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Working together keeps a home for border family doing it tough in pandemic

Anne* and David* wanted to downsize their home. Now in their mid-60s, the couple felt it was time to consider moving out of their house. They contacted their bank to talk about a new mortgage as part of their plan. Anne had been getting a Disability Support Pension for about 12 years while David was working casually and getting a carer's payment to look after their son, Phillip*, who has a significant disability and was in his late 30s.

The challenge of financing a new property hinged on Anne and David's income. It was not going to be sufficient for a new loan so the lender told them their son's Disability Support Pension payments had to help them get the mortgage. Anne and David said they didn't understand what any of this meant, and out of fear, went along with the lender's suggestion.

Setting family up to fail

The lender told the couple they had to discharge all other debt, including their existing mortgage and about \$75,000 in personal loans and credit cards, before their loan application would be accepted. Anne and David were willing to do whatever the lender told them as they were worried they wouldn't have anywhere to live due to having just sold their old family home. Whilst waiting approval, the trio was homeless and living out of suitcases.

When the loan got approved in August 2021, Anne and David thought they were taking on a 25-year mortgage, as this was the timeframe discussed initially with the bank. However it was only after a visit to a UMFC financial counsellor who looked into their mortgage they discovered the length of the loan was 12 years. This effectively doubled their previous mortgage repayment to \$2000 a month. With two pensions, a carer payment and casual work propping up the mortgage, it was a recipe for disaster.

"Soon we fell behind and I used the last bit of David's super to pay what was owed and this gave us a bit of leeway," Anne said.

Border closure adds to trauma

In early 2020, David was forced to give up working due to poor health. Not long after, COVID-19 hit. Anne and David sought the mortgage moratorium for well over six months due to significant financial hardship. The NSW border closure in July 2020 with Victoria forced the family to split residences, while David and Phillip spent time in hospital having operations.

"That was a really difficult time and financially it was a big stress," Anne said.

Struggle becomes overwhelming

With \$216,000 owing on the mortgage, Anne and David were sinking. The situation had deteriorated to the point where Anne was dreading what might occur. **"There was a lot of stress, and I couldn't cope with the thought of losing our house," Anne said.**

Through the close connection between HRCLS and UMFC Financial Counselling program, Anne and David were linked with them for assistance to deal with their financial hardship.

Combined effort saves house

A UMFC financial counsellor, a Consumer Action Law Centre lawyer and Hume Riverina Community Legal Service lawyer Raissa Butkowski worked on a complaint letter outlining the irresponsible lending and unconscionable conduct they believed the lender had engaged in. These issues were discussed during mediation with the Australian Financial Complaints Authority, which involved HRCLS lawyer and the lender's representatives. An offer was put to the lender to cut the amount Anne and David owed in half, drastically reduce the monthly repayments and keep the length of the loan as it was.

The lender agreed with most of the offer, and the mortgage was reduced to just over \$100,000, with the monthly repayments also halved to \$969.

Relief beyond belief

When Anne received the phone call from Raissa, she was gobsmacked to learn the family home had been saved. The outcome was beyond anything Anne imagined would occur.

“Words aren’t good enough to describe how I felt and how I still feel. I wasn’t expecting anything like Raissa got us. Thanks to her, the sun was shining again.”

Anne said the legal service was professional and praised Raissa for her level of care, and willingness to seek a positive outcome.

“Raissa was honest with me from the beginning, although I had doubted she could help us. She was passionate about what was happening to us and fought really hard.”

Collaborative persistence plays role in success

“It was a great experience working with Raissa to achieve such a good outcome for Anne. Throughout the matter, Raissa showed perseverance, tenacity, and compassion. This is an excellent example to show the direct impact of collaborative work between specialist and generalist legal services.” *Katelyn Jones, Solicitor, Consumer Action Law Centre*

*not real names