

Settling a lending complaint

Background

A customer fell significantly behind on her loan repayments. She was struggling to make ends meet and concerned about the impact that debt collection would have on her. She contacted a local budgeting service for help.

A financial mentor got in touch with Financial Dispute Resolution Service (FDRS) and lodged a complaint on behalf of the customer against the loan company. The customer provided their financial mentor with Authority to Act, and so they were able to represent the customer. The financial mentor believed that the customer had received a loan that she was not able to afford, and that this was a breach of the responsible lending guidelines and the lender's responsibilities.

Next steps

The customer had not made the lender aware of their complaint prior to contacting FDRS. Our first step was to connect the customer, their financial mentor and the lender so they could work through their internal complaint process first.

The complaint remained unresolved between the parties and FDRS was notified, which enabled us to commence our formal resolution processes. As the complaint related to a financial service from the lender to the customer, it was deemed that the complaint was within the jurisdiction of FDRS.

The FDRS adjudicator suggested mediation to the parties so they could work together to resolve the matter. Both parties agreed to mediation and a mediator was assigned to the case. Mediation provided a safe space for the parties to discuss the complaint. The customer, with the support of their financial mentor, had the opportunity to talk about their situation and the lender was able to explain how they had made their decisions and what those decisions were based on.

Outcome

During the mediation, options to resolve the matter were suggested and discussed by the parties. A settlement agreement was reached between the parties and the complaint was resolved.

