



## FAQs and important notes

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### How do I apply for "hardship"?

Tell your finance company you wish to make an application "under the hardship provisions of the Credit Contracts and Consumer Finance Act". Note: make sure you are eligible for applying for "hardship" by reading the "Are you struggling to keep up with car repayments" section of this site.

### If I apply for hardship, should I apply for spreading payments or a payment holiday?

If you successfully meet the criteria for hardship then the ultimate decision lies with you. You should do the maths on your repayments and your current expenses so you can see which option would financially suit you.

### What if I'm not eligible for hardship?

Even if you aren't eligible, many finance companies may be willing to change the terms of your contract. It is worthwhile to see your finance company if you are struggling to meet your vehicle repayments.

### How will applying for hardship affect my loan?

By applying for hardship, you can take either a payment holiday or reduce the amount you pay. However, by taking either of these options, it will take longer to pay your car loan off.

### Is my business vehicle eligible?

No. The hardship provisions in the Credit Contracts and Consumer Finance Act apply only to consumer loans, not loans for business purposes. The hardship provisions will not apply if you bought a vehicle for your business.

### What if my car breaks down AND I can't keep up with repayments when it's on credit?

You may be eligible to apply for "hardship" with the finance company as well as have the right to get the finance company to repair or replace your car. Or you may be able to get your money back altogether.

### The trader wants to give me a refund, can I demand a repair instead?

No. You cannot force the trader to repair the vehicle. If a trader think that the repairs will be too expensive, they can choose to give you a refund.

### Should I stop making repayments?

Don't stop loan repayments without contacting the creditor or finance company first. You may find the car could be repossessed by your credit lender if you do. Once this happens it can become difficult in many cases to confirm that the vehicle was faulty or apply for "hardship".

## **Can finance companies repossess my car?**

Finance companies can only repossess your goods if you have given them this right in your credit contract and you have missed payments or broken another term in the contract. If it is not in your contract then they will be breaking the law if they try and take your possessions. A finance company must always stick to the rules before and after they repossess your car.

[Check here for more information.](#)

## **What is a pre-possession notice?**

Before a creditor can repossess your things, the law says they must send you a 'pre-possession' notice telling you how much you are in default. You have 15 days from the day the pre-possession notice was sent to consider your options, these may include paying the payments you missed and stopping the repossession, or voluntarily surrendering your car. For more advice about your options, see a budget advisor ([see the Help / Contacts section](#)).

## **Who can I turn to for more help?**

There's a range of agencies that can help you. Many are free of charge. Visit the [help / contacts section of this website](#) for contact information.

## **Is there anything else I should consider before buying a car on credit?**

[If you are thinking about buying a car on credit, you should read the 'Truecost Checklist'](#)

It's a checklist you can use when you're buying, or thinking of buying, a motor vehicle on finance. It covers important information consumers need to know about a credit deal.

## **My car has already be repossessed and sold, how much do I still have to pay?**

You have to pay the balance owing after the sale of the car. This is the amount shown on the account after sale notice that the finance company must send you after they have sold the car. The finance company should not add on any extra amounts to this figure – no interest, no penalty interest and no further collection costs.

[Read more about repossession](#)

[For more information on credit issues visit the section of our website on Credit and Debt.](#)