

Dealing with debts: your rights and responsibilities

This information is from page 7 and 8 of the ASIC/ACCC brochure

Dealing with your debts

People get into financial difficulties for many reasons, including unemployment, relationship breakdown, illness or excessive use of credit. If you are struggling to keep up with your debt repayments, don't try to ignore the problem, or hope it will go away – take control of the situation.

Take some time to think about your income, expenses, assets and liabilities, and work out a budget so that you can meet your financial commitments when they are due. A free and independent financial counselling service may be able to help you with this process.

Financial counselling services help people who are in financial difficulty. They are available in every state and territory and provide a free, independent and confidential service.

Some businesses also provide a service to help people struggling with debt – for a fee. Make sure you know what service you are getting from these businesses, how much it is going to cost you and whether you can get the same service for free from a financial counsellor.

If you cannot keep up your debt repayments, you should contact your creditor (the person or business you owe money to) as soon as possible to discuss your situation. Try to agree on a repayment plan that you can manage.

If you ignore debt problems, they are only likely to get worse. Interest will probably continue to be charged on top of the debt and if the debt is secured against any of your possessions (e.g. your car) these possessions may be repossessed and sold. Also, your credit rating is likely to be affected and you might be sued.

Even if you think you cannot pay or you feel the situation is hopeless, you need to act. You do have options – contact a free and independent financial counselling service to discuss them.