

Hardship Policy

Breadmate Pty Ltd

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Credit Licence:	564945
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VERSION CONTROL

Version Number	Date Updated	Notes
1	July 2025	Original document prepared and finalised in consultation with Sophie Grace Pty Ltd.

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SECTION A – INTRODUCTION

1. BACKGROUND

- 1.1 This document outlines Breadmate Pty Ltd's ("**Breadmate**") policies and procedures for dealing with hardship.
- 1.2 Under the *National Consumer Credit Protection Act* 2009 (Cth) ("**the National Credit Act**"), a customer has the right to request hardship assistance in certain circumstances.
- 1.3 A '**financial hardship**' arises where a customer is reasonably unable to meet their contractual obligations due to illness, unemployment or other reasonable cause (can include a change in the customer's financial circumstances or reduction in income).
- 1.4 A customer who is unable reasonably to meet their obligations under a credit contract due to a financial hardship may apply to Breadmate for hardship relief.

2. OBJECTIVES OF POLICY

- 2.1 Breadmate's Hardship Policy ("**Policy**") has been implemented because:
 - (a) Breadmate has an obligation under the law to have in place adequate arrangements to deal with situations where a customer seeks hardship relief;
 - (b) Breadmate also has a general obligation as a licensee to deal with customers efficiently, honestly and fairly. A key component in meeting this obligation is to act reasonably when customers have good reasons why they cannot meet their current credit contract obligations; and
 - (c) Where procedures for dealing with hardship are not managed appropriately, Breadmate's Australian Credit Licence ("**Credit Licence**") may be suspended or cancelled and Breadmate and/or its Representatives may be liable for fines and/or imprisonment in extreme cases.
- 2.2 This Policy applies to Breadmate and all of its Representatives.

3. DEFINITIONS

- 3.1 **Final Decision** means a written response to the customer informing them of the final outcome of their request for hardship variation.
- 3.2 **Hardship Notice** mean a notice given by the customer to Breadmate either verbally or in writing, of the customer's inability to meet their obligations under a credit contract on the grounds of financial hardship.

SECTION B – PROCEDURES

4. RECEIVING REQUESTS FOR HARDSHIP VARIATIONS

- 4.1 Breadmate has a dedicated telephone number, postal address and email address to receive and handle Hardship Notices.

- 4.2 Breadmate's employees must immediately refer customers requesting a hardship variation to the Director. This ensures that hardship notices or requests for the postponement of enforcement procedures are treated as an urgent matter.
- 4.3 On receiving a Hardship Notice, the following information must be recorded:
- (a) date of application;
 - (b) name of customer;
 - (c) contact details of customer;
 - (d) preferred contact method of customer (phone/email/letter/fax);
 - (e) details of the credit contract; and
 - (f) information regarding the nature and impact of the customer's current financial difficulties.
- 4.4 Once Hardship Notice is received, the Director must acknowledge receipt of the Hardship Notice using the preferred contact method of the customer immediately.

5. ASSESSING REQUESTS FOR HARDSHIP VARIATIONS

- 5.1 Upon receipt of a Hardship Notice, Breadmate may request the customer provide additional information or evidence of their financial hardship and expenditure. This may include:
- (a) proof of income – current pay slip, bank statements or letter of benefits from Centrelink;
 - (b) medical certificate; and/or
 - (c) a statement of financial position or a statement of income and expenditure.

This request must be made within twenty-one (21) days of Breadmate receiving the Hardship Notice.

- 5.2 The Director is to review the application and make a determination, taking into consideration the following factors:
- (a) If there is a need for assistance, and if this assistance is provided, it will not merely delay the customer continuing to be in default;
 - (b) the term of the credit contract;
 - (c) the customer's capacity to repay taking into account their weekly expenditure, the weekly rental repayments and the money the customer is likely to have remaining after their living expenses have been deducted from the after tax-income;
 - (d) whether the customer's disposable income is below a level where they do not have funds to meet their realistic costs and those of their dependents; and
 - (e) any other relevant factors.

6. TYPES OF ASSISTANCE

- 6.1 The following are the kinds of hardship assistance Breadmate may provide if an application for hardship relief is approved:
- (a) extend the period of the credit contract and reduce the amount of each payment due under the credit contract accordingly (without a change being made to the interest rate);
 - (b) postpone during a specified period the dates on which payments are due under the credit contract (without a change being made to the interest rate); or
 - (c) extend the period of the contract and postpone during a specified period the date which payments are due under the credit contract (without a change being made to the interest rate).
- 6.2 Breadmate seeks to provide assistance in the form that is appropriate to the particular customer's situation.

