

TELLING YOUR LENDER YOU WILL MAKE A LATE PAYMENT

Late payments show on your credit report in the repayment history.

Aiming to get back up to date as soon as you can will help improve your credit report.

If you are experiencing financial difficulties, talk to your lender about entering into a financial hardship arrangement. If your lender agrees, this could help to protect your credit report.

How do late payments impact your credit report?

The **repayment history** on your credit report may currently show payments you have already missed.

Further late payments will appear until you get back up to date. The examples on the next page are common scenarios to help you understand how this may impact your credit report.

What is a credit report?

A credit report is a record of your credit history. It includes:

- **personal information** to identify you,
- **information about loans and other credit** you have opened or applied for,
- **a month-by-month repayment history**,
- **financial hardship information** if you've agreed to a financial hardship arrangement.

Check your credit report for free

You can access your credit report held by each of the credit reporting bodies for free, every three months:

- Equifax (www.equifax.com.au) or call 13 83 32
- Experian (www.experian.com.au) or call 1300 783 684
- Illion (www.illion.com.au) or call 13 23 33

Visit creditsmart.org.au for more information about your rights when it comes to your credit report and credit score.

This explanation applies to you if:

- You expect to miss one or more repayments soon, or your account is already overdue, and
- You have told your lender you intend to restart your payments and get back up to date as soon as you can.



What is a repayment history?

A repayment history is a 24 month view of how you manage and pay your loan and credit accounts:

- **O** or **✓** means you are up-to-date with repayments (and mean the same thing)
- **1 to 6** indicates how many months your repayments have been overdue
- **X** means repayments are 7 or more months overdue

A good repayment history can help when you apply for credit in the future.

If you've missed a repayment, restarting your payments and getting back up to date as soon as you can will help improve your credit report. Repayment history stays on your credit report for 24 months.

EXAMPLE 1

Kit contacts his lender in August 2023 and tells them he can't make his credit card repayment on time, but he will be able to do it in 3 weeks and can keep making repayments on time after that.



As long as Kit makes repayments as promised, his history will show **1** late payment in August and then will be back up to date.

2022			
...	June	July	Aug
	0	0	0
Sept	Oct	Nov	Dec
0	0	0	0
2023			
Jan	Feb	Mar	Apr
0	0	0	0
May	June	July	Aug
0	0	0	1
Sept	Oct	Nov	Dec
0	0	0	0
2024			
Jan	Feb	Mar	Apr
0	0	0	0



Remember missed payments are recorded on your credit report and could reduce your credit score. **It's best to minimise the number of missed payments recorded.**

EXAMPLE 2

Mel's loan repayments are \$1,000 per month. She has always been up to date, but in June and July 2023 **she misses 2 repayments** (i.e. \$2,000) because she was on holiday.

2022			
...	June	July	Aug
	0	0	0
Sept	Oct	Nov	Dec
0	0	0	0
2023			
Jan	Feb	Mar	Apr
0	0	0	0
May	June	July	Aug
0	1	2	2
Sept	Oct	Nov	Dec
1	1	0	0
2024			
Jan	Feb	Mar	Apr
0	0	0	0

She talks to her lender in August, to inform them that she will repay 1.5 times the usual amount for the next 4 months, i.e., \$1,500 per month instead of \$1,000.

As long as Mel makes these payments on time, her history shows she's getting back up to date, going from **2** to **1** to **0** by November.



REQUESTING A FINANCIAL HARDSHIP ARRANGEMENT

If you are experiencing financial difficulties - including loss of job, reduced income - and believe you won't be able to meet your debt repayment obligations, it is important to **communicate with your lender so they know about your situation.**

You can give your lender a 'hardship notice' and request formal assistance. They may ask for information about your financial circumstances and consider if a financial hardship arrangement is right for you.

Keep in mind your lender is not required to agree to a financial hardship arrangement. It will depend on their assessment of your financial circumstances and why your payments are overdue.

If you and your lender agree to a financial hardship arrangement, your credit report will show:

- **the repayment history based on the financial hardship arrangement** (which can help to keep it showing as up-to-date); and
- **financial hardship arrangement information** next to your repayment history, which will stay on your credit report for 12 months from the end of the arrangement.

Read more about financial hardship arrangements and information on our website: creditsmart.org.au



FREE AND CONFIDENTIAL FINANCIAL COUNSELLING

To help people in financial difficulties, many services offer reliable, professional counselling services, such as the **National Debt Helpline** (ndh.org.au - 1800 007 007).

ASIC's MoneySmart website also contains a list of free counselling services. (moneysmart.gov.au/managing-debt/financial-counselling)

For more information, visit creditsmart.org.au

Disclaimer: the examples provided here represent broad concepts. Details may vary between lenders.

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