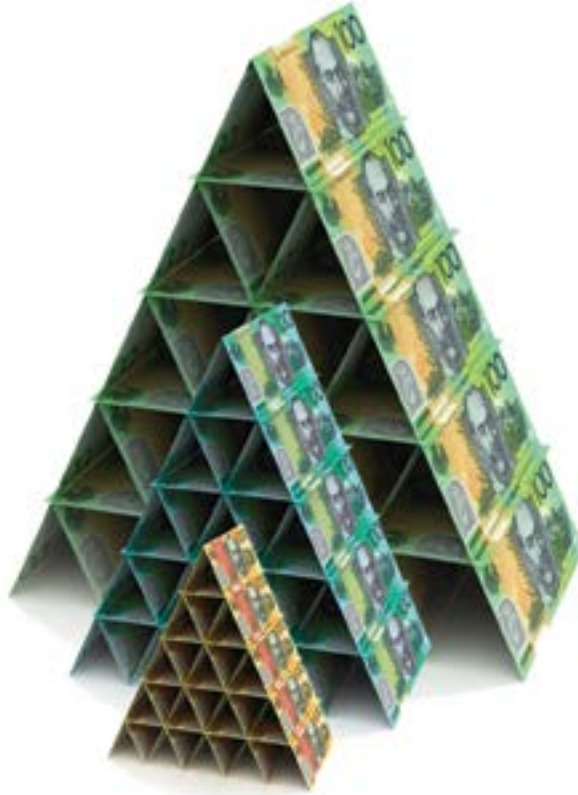


Closing or Downsizing a Financial Counselling Service



About this document

This document has information about how to close a financial counselling service. It has been prepared for the managers of financial counselling agencies.

Six to eight weeks minimum is required to close a service.

Overview

- Do not take on new clients
- Finalise current matters, seek other sources of support for ongoing clients
- Notify current clients, creditors, referral agencies and other relevant stakeholders about how the closure is being managed
- Close and archive current files
- Adjust insurances
- Look after staff

Supporting documents

Other supporting documents, provided separately, that may be useful are:

- Draft letter to clients re service closure
- Draft letter to creditors re service closure
- File closure checklist

1

Do not take on new clients

Services which are closing need to allow a minimum of six to eight weeks to manage this transition. The service should therefore stop taking on new clients at this point, as for many clients it will not be possible to see their matter through to a satisfactory resolution. As well, services will need to devote time and resources to managing the closure and ensuring that existing clients are treated appropriately.

New callers seeking an appointment will need to be advised that the service is no longer available. Instead, the caller should be given appropriate referral information. This could be to another face-to-face financial counselling service in your area or to the National Debt Helpline on 1800 007 007.

It would be a good idea to give reception staff a script setting out what they should tell potential new clients when they make enquiries about appointments (only potential new clients – not existing clients). Reception staff may be giving this information to callers for some time post closure, as it will take time for the community and referral agencies to become accustomed to the change.

If the service is not closing but will continue to operate with significantly reduced capacity, then intake numbers for new clients need to be reduced now to match the new capacity for ongoing client care.

2

Finalising current matters

Finalise current matters if possible and identify other sources of support for ongoing clients.

Divide client matters into two categories: matters that are likely to be resolved in the time available, and those that are likely to take longer than the time available. Matters that can potentially be resolved in the time available should be addressed as a priority.

For client matters that are likely to take longer than the time available - the ongoing matters - the service needs to provide either a warm referral or a general information referral.

Warm referrals for ongoing clients

In a best case scenario, you may be able to arrange for another financial counselling service to take over the client's matter. This should be managed as a 'warm referral' - this means contacting the other agency and, with the client's permission, transferring the file.

General information referrals for ongoing clients

For other ongoing clients, potential referral options include local community legal centres, legal aid offices or the National Debt Helpline. However in all of these situations, the client is essentially going to be managing their issue themselves.

Point 3 below explains what information needs to be provided for a warm referral or for a general referral.

3

Notify current clients, creditors, referral agencies and other stakeholders

Notify clients in writing

The service will need to notify all existing clients (active and inactive files) in writing about the service's closure. If possible, also ring clients or tell them at a face-to-face interview about the service closure, but always follow up with a letter that explains what is happening.

FCA has prepared a draft letter to clients about service closure that services may adapt. The letter has space for the service to explain the reason for closure, the date of the closure and referral contact details. A copy of this letter should be placed in every client file.