7. CONFIRMING AN ARRANGEMENT FOR HARDSHIP RELIEF

- 7.1 Breadmate provides the customer with their Final Decision informing the customer of the final outcome of their Hardship Notice within the appropriate timeframes as noted in section 9 below.
- 7.2 Where Breadmate has agreed to provide assistance to the customer to address the customer's inability to meet their obligations under the current credit contract, the Final Decision includes information about terms of the new arrangement including any particulars of the changes in the terms of the credit contract, and any information required by the National Credit Act and Regulations.
- 7.3 If the credit contract involves more than one party, Breadmate requires all parties to the credit contract agree to the terms of the arrangement.
- 7.4 Any guarantors to the credit contract are also notified of Breadmate Final Decision.

8. REFUSING AN APPLICATION

- 8.1 Breadmate does not have to agree to a hardship request.
- 8.2 Breadmate refuses an application for hardship relief where Breadmate:
- (a) does not reasonably consider the customer is in hardship;
 - (b) considers the customer would not be able to meet the repayment terms of the credit contract even if they were varied as requested; or
 - (c) considers the customer would be unable to meet their credit obligations in the long run.
- 8.3 The customer is notified in writing within the appropriate timeframes as noted in section 9 below of receiving a Hardship Notice, if Breadmate has refused an application for hardship relief.
- 8.4 The notice must advise the following:

- (a) The name of Breadmate's approved External Dispute Resolution ("EDR") Scheme;
- (b) The customer's rights under the EDR Scheme; and
- (c) The reasons why the application for hardship relief was refused.

8.5 If the customer does not agree with the decision, any further disputes are referred to Breadmate's EDR Scheme.

9. TIMEFRAMES FOR RESPONDING TO REQUESTS FOR HARDSHIP VARIATIONS

9.1 Where sufficient information has been provided

Where a customer has provided all the sufficient information about the nature and impact of the customer's current financial difficulties for Breadmate to make an informed Final Decision, Breadmate must advise customer of their Final Decision within twenty-one (21) business days of receiving the Hardship Notice.

9.2 Where there has been a request for additional information

- (a) Where a customer has not provided all the sufficient information for Breadmate to make a Final Decision, Breadmate may request further information from the customer within twenty-one (21) business days of receiving the Hardship Notice.
- (b) Where Breadmate has requested additional information from the customer, the customer has twenty-one (21) business days to respond to this request for information.
- (c) Once the additional information has been received from the customer, Breadmate must provide their Final Decision with twenty-one (21) business of receiving all requested information.
- (d) If the customer does not provide the information within the twenty-one (21) business day period, Breadmate must provide their Financial Decision within twenty-eight (28) business days of requesting the additional information.

9.3 Breadmate allows for flexibility for the customer in meeting the obligations for request for further information – for example, where the customer experiences a delay in getting medical reports from doctors, or certain financial information from an employer. Where the customer has shown a willingness to comply with the request for additional information but is not able to provide all the information in the timeframe required, [insert defined business name] may exercise its discretion to wait until all the requested information is received. Thereby the final twenty-one (21) business day period to respond to the Hardship Notice does not commence until that information is received.

9.4 Breadmate ensures this discretion is exercised appropriately and, where it is exercised, Breadmate ensures that allowing additional time does not result in an unreasonable delay. An unreasonable delay may exist where it is clear that no further information is likely to be forthcoming, and the continuing delay is likely to operate to the detriment of the customer (e.g. through accruing unnecessary fees and interest).

SECTION C – CONCLUSION

10. TRAINING

- 10.1 Employees of Breadmate who deal with clients need to have an understanding of the hardship policy and procedures. Consequently, all employees of Breadmate receive regular training and information about the hardship policy. This training is scheduled and conducted at the discretion of the Compliance Officer.

11. ENFORCEMENT AND REVIEW

- 11.1 Non-compliance with this Policy may result in disciplinary action being taken against the Representative involved and may also result in prosecution under the law where that act is illegal. This may include re-assessment of bonus qualification, termination of employment and/or fines and imprisonment (in cases that contravene for instance the National Credit Act).
- 11.2 Breadmate's Director/Compliance Officer, in consultation with an external compliance consultant, is responsible for monitoring the implementation and ongoing compliance with this Policy. Refer to the Breaches and Incident Policy for further information.

12. AUDITS AND RECORDS

- 12.1 The policies and procedures outlined in this document must be audited as part of any Breadmate's compliance audit.
- 12.2 All records of these audits and any other records in relation to this Policy must be kept for seven (7) years, or as otherwise stipulated in the Breadmate's Document Retention Policy.

13. POLICY REVIEW

- 13.1 This Hardship Policy will be reviewed at least annually by the Compliance Officer having regard to the changing circumstances of Breadmate. The Compliance Officer then reports to the Director on Compliance with this Policy.

Issued by Breadmate Pty Ltd

July 2025