers with special needs to make an application.

A customer may indicate they are a financial hardship customer if they use any language that indicates they have financial difficulties, need help/have trouble paying a bill, want to know options to reduce or manage spending, or mention any circumstances captured by the definition of financial hardship. A CSP must give a customer a copy of its Policy and application form (if any) by a suitable method as soon as practicable after the customer requests copies, accepts the CSP's offer to provide copies, or informs the CSPs they wish to make an application. A CSP must include in its bills and reminder notices, and written communications sent to customers in accordance with s 14(b), advice about its Policy including options for assistance, hyperlink/web address on website or location on the CSP's app (if any), for where the Policy is located, contact details for personnel authorised to deal with financial hardship matters. This advice must be sent to the customer via the customer's preferred method of receiving written communication, where a customer has so indicated a preferred method.

s 16

A customer is eligible for financial hardship assistance if the customer's situation meets the definition for financial hardship, and the customer wishes to access options for assistance. When assessing a customer's eligibility, a CSP must not request the customer to provide evidence they are in a financial hardship situation that is irrelevant to the application or is unreasonably onerous, or if the customer is seeking short term assistance or it appears the customer is a victim/survivor of domestic/family violence.



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However, the CSP may request such customers to provide evidence to show they are in financial hardship if it appears the arrangement will need to be for long term assistance and the amount to be repaid is +\$1,000; the customer has been a customer for less <2 months or the CSP reasonably believes there is a possibility of fraud. In such a case, the CSP must state the name, email address and telephone number of a contact person/general contact point to discuss the request for information; provide contact points for the customer to give the information, including an email address, relevant electronic method, physical address, or another point of contact appropriate for people with special needs, or provide the customer with details on how any information can be presented to and sighted by authorised personnel.

The CSP must also advise that it will only request strictly necessary information and only retain the information for period required to complete the assessment; inform how the information will be used and kept including that the information may be used as a basis for its assessment, other information the CSP may use in its assessment; that it may be unable to complete the assessment if it doesn't receive the requested information or the information is otherwise incomplete, and that providing false, inaccurate or misleading information may result in the CSP cancelling the assessment.

Information and advice provided to the customer under this section must be in the form suitable to the customer's needs.

s 17 When a CSP assesses a customer's eligibility, it must advise on the estimated timeframe to complete the assessment; complete the assessment as soon as practicable and within 5 business days of receiving a complete application; inform the customer of the outcome of an assessment as soon as possible, and within 2 business days of completing the assessment or advise the customer immediately if the customer does not meet the eligibility criteria.

s 18 A CSP must offer at least 6 options for assistance (see definition) that are realistic, appropriate and tailored to each customer and their individual circumstances.



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- s 19 An arrangement for financial hardship assistance must start as soon as the customer agrees to the arrangement.
- s 20 Where a customer has agreed to an arrangement for financial hardship assistance, the CSP must give the customer a written notice within 2 days that sets out the details of the arrangement including duration of the arrangement and the customer's rights and obligations under the arrangement. It should also state that the customer must advise the CSP if their situation changes during the term of the arrangement within 14 days of their change in circumstance, identify when credit management action may be taken and advise that the customer may seek a review if their financial hardship situation changes.
- s 21 A customer must not be charged to apply for, or be assessed for financial hardship assistance, to access an arrangement or for the administration of such arrangements.
- s 22 A CSP must review a customer's financial hardship arrangement if the customer informs the CSP that their financial hardship situation has changed within 5 business days of being informed. Where a CSP considers a customer has not agreed with the arrangement, the CSP must promptly contact the customer to discuss the matter and offer to review the arrangement.

Credit Management Action

- s 23 When considering whether to take credit management action, a CSP must take all reasonable steps to determine whether the customer is in financial hardship.
If it determines the customer is in financial hardship, the CSP must offer assistance and take all reasonable steps to keep the customer connected, in consideration of the customer's individual circumstances.
- s 24 A CSP must not take credit management action against a customer while a customer is discussing options, has made an application for financial hardship assistance, or if there is an arrangement for financial hardship assistance, **unless** the customer has not met their obligations under their arrangement, or the CSP has taken steps to review the arrangement in accordance with s 22 **and either** the CSP has taken reasonable steps to contact the customer, or the customer has contacted...

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Credit Management Action cont...

the CSP to discuss options for payment before the CSP takes credit management action; the CSP has a genuine reason to believe the customer is unable/unwilling to pay their debts to prevent a further increase in debt owed by the customer; credit management action; the CSP has a genuine reason to believe the customer is unable/unwilling to pay their debts to prevent a further increase in debt owed by the customer; the customer agrees that the arrangement is unable to be completed, or the CSP has been unable to contact the customer despite taking reasonable steps.

