

## Does Bridget have to pay?

Threats by debt collectors often sound frightening, but Bridget shouldn't panic. The debt collector may threaten legal action or demand lump sum payments, but will probably be prepared to enter into a reasonable repayment arrangement if Bridget keeps her cool. A community legal centre, or financial counsellor, can explain Bridget's options to her and check to see if there is anything unfair about the credit contracts. For example in some cases, if you pay for something with credit that you don't receive - or is faulty - you may have a right to be released from the credit contract. A community legal

centre or financial counsellor may also be able to help her negotiate with the debt collector. Bridget should seek advice straightaway and before agreeing to pay anything.



## WHEN THINGS GO WRONG

### What can a financial counsellor do to help?

Financial counselling services are free. A financial counsellor can explain your financial options and the potential consequences if you can't pay bills, fines or other debts.

### What if I have a debt and I can't afford to pay?

You may have one or more of the following options:

#### OPTION 1 DOING NOTHING

A creditor will usually not be able to recover a debt from you where:

- You are not working;
- You have limited money; and
- You do not have any valuable assets (things that you own).

Some assets cannot be taken by debt collectors (for instance cars under a specified value and basic household property like your fridge).

It is not a criminal offence if you are unable to pay your debts. However, the debt will grow as interest and costs are added. Your credit report may also be affected. Even if you are working you may not be able to afford to repay a debt.

#### OPTION 2 BANKRUPTCY OR PAYMENT PLAN

If you are thinking of entering into a payment plan with a creditor, you

should make sure any payment arrangement is affordable for you.

You may also consider bankruptcy if you have debts that you can't afford to pay. If you are considering bankruptcy, you should always discuss this with a financial counsellor before doing anything.

#### OPTION 3 PRIORITISE YOUR DEBTS

Prioritising debts means focusing first on those that are necessary for your day to day living, such as rent and utilities (water, electricity, gas). If you are having trouble paying these types of bills you should seek help early. A financial counsellor can tell you about local support services that you can access.

### What if I have fines?

The most common form of fines are "on-the-spot-fines", known as infringement notices. These are issued for offences such as travelling without a ticket on public transport, driving offences and parking offences. For help with fines contact a community legal centre or financial counsellor. Some parking "fines" are issued by private businesses, which means that they are civil debts just like credit card and mobile phone debts. However, most fines are not civil debts, and it is possible, although rare, to go to jail for unpaid fines.

# KEEPING OUT OF DEBT

YOUR GUIDE TO STAYING OUT OF THE RED



The legal information contained in this publication relates to the law in Victoria. It is of a general nature and should not be relied on as a substitute for legal advice. To the best of our knowledge it was correct at the time of publication.

The funding for this brochure was provided from the Consumer Credit Fund on the approval of the Minister for Consumer Affairs.

Copyright  
St Kilda Legal Service, YouthLaw & Consumer Action Law Centre  
November 2009

Illustrations by: Greg Holfeld, Panic Productions  
Design by: Orbit Design

Z-CARD™ PocketMedia™ (Trade marks used by Z Industries Ltd under licence). This product is a doubly folded sheet card. These products and associated machinery and processes are subject to Australian, Asian and worldwide patents granted and pending, copyright, trade marks and other intellectual property rights including Australian Patent Number 677 570 9 2009 Z Industries Ltd. Produced under licence by Z-CARD™ ASIA PACIFIC, 28 Bowden Street, Alexandria NSW 2015 Australia. Tel: 61-2-9318-0900 Fax: 61-2-9318-0255 Internet: www.zcard.com Job No. insert here

st kilda legal service  
co-op limited

consumer action  
law centre  
www.consumeraction.org.au

youthlaw  
YOUNG PEOPLE'S LEGAL RIGHTS CENTRE INC

9611 2412  
www.youthlaw.asn.au

## WHERE TO GO FOR HELP!

### Consumer Affairs Victoria Helpline

For your nearest financial counsellor and information on credit and debt issues call Consumer Affairs Victoria  
Ph: 1300 55 81 81  
www.consumer.vic.gov.au

### Community legal Centres

Community legal centres provide free legal advice. For your nearest community legal centre visit www.communitylaw.org.au

### Youthlaw

Youthlaw is a specialist community legal centre for young people up to the age of 25.  
Ph: 9611 2412  
www.youthlaw.asn.au

