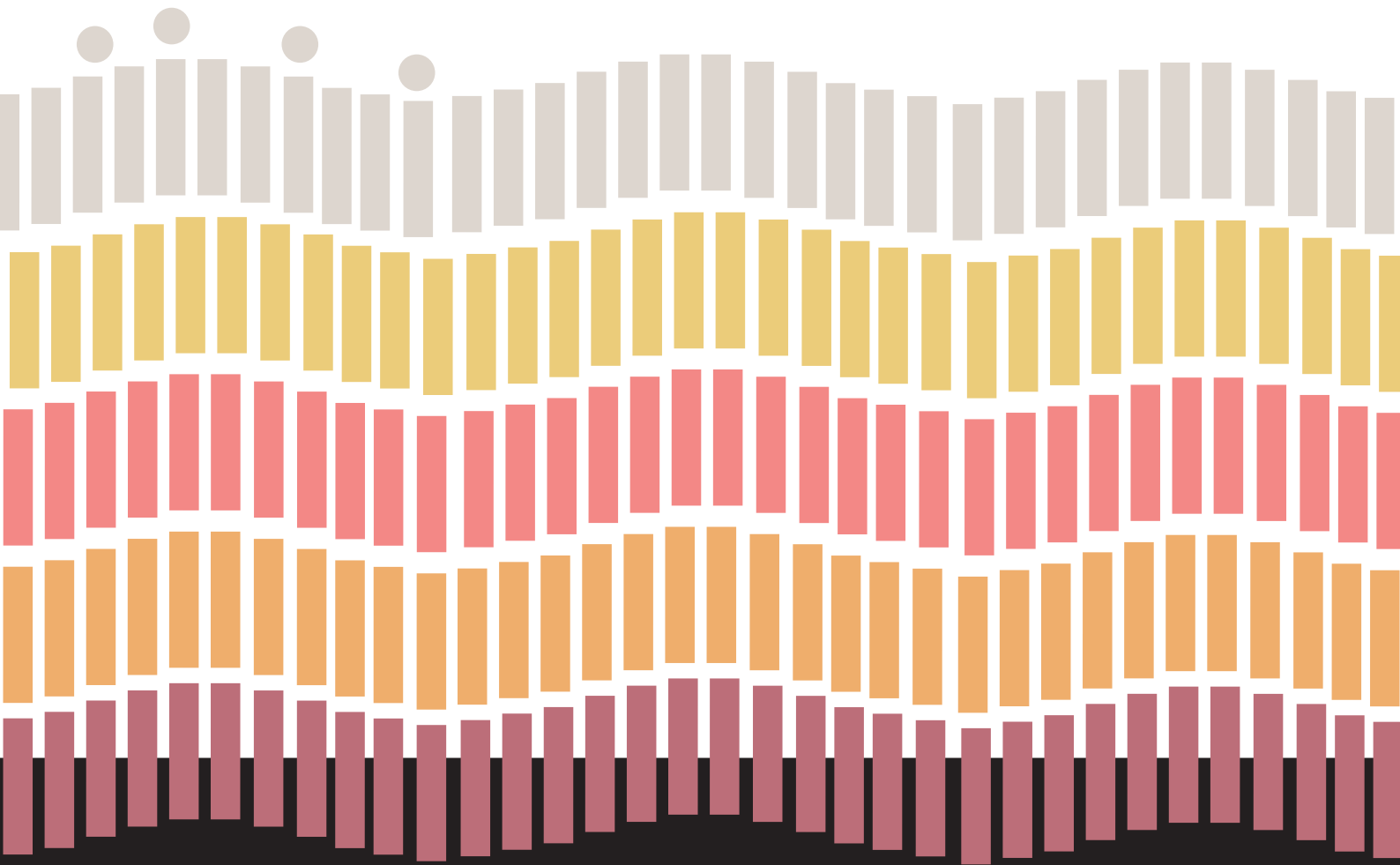


financial  
capability  
workers



# handbook



financial  
counselling  
australia

# Contents

About this handbook .....	1
1 Statement of Ethics .....	2
2 Dealing with clients .....	3
3 The role of financial capability workers .....	4
3.1. Why is detailed information about the role of financial capability workers important? .....	4
3.2. The role of a financial capability worker .....	4
3.3. What are the boundaries and why are they there? .....	4
3.4. Financial capability workers and financial counsellors .....	5
3.5. Financial information.....	6
3.6. Explaining to the client what you do and don't do .....	6
4 Working with financial counsellors .....	7
5 Triage – dealing with urgent matters.....	8
6 Guidance on specific matters .....	10
6.1. Budgeting.....	10
6.2. Financial literacy information .....	11
6.3. Savings accounts and deposit products .....	11
6.4. Telco and utility hardship.....	12
6.5. Housing debt (rental) .....	13
6.6. Government concessions .....	13
6.7. Superannuation.....	14
6.8. Taxation .....	15
6.9. Fines/state debt collection.....	16
6.10. Student debt.....	16
7 Negotiations .....	17
Contact for further information.....	17

# About this handbook

Financial capability workers have an important role in assisting people in the community access tools and skills for money management and to some extent, in addressing financial difficulty. This handbook is an overview of the policies and procedures involved with being a financial capability worker.

Financial capability workers assist individuals and also deliver community education programs.

The handbook is a living document. The intention is that the handbook will be updated as needed to reflect current procedures.

This version was current at September 2019.

# 1

## Statement of Ethics

Financial Capability Workers have a commitment to being ethical when assisting clients. Those commitments are:

- Honesty
- Integrity
- Fairness
- Respect
- Act in the client's best interests
- Avoid, disclose or manage conflicts of interest
- Maintain confidentiality

## 2

# Dealing with clients

When dealing with individual clients, the financial capability worker will:

- a. Explain what they can and can't do
- b. Explain that information is confidential and provide further information on any exceptions to this.
- c. Let the client know how long records will be kept for
- d. Keep the client informed on what is happening when assisting
- e. Provide copies of relevant documents to the client
- f. Keep records including:
  - i. file notes of conversations with the client
  - ii. conversations with other third parties on behalf of the client
  - iii. agreements
  - iv. relevant documents, for example, contracts
  - v. any other correspondence
- g. Let the client know when you are no longer assisting them
- h. Original documents should be returned to the client

