



MINISTRY OF CONSUMER AFFAIRS
MANATŪ KAIHOKOHOKO

Media Release

Quake victims can seek help in debt repayments.

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The Ministry of Consumer Affairs is advising consumers caught up in recent natural disasters that they may be able to seek help from their lenders if they are finding it difficult to keep up with debt repayments.

If a consumer's financial situation has changed, for example they are unable to work as their employer has been forced to close, it is suggested they contact their lender as soon as possible to ask about options available.

Consumers can apply to their lenders under the hardship provisions which form part of the Credit Contracts and Consumer Finance Act and apply to consumer credit contracts such as mortgages, credit cards and credit sales (such as the purchase of a TV on finance).

Consumers can apply to change the terms in their credit contract, including extending the contract term and reducing payment amounts, postponing payment or the combination of both. However, the lender is not obliged to reduce the interest rate.

A consumer could, for example, apply to extend the term of their mortgage and postpone payments for a few months. This is designed as a short-term measure and consumers need to remember that by doing this they may increase their overall level of debt.

When a consumer applies to their lender they need to be up-to-date with their payments and/or within their credit limit.

If the lender refuses to vary the contract, a consumer can apply to the Disputes Tribunal for an order to vary the contract. The Tribunal's limit is \$15k, or \$20k if both parties agree. For larger amounts, consumers can apply to the District Court.

Consumers are encouraged to visit their local Citizen's Advice Bureau, Budget Advice Service or Community Law Centre for further information.