

ASIC warns retail lenders regarding consumers experiencing financial hardship due to COVID-19

Source: [Australian Securities and Exchange Commission](#)

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]Abstract:

The Australian Securities and Investments Commission (ASIC) has warned retail lenders that it is closely monitoring assistance to consumers experiencing financial difficulty due to COVID-19. The regulator reminded lenders of their obligation under s72 of the National Credit Code to consider varying a consumer's credit contract if the customer notifies them that he or she is or will be unable to meet credit obligations. To respond to consumer difficulties relating to COVID-19 fairly, ASIC suggests lenders consider the following:

- Advise consumers of different available options that may assist them.
- Ensure all communications with consumers are clear and provide sufficient information to make an informed decision about the assistance available.
- Be flexible and offer tailored solutions to consumers where a standardised approach may not meet the consumer's needs.
- Maintain ongoing communications with consumers throughout the period of assistance to ensure it remains appropriate and continues to meet their needs.
- Communicate with consumers when their period of assistance ends to understand their financial circumstances at that time, respond appropriately and ensure they understand what will happen next.

ASIC has also responded to a [letter](#) from the Australian Banking Association to [clarify](#) issues relating to hardship, responsible lending practices and communication with consumers in the context of COVID-19, emphasizing that responsible lending obligations which do not apply to changes to existing loans to address situations of consumer hardship. ASIC's press release on this topic is available [here](#).