# 3

## The role of financial capability workers

### 3.1. Why is detailed information about the role of financial capability workers important?

Defining your role is critical to performing that role well. You need to know exactly what you can help with and when your client needs other help.

This is for the following reasons:

1. You need to manage client expectations: you can tell your client what you can do and what you can't do
2. Clarity of role: you know what your role boundaries are.
3. Measuring success and value: You know what you do and then can measure it and tell funding bodies
4. Risk management: You manage risk by doing work you understand and can do. Risk is often greatest when you venture into an area in which you have not received training.

### 3.2. The role of a financial capability worker

Provide information and money management skills and coaching to help clients make better financial decisions and build financial resilience. This also includes community education workshops.

### 3.3. What are the boundaries and why are they there?

The boundaries exist for a number of reasons:

- A licence is needed to provide legal advice, financial advice or credit assistance.
- Accredited financial counselling services have specific exemptions from holding a licence for providing financial advice (Corporations Act) and credit assistance (National Credit Act). Those exemptions are not available for financial capability workers so your work cannot cross into those areas.
- Funding bodies (for example, the Department of Social Services) set clear boundaries on the work it funds. The DSS states that financial capability workers “do not provide financial counselling, financial advice or deal with complex financial or legal matters”.

The no-go areas are:

- Providing advice and representing the client in disputes about debts
- Negotiating payment arrangements for credit cards, personal loans and mortgages
- Providing advice about bankruptcy
- Providing advice about superannuation or insurance products
- Suggesting to a person that they apply for a loan or lease, or helping them do this
- Providing legal advice
- Stating, or giving the impression, that you are a financial counsellor or lawyer

### 3.4. Financial capability workers and financial counsellors

Financial Capability Workers	Financial Counsellors
Financial Information	Advice about financial issues (within the scope of the ASIC licensing exemptions)
Referrals	Referrals
Negotiation for certain debts (e.g. telcos and utilities)	Negotiation for loans and debts
Coaching/money management skills	Coaching/money management skills
Advocacy (within the scope of the role)	Advocacy
Cannot give legal advice	Cannot give legal advice
Dispute resolution (limited)	Dispute resolution including AFCA

### 3.5. Financial information

Financial information means facts about financial products. For example, Financial Capability Workers can give information on deposit products (savings accounts, term deposits etc). Deposit products are not credit and accordingly the ASIC exemptions are not relevant.

