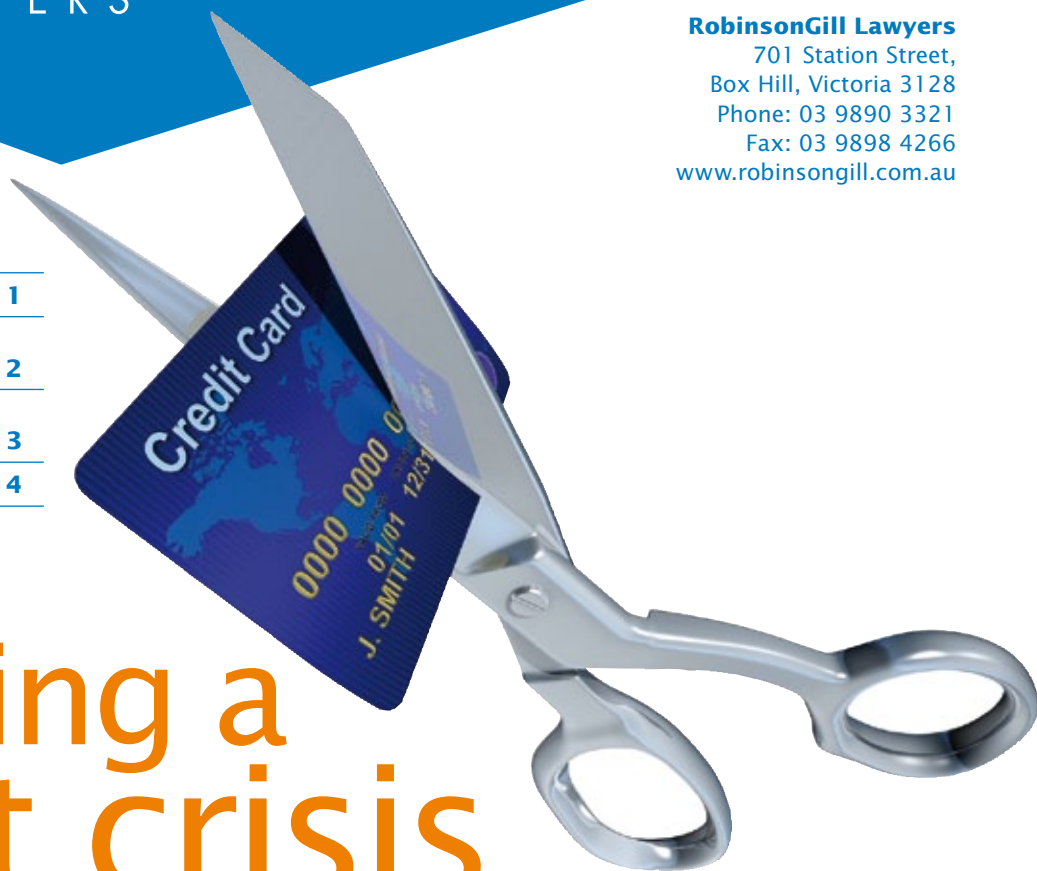


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Surviving a credit crisis

A new year often brings with it a renewed resolve to exercise more self control and discipline in various areas of life. Unfortunately, for some of us, the festivities over Christmas and the holiday period put us severely behind the eight ball. We have eaten too much, partied too hard and spent far too much money enjoying the festive season and now we need to take stock.

The current tough economic times may have persuaded us to take it a little easier, but few of us will have ushered in the New Year without an increase in spending and a larger credit card debt. But don't despair, help is at hand.

If you owe money, it is important to make a realistic plan to repay it. Prepare a budget and commit to regular payments until the amount can be repaid in full. If you are experiencing difficulty in paying back money owed, it is important to act quickly. Do not ignore repayments or overdue notices. If possible, contact your credit provider and negotiate directly with them to make more suitable arrangements to repay the amount owed.

You can negotiate with your lender to reduce your regular loan repayments for a period of time to make the amount more manageable to repay.

Alternatively, if circumstances have left you unable to make any repayments, you may be able to wholly suspend your loan repayments for a period of time. For example, if you have become ill and unable to work or have lost your job, you may be able to vary your loan on grounds of hardship.

The Victorian Consumer Credit Code (the Code) covers most private purpose (non-business) loans and outlines the requirements for hardship variations and the procedure to be followed. The Code also provides guidelines for the credit industry and offers protection for consumers dealing with credit providers.

If you are unsuccessful in negotiating directly with your lender, you can make an application to the Victorian Civil and Administrative Tribunal (VCAT) to have the terms of your loan agreement varied.

If you are unsure about dealing directly with your credit provider or need to

make an application to VCAT, contact your lawyer. Your lawyer will be able to negotiate on your behalf and look over any variation documentation prepared by your lender.

Similarly, if you feel you are being treated unfairly or unduly harassed or pressured by a lender, there are various remedies available to you.

Complaint processes available through industry external dispute resolution schemes such as the Banking and Financial Services Ombudsman, Consumer Affairs Victoria and, at the national level, the Australian Securities and Investment Commission (ASIC) and the Australian Competition and Consumer Commission all offer protection and assistance for consumers.

Other agencies such as the Consumer Action Law Centre provide valuable information on a range of consumer credit issues including comprehensive factsheets on their website www.consumeraction.org.au.

Resolving to take control of your financial obligations will pay off in the long run.