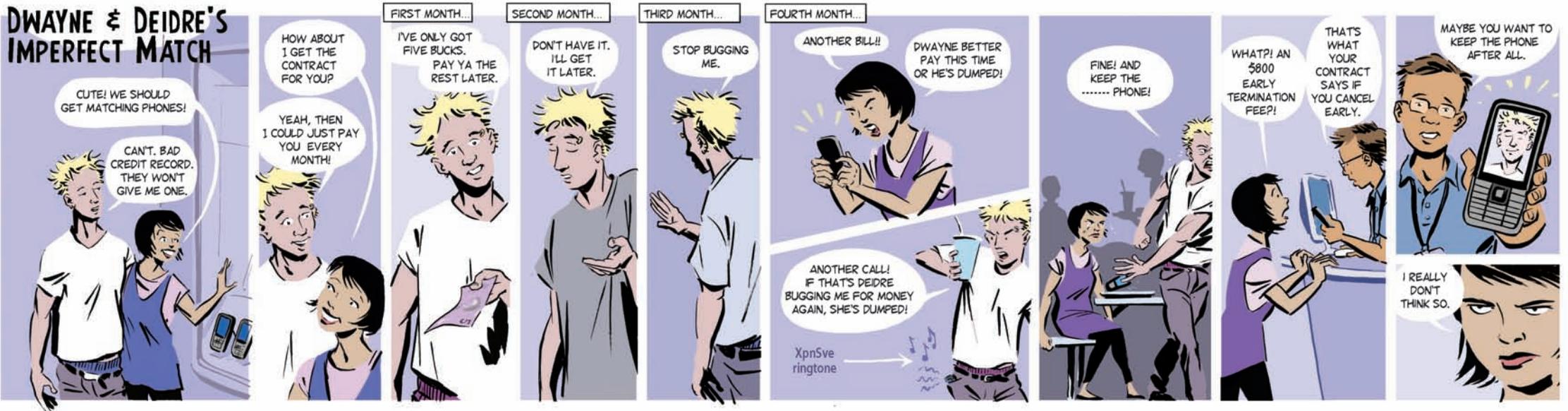
### MoneyHelp

MoneyHelp is a free phone financial counselling service for those who have recently lost a job or had their work hours reduced.  
Ph: 1800 149 689  
www.moneyhelp.org.au

### Consumer Action Law Centre

Consumer Action Law Centre is a specialist community legal centre providing legal advice and assistance around consumer and credit related issues.  
Ph: 9629 6300 or 1300 881 020  
www.consumeraction.org.au

## DWAYNE & DEIDRE'S IMPERFECT MATCH



### Under 18?

Credit contracts or mobile phone contracts are unenforceable against anyone under the age of 18 – this means you cannot be taken to court for these debts.

If a parent or someone else enters into the contract for you, they will be responsible for paying the contract.



### Mobile Phone Contracts

If you sign up to a fixed term contract (or plan) you will have to pay a minimum monthly payment over the period of the contract (usually 2 years) - as well as paying high bills if your calls or txt exceed the "cap". If you try and end a fixed term contract early, you may be charged a termination fee.

If you are on a low income and want to avoid getting into debt a pre-paid mobile phone is a better option because you pay in advance (even though call costs may be higher).



### Ringtones and downloads

Ads on TV or online may invite you to:

- ring or text a "19" number;
- enter your mobile number into a website; or
- ring a recorded voice service and enter your mobile number.

If you subscribe it is likely that you have agreed to receive a mobile premium service that can cost you heaps.

To unsubscribe to a mobile premium service SMS the word "STOP" to the specified 19 number. For more information visit [www.19sms.com.au](http://www.19sms.com.au)

### Credit Reports

If you do not pay a debt, such as a mobile phone or credit card debt (or even if it is paid late) the lender may list a default on your credit report. Having a default on your credit report will make it hard for you to borrow money or take out a mobile phone contract. An ordinary default on your credit report will be listed for 5 years. Court judgments and bankruptcies will also be listed on your credit report.



### Car loans

If you take out a secured car loan and don't keep up payments the creditor will take action to repossess the car (a creditor is the person or company that you owe money to). The car may then be sold by the creditor at auction for much less than the original purchase price. You are likely to be left with no car and a big debt. This will include the amount left owing on the loan as well as costs, including the cost of towing the car.

### Secured loans

Loans can be secured or unsecured. Secured means you agree to put something up as security in case you can't pay, such as the car you are buying. When buying a car through a private sale, make sure you check the Vehicle Securities Register at Vic Roads. You don't want to pay money for a car that could be repossessed because the seller still owes money on it.

## CURT SPINS HIS WHEELS