Existing clients: warm referral

If your service is able to transfer your client's matter to another financial counselling agency, the letter to your client should include contact details for the new agency. As discussed in point 4 below, you will need to obtain the client's written authority to transfer their file and the new agency will need a fresh financial counsellor authorisation.

Existing clients: general information only

Some clients may be distressed to learn that your service can no longer assist them and that instead they will need to contact another source of assistance themselves. These matters need to be handled sensitively.

In your letter to the client, advise them of potential referral sources, such as the National Debt Helpline on 1800 007 007 number (note the draft FCA letter includes the point that the NDH is unlikely to be able to provide casework assistance). Also provide the client with anything that might be useful in the future, such as:

- A summary of the client's instructions/situation (with dates etc)
- A summary of what you have done and what needs to be done in your view, including any important dates or deadlines looming (for example if payments need to commence, increase or be reviewed by a particular date);
- Copies of any evidence, correspondence or agreements you have put in place or submissions made on behalf of the client (to IDR or EDR for example).

Notify creditors

Services also need to notify all the creditors (and other relevant people/services) you have been dealing with on the client's behalf that the service is closing, that your file will be closed and that your service's client authority is no longer operative.

If you have:

- arranged a warm referral to a new service, advise the creditor of this new arrangement. If possible, ask the new service to provide you with their client authority so you can arrange for your existing client to sign it and provide it to creditors with the letter.

- been unable to arrange a warm referral to another financial counselling agency, notify creditors that they need re-direct any correspondence to the client direct. As set out above, it is important to make sure the client understands that correspondence will now be sent to them and that they may be contacted by creditors direct.

FCA has prepared a draft letter to creditors about service closures that can be adapted.

Notify other agencies

Contact the National Debt Helpline provider in your State/Territory as well as other local face-to-face financial counselling services and let them know that your agency is no longer accepting referrals. Also notify other referring bodies, such as housing services, neighbourhood services etc of your service's closure. Update your phone message(s) if necessary. The link to update the 'Find a Financial Counsellor' map hosted on the FCA and MoneySmart websites is [here](#).

4 Close and archive current files

Your agency should retain the client's file, including copies of file closing letter and letters to creditors etc. All original documents (if you have any) such as loan contracts or medical reports, for example, should be returned to the client and only copies kept on the file. An agency needs to retain a complete copy of the file for seven years because:

- The client could contact the service after your departure seeking information from the file;
- There could be a complaint about the handling of a matter after the service has closed;
- The limitation period for taking legal action against the service, such as negligence, is six years. A seven year retention timeframe provides an adequate buffer.

The client is entitled to any documents or correspondence on the file. Your file notes do not have to be provided.

A copy of the information above can be provided to another organisation who has agreed to assist the client with the client's permission only. You need to keep a copy of the client's written authority to do this on the file that remains at your agency.

Staff will also have to update their service client databases and registers re files closed, reasons, and other information for the service statistics.

Closed files will also need to be archived. If these files are to be moved to another site, check whether the service has a policy on this.

Staff will also have to edit and close down their computer files and email folders before leaving.

5

Adjust insurances

Professional indemnity cover, workers compensation cover and other insurances may need to be adjusted.

If the service is no longer providing financial counselling services at all, check whether the organisation has run off cover on the relevant professional indemnity insurance policy. This will be necessary to cover claims which arise after the service has closed and/or the relevant insurance policy expires. The fact that there was a professional indemnity policy in place at the time will not be sufficient to cover claims made later because the insurer needs to be notified of the claim within the period of cover.

6

Look after staff

Staff may understandably be distressed by the closure or downsizing of the service. It is likely that some staff will be made redundant. This can be very distressing and for some people, traumatic. Being made redundant is about loss — loss of income, job security, role and identity. It can also bring about grief associated with those losses. For some people, loss of employment will cause financial stress and for many, fear and uncertainty about the future. Some staff may benefit from personal counselling and your service may need to offer this.

Financial counsellors are often passionate about their clients and some will want to continue to assist them, even after the service has closed. It needs to be explained clearly that, for all of the reasons above, including legal liability, that this is not possible.

Managers should be aware that those staff members who are not directly affected by job loss, may still be affected by the changes. Remaining staff are losing friends and colleagues and could also benefit from managerial support at this time of change.

“Closure” is important. Celebrate the great work that has been done.

This document is based on one originally prepared by the Financial Rights Legal Centre. We gratefully acknowledge their input and thank them for their assistance.