‘Reasonable steps’ in this section means at least 3 separate attempts to contact the customer, each attempt on separate business days over a total period of no more than 10 days, using at least 2 methods of communication, including at least 1 in writing. In these communications, the CSP must state it is contacting the customer because it proposes to take credit management action which may include restriction, suspension or disconnection.

When a CSP can take credit management action against a financial hardship customer, it must only use suspension or disconnection as a measure of last resort. At least 10 days before taking credit management action, the CSP must give the customer written notice stating what credit management action is being taken and when it’s due to occur; state the reasons for taking credit management action, explaining all charges that may apply; identify the impact the credit management action may have on other services provided to the customer, and provide contact details for the customer to make enquiries including TIO and counselling services.

s 25 A CSP must not sell a debt owed by a customer while a customer is discussing options or has made an application for financial hardship assistance or if the arrangement is in review.

Processes, Training & Monitoring

s 26 A CSP must implement written processes and procedures for its personnel to ensure the CSP complies with the Standard.

s 27 A CSP must deliver or have a third-party deliver financial hardship training to its personnel who deal directly with consumers, within 3 months after the commencement of the Standard, before personnel deal directly with consumers, and then on an annual basis.

Processes, Training & Monitoring cont...

The financial hardship training must instruct personnel about the requirements under the Standard, the contents of the CSP's Policy and the processes implemented to comply with s 26. The training must also include an assessment component designed to test the knowledge of the personnel.

s 28

A CSP must regularly monitor how its personnel interact with financial hardship customers to ensure they understand the matters delivered in the training and on an annual basis, review the effectiveness of the financial hardship training and make relevant changes to ensure it is fit for purpose.

Record Keeping

s 29

A CSP must keep records of its financial hardship arrangements, including the customer's name and contact details, unique identifier used to identify the arrangement and subject matter, records of dates of any oral communications with the customer, copies of any correspondence with the customer, copy of the application, copy of any request for information made under s 16(3), record of the customer's acceptance of the arrangement, written notice given under s 20, credit management action it takes under s 24(2) and the associated communication and notice in relation to the credit management action under s 24, training provided to personnel under s 27, and records sufficient to demonstrate with its obligations regarding the Policy, financial hardship assistance, credit management action, and processes, training and monitoring.

Where a CSP keeps records, it must take reasonable steps to protect the information from misuse, interference and loss, unauthorised access, modification or disclosure, and to ensure information is disposed of or destroyed in a secure manner where the record is no longer needed under the Standard or other laws.

s 30

A CSP must keep records relating to arrangements for financial hardship assistance for at least 2 years after the arrangement has been completed or for records relating to credit management action, training or its compliance with the Standard, for 2 years from the date the record was created.

A CSP must make records it retains available to the ACMA upon receiving a written request for such information.

Record Keeping cont...

With regard to information from a customer under s 16(3), a CSP must only retain a copy or record of the information for the period required to complete that assessment, and after completion of the assessment, dispose or destroy all copies or records of the information in a secure manner.

- s 31 CSP that are not subject to the *Privacy Act 1988* must ensure that personal information collected in connection with financial hardship customers is not disclosed to a third party or used except as required to manage a complaint to the TIO/ACMA, with the customer's express consent or where disclosure is required or authorised under Australian law or through a court or tribunal order. Personal information must also be disposed of or destroyed in a secure manner when it is no longer needed under the Standard or any other laws.

Transitional Arrangements

- s 33 Complaints made before the commencement of the Standard about a CSP's non-compliance with a provision of the TCP Code relating to financial hardship, must be dealt with as a complaint in respect of the TCP Code if immediately before the commencement of the Standard, the complaint has not been finally dealt with and the provision of the TCP Code is in force.
- s 34 Applications for financial hardship assistance that were made before the commencement of the Standard that has not been finally dealt with immediately before the commencement date must be dealt with as an application made under the Standard from the commencement date.
- s 35 Within 20 business days of the commencement date of the Standard, CSP must review arrangements for financial hardship assistance that started before the commencement date that are still on foot after the commencement date, and make a written offer to the customer to replace the arrangement with a new arrangement that complies with the Standard. If a customer does not accept the offer within 10 business days, then the customer is taken to have declined the offer. If the customer accepts the offer, then the CSP must transition the customer to the new arrangement.

Contacts & Information

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