

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 she pay a big amount but they will usually agree to smaller payments over time that Bridget can afford. Bridget does not need to pay \$3,000 straight away. She should get some help before she agrees to pay anything to the debt collector. Bridget can call Consumer Action Law Centre or MoneyHelp to find out about her options. A financial counsellor will help Bridget deal with the debt collector.

A contract Bridget signed might not be fair. For example, if Bridget bought something on credit but did not receive it or it was faulty, she may not have to pay the debt.



WHEN THINGS GO WRONG

A financial counsellor can help

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

What if I can't pay?

You may have one or more of the following options:

OPTION 1 DO NOTHING

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

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

Some assets cannot be taken by debt collectors. This includes cars under a specified value and basic household property like your fridge.

You won't go to jail if you can't repay loans, credit card debts or mobile phone debts, but it can mean heaps of worry. Your debt will grow as interest and costs are added and it may affect your personal credit report.

OPTION 2 BANKRUPTCY OR PAYMENT PLAN

If you are thinking of agreeing to a payment plan to pay a debt, make sure

you can afford the amounts you will pay.

You may consider declaring yourself bankrupt if you cannot afford to pay your debts and if you have no assets of value. You should always discuss this with a financial counsellor before doing anything.

OPTION 3 PRIORITISE YOUR DEBTS

Prioritising debts means focusing first on covering your living costs such as for rent, food, water, electricity and gas. If you are having trouble paying these bills you should seek help early. A financial counsellor can tell you about local support services.

What if I have fines?

Most fines are 'on-the-spot-fines', known as infringement notices. These are issued for offences such as travelling without a ticket on public transport, speeding or parking fines. For help with fines contact Victoria Legal Aid, a community legal centre or financial counsellor. While it is rare, if you have a lot of unpaid fines you may go to jail. Seek help early if you have fines you can't afford to pay.

If you get a 'parking fine' at a private shopping centre this may not really be a fine if it was issued by a private business. Contact Consumer Action Law Centre to find out more about your rights.

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.

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Illustrations by: Greg Holford, Panic Productions
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WHERE TO GO FOR HELP!

Consumer Affairs Victoria Helpline

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

Consumer Action Law Centre

Consumer Action Law Centre provides legal advice and assistance around consumer and credit related issues.
Ph: 9629 6300 or 1300 881 020
www.consumeraction.org.au

MoneyHelp

MoneyHelp is a free phone financial counselling service. See the MoneyHelp website for more details.
Ph: 1800 149 689
www.moneyhelp.org.au

General legal help

You can get free information and legal help from Legal Aid and community legal centres.
Phone Legal Aid on: 9269 0120 or 1800 677 402 (country callers)
www.legalaid.vic.gov.au
For your closest community legal centre: www.communitylaw.org.au

Ask FIDO

The FIDO website has free resources and tips about dealing with credit and debt issues.
www.fido.gov.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 can't 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 a fixed term contract (or plan) you must pay the minimum amount you agree to each month until the contract ends. This is usually two years. You must pay extra for calls or texts that are over the 'cap'. If you end a fixed term contract early you are usually charged a fee. This fee can be hundreds of dollars.

If you have a low income then a pre-paid mobile phone is best. Call costs might be a little higher but you won't get into debt because you pay in advance.



Ringtones and downloads

Ads on TV or online may invite you to:

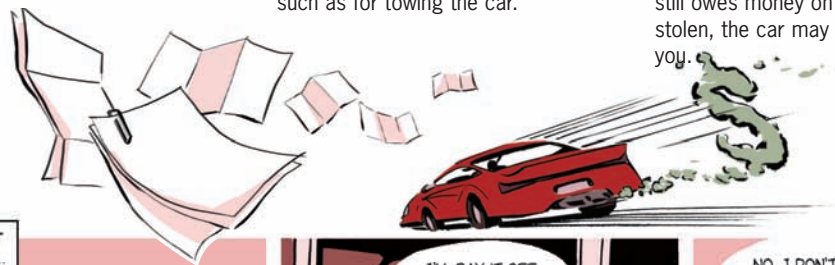
- ring or text a '19' number
- enter your mobile number into a website
- ring a recorded voice service and enter your mobile number.

When you do this, you are usually buying a service that can cost heaps. Make sure you understand the costs first.

To unsubscribe to a mobile premium service SMS the word 'STOP' to the specified 19 number. For more information visit www.19sms.com.au

Credit reports

Your personal credit report may be affected if you do not pay a debt or even if you pay late. This includes credit card debts as well as mobile phone debts. A 'default' on your personal credit report will make it hard for you to borrow money or take out a mobile phone contract. Your credit report usually lists a default for five years.



Car loans

If you take out a secured car loan and don't keep up payments the creditor will take the car back. A creditor is the person or company that you owe money to. The creditor may re-sell the car at auction for much less than you paid for it. 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 other costs added on, such as for 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. Before you buy a car in a private sale, make sure the seller doesn't owe money on it and that it is not stolen by checking the Vehicle Securities Register at Vic Roads. If you buy a vehicle from someone who still owes money on it or if it is stolen, the car may be taken from you.

CURT SPINS HIS WHEELS

...AND THE PROMOTION COMES WITH A RAISE!
YEAH, I'M GOING TO THE DEALERSHIP RIGHT AFTER WORK.
OOPS, GOTTA GO.



TRUST ME, MATE. YOU'LL WANT THE SPORTS MODEL.

HMMM...

AND WE CAN ARRANGE FINANCE.

SWEET!

WOW, THESE REPAYMENTS ARE HIGHER THAN I THOUGHT!

...BUT STILL WORTH IT.

OUT OF PETROL AGAIN! MABEY IF I SKIP THIS MONTH'S REPAYMENT I CAN GET ANOTHER TANK...

EVENTUALLY AT WORK ONE DAY...

HEY! THAT'S MY CAR!

NOT IF YOU DON'T KEEP UP WITH THE REPAYMENTS, MATE.

I'LL PAY IT OFF WITH THE PROCEEDS FROM THE AUCTION.

SOLD!!

WHAT?! THAT'S BARELY A QUARTER OF WHAT I PAID FOR IT!

NO, I DON'T HAVE THE CAR. JUST DEBT, A DEFAULT CREDIT REPORT, AND A BUS PASS FOR A LONG, LONG TIME...

SIGH
...GOTTA GO...

...WIDGETWORLD HELPLINE. CURT SPEAKING. HOW CAN I HELP YOU?