Providing information about deposit products can be very valuable for people. For example, information about basic bank accounts can save people significant costs in fees and assist in improving their budgeting.

Other examples of financial information include (and are covered in Part 6):

- Budgeting
- Financial literacy
- Accessing telco and utility hardship
- Housing debt (rental)
- Accessing Government concessions
- Superannuation
- Taxation
- Fines/State Debt collection
- Student debt

### 3.6. Explaining to the client what you do and don't do

To every client you should explain, or give them information about, what you do and don't do. This is so the client knows what they can get help with and that you will refer them elsewhere for help if it is an area outside their specific expertise.

Here are some examples of what you might say:

*“I can help with information, budgeting, accessing concessions and some hardship programs, savings strategies and navigating banking services.”*

*“I do not give advice. I am not trained to give financial advice, financial counselling or legal advice or help in complex disputes. If you need advice, I will give you a referral to a free service for advice.”*

This could be turned into an information sheet for the client or you could say it and keep a file note.

You do not have to use the exact words stated above but make sure that you include in your file notes whatever words you use.



**You should always note in your files what you tell the client and what they say back to you. It does not have to be word for word, but you should include the main points.**



# 4

## Working with financial counsellors

As financial capability workers do not give advice, it is important to seek support and assistance when your client does need advice. Seeking support from a financial counsellor can assist in resolving issues for the client.

There are two options:

- a. Refer the client to the financial counsellor; **or**
- b. Seek support from a financial counsellor when needed.

As a general guide, if:

- The matter is complex, and the client is at risk of serious financial harm it is best to refer to a financial counsellor.
- The advice needed is a series of questions that will provide guidance then the advice should be obtained and then assistance continued.

Referring to a financial counsellor

- Provide details or copies of:
  - What the client told you
  - Any documents you have
  - Correspondence
  - Negotiations with a creditor
  - Any urgent problems

# 5

## Triage – dealing with urgent matters

Triage is about making sure that people with the most urgent problems get assistance first (where possible). This section is included as it may be useful to have some specific guidance about how a triage process could operate.

Importantly, a triage process will also give agencies an early indication about the extent to which a financial capability worker will be able to assist a client or whether a referral to a financial counsellor, community lawyer or other service is more appropriate. For example, as set out later in this guide, a financial capability worker needs to refer if there is any repossession action regarding a house or car.

(An \* below means that a financial capability worker would need to make a referral as the matter is outside the scope of work.)

### High priority – urgent matters

- Emergency relief
- Power disconnection
- Housing eviction or debt (for a tenant)
- Housing repossession by lender\* – threats of legal action, statement of claim/summons (limited days to respond), court orders for repossession, eviction by sheriff or lender
- Car repossession\* (threats of repossession, default notice expired, court orders)
- Statement of claim/summons for any debt\*
- Court enforcement\* – sheriff taking goods; garnishee of wages/bank account
- Default/demand notices that have remained unpaid for over 30 days and there are threats of legal action\*
- Threats by the council to sell the home for unpaid rates\*
- Consumer leases with threats to repossess goods\*
- Fines if there is a loss of drivers licence (which is needed for work)
- MEDIUM PRIORITY
- Default notices for consumer loans that have not expired\* (for loans, the default notice gives a minimum of 30 days to pay the default)

- Financial hardship on loans and consumer leases\*
- Financial hardship on utility debts
- Early release of superannuation on compassionate grounds/grounds of severe financial hardship\*
- NILS
- Gambling debts
- Bankruptcy\*

### Low priority

- Total and Permanent Disability Insurance\* (unless there is severe financial hardship then it is a high priority)
- Accessing super
- Life insurance\*
- Wills\*
- Deceased estate claims



**A problem can start out being low priority and become urgent when something else happens.**

# 6

## Guidance on specific matters

The next part of this guide provides specific information on different topic areas. These are:

1. Budgeting
2. Financial literacy information
3. Savings accounts and deposit products
4. Utility and telco hardship programs
5. Government concessions
6. Superannuation
7. Taxation

### 6.1. Budgeting

Help you might provide:

- Developing a money plan
- Discussing expenses and managing the cost of those expenses
- Working out income and options to increase income (if available)
- Working out a debt repayment plan
- Working out a savings plan
- Ongoing support with a budget
- Strategies to manage shared money and humbugging

### Issues or “red flags” that mean a referral is necessary

#### Referral to a financial counsellor

- The client has a loan they could never afford or can no longer afford
- Debt collectors are calling the client
- The client’s debts are old and the client has not made a payment for years (6 years – except for in the NT, which is 3 years)
- The client cannot afford their debts and will not be able to for the foreseeable future (the client is “insolvent”)
- A lender is threatening to repossess secured property, for example, a house or a car

## Referral to a lawyer

- The client has received any court documents; for example, a Statement of Claim, Summons or other court notice
- The client has a court judgment against them and there is enforcement; for example, the sheriff has contacted the client, or the client's wages have been garnisheed

## 6.2. Financial literacy information

Educating and providing skills in:

- Basic financial concepts
- Understanding interest
- Avoiding debt traps such as pay day loans and other predatory or harmful loans or products
- Managing identity information and keeping money safe
- Finding a bank savings account and/or transaction account to meet their needs
- Managing basic living expenses
- Managing debts
- The importance of savings and savings plans in building financial resilience
- Managing direct debits and payments
- Managing casual and/or varying income
- Budgeting and managing changes in expenses and income
- Setting priorities for payments
- Information on where to get help
- Basic information about superannuation
- Basic information about insurance
- The services provided by Centrelink

## 6.3. Savings accounts and deposit products

Help you might provide:

- The availability of basic bank accounts with low fees
- Explaining the fees on bank accounts and how to avoid further fees
- Obtaining account statements
- Cancelling a direct debit
- Basic information about different types of deposit products
- Disputing fees that have been incorrectly charged

## Issues or “red flags” that mean a referral is necessary

### Referral to a financial counsellor

- The account is in overdraft and there is a dispute
- There is a dispute about a joint account
- There is a dispute about the account that is complex

### Referral to a lawyer

- The client has received court documents, for example Statement of Claim, Summons or other court notice about an overdrawn account
- The client is a victim of complex fraud

## 6.4. Telco and utility hardship

Help you might provide for telcos:

- Explaining that telcos must have a financial hardship policy. The Telecommunications Consumer Protections Code of Practice also includes standards on financial hardship
- Contacting the telco and requesting a financial hardship arrangement
- Any repayment arrangement must be affordable
- If the telco will not agree to a repayment arrangement that is affordable, a dispute can be lodged in the Telecommunications Industry Ombudsman

Help you might provide for utilities:

- Explaining that energy and water companies offer repayment arrangements if your client is in financial hardship
- The hardship policies often include different options including:
  - Reduced repayment arrangements
  - Matched payments
- Contacting the energy or water provider to avoid disconnection
- If the energy or water company will not agree to a repayment arrangement you can help lodge a dispute with your state energy and water ombudsman

## Issues or “red flags” that mean a referral is necessary

### Referral to a financial counsellor

- The dispute is complex
- The utility company refuses to provide hardship

- Your client cannot pay their land rates
- The client also has debts they can't pay to a credit provider, such as a bank

### **Referral to a lawyer**

- The client has received any court documents; for example, a Statement of Claim, Summons or other court notice
- The client has a court judgment against them and there is enforcement; for example, the sheriff has contacted the client, or the client's wages have been garnisheed

## **6.5. Housing debt (rental)**

Help you might provide:

- Explaining that rental arrears are serious and could lead to eviction
- Rental arrears may be listed on a tenancy database, such as TICA
- Make a repayment arrangement with the lessee

### **Issues or “red flags” that mean a referral is necessary**

#### **Referral to a financial counsellor**

- The repayment arrangement was not accepted
- The rental arrears are part of a more complex set of financial problems

#### **Referral to a specialist tenancy worker**

- There are problems with the property
- Eviction is threatened

## **6.6. Accessing government concessions**

Help you might provide:

- Explaining the possible income available from Centrelink:
  - Newstart
  - Carer's pension
  - Family Tax Benefit
  - Age pension
  - Disability Support pension
- Explaining the concessions available from Centrelink
- Support on contacting and dealing with Centrelink

- Support in keeping Centrelink informed
- Explaining mutual responsibility

## Issues or “red flags” that mean a referral is necessary

### Referral to a financial counsellor

- The client’s situation is complex
- The client has a dispute with Centrelink about a debt

### Referral to Welfare Rights or another lawyer who specialises in Centrelink issues

- The client wants to dispute a Centrelink decision
- Centrelink is demanding repayment of what it claims is an overpayment, or it has started court action against the client for fraud

## 6.7. Superannuation

Help you might provide:

- The role of superannuation to provide money in retirement
- Choice of super
- Finding lost superannuation accounts
- Explaining:
  - How insurance is often provided with superannuation
  - MySuper
  - The difference between industry and retail funds
  - That it is possible to make extra contributions
- Access on preservation age/retirement
- Basic information on early access:
  - Compassionate grounds
  - Severe financial hardship
  - Terminal illness (24 months to live)
  - Balance under \$200
  - Temporary resident

## Issues or “red flags” that mean a referral is necessary

### Referral to a financial counsellor

- Assistance with early access to superannuation
- Rolling over or combining super when there is a possible claim on the



insurance provided in super

- Consolidating super accounts (as they may have insurance and the client needs to make decisions about the best super fund)

### **Referral to a lawyer**

- The client has a dispute with the super fund or in relation to the insurance provided with the super

## **6.8. Taxation**

Help you might provide:

- The need to pay tax
- The Australian Taxation Office (ATO) provides hardship arrangements
- Explaining that a Notice of Assessment can be disputed

### **Issues or “red flags” that mean a referral is necessary**

#### **Referral to a financial counsellor**

- Assistance with negotiating a repayment arrangement with the ATO if the initial contact was unsuccessful
- Help with voluntary bankruptcy

#### **Referral to a tax agent, an accountant or Tax Help**

- Advice on tax and lodging tax returns
- Advice on structuring tax affairs

#### **Referral to a lawyer**

- The client has received any court documents; for example, a Statement of Claim, Summons or other court notice
- The client has a court judgment against them and there is enforcement; for example, the sheriff has contacted the client, or the client’s wages have been garnisheed
- The client is in severe financial hardship and needs help making a claim for a waiver on this basis.
- An adverse decision that may need to be reviewed in the Administrative Appeals Tribunal

## 6.9. Fines/state debt collection

Help you might provide:

- Making a repayment arrangement
- Seeking a waiver
- Asking for fees to be waived
- Explaining the consequences of not paying a fine

### Issues or “red flags” that mean a referral is necessary

#### Referral to a financial counsellor

- Bankruptcy and fines
- Access to particular programs accessible by financial counsellors (work development or waivers)

#### Referral to a lawyer

- Disputing the fine
- There is a risk of incarceration for unpaid fines

## 6.10. Student debt

Help you might provide:

- Explaining that student debt is usually payable when you meet an income threshold
- It is not provable in bankruptcy
- Some student debt is private debt and is repayable. Repayment arrangement can be negotiated
- VET debts can sometimes be challengeable if the student was misled or taken advantage of

### Issues or “red flags” that mean a referral is necessary

#### Referral to a financial counsellor

- Negotiations are not working
- The student was misled into apply for the course and is seeking a refund

#### Referral to a lawyer

- The student was misled into applying for the course and is seeking a refund

# Negotiations

Some tips:

- a. Know your client's rights
- b. Go for a good but fair outcome
- c. Talk to your client about what they want, then ask for it
- d. Listen if they are making an offer—then get instructions
- e. Generally, be honest and include complete information—do not misrepresent the facts

## Contact for further information

**Kat Lane** *FCA Consultant*

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These pages are only to be used for contact details to those services that FCWs would normally refer clients to when an issue is outside of their role eg: financial counselling and legal matters. It is only meant as a tool for FCWs to collate referral agencies when speaking with community.

Name of Service	Service Area	Contact person	Contact Details	Notes

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