

I want compensation for harassment by a debt collector

by Consumer Action - Friday, March 18, 2016

<https://help.consumeraction.org.au/debt-collection-seeking-compensation-in-relation-to-consumer-credit-and-lease-contracts/>

Key Message:

When a creditor or debt collector has engaged in undue harassment, or other unlawful behaviour, in relation to a consumer credit contract (loan) or lease you may be able to seek compensation through the [Australian Financial Complaints Authority](#) if you have suffered:

financial loss (such as out of pocket expenses caused by the debt collector's conduct);
non-financial loss (such as humiliation, distress or inconvenience).

For more information on what behaviour may be considered unlawful, see our factsheet:

Debt Collection: Prohibited Debt Collection – I am being Hassled by a debt collector and contact Consumer Action.

Seeking compensation for unlawful debt collection practices through the Australian Financial Complaints Authority

Step 1: Send a letter to the creditor or debt collector demanding compensation (an example is available [here](#))

Step 2: Lodge your complaint with the [Australian Financial Complaints Authority](#)

The [Australian Financial Complaints Authority](#) provides free dispute resolution for disputes with credit providers, lessors, and debt collectors dealing with credit contracts and leases.

Before proceeding you should make sure you understand all of your rights. Details of where you can seek advice are listed below.

You may also wish to consider making an application to the Victorian Civil and Administrative Tribunal (see our factsheet: *Debt Collection – Seeking Compensation in VCAT*). Generally it is best to make a complaint to the [Australian Financial Complaints Authority](#) first. If you are unhappy with the outcome, you can then consider making an application to the Victorian Civil and Administrative Tribunal.

If you have suffered a significant injury, you need to consult a personal injury lawyer urgently.

Sending a letter of demand

Before you make your complaint to the [Australian Financial Complaints Authority](#) you are generally required to send a letter of complaint directly to the debt collector. An example letter is reproduced below.

It is a good idea to send a copy of your complaint to a government regulator (details below) to alert them to any unlawful debt collection practices that you have experienced.

Complaining to the Australian Financial Complaints Authority?

Generally, where there is a consumer credit contract or lease the credit provider, lessor and/or the debt collector must be a member of the [Australian Financial Complaints Authority](#).

You can check whether the company you are dealing with is a member of the [Australian Financial Complaints Authority](#) by checking their website or calling them.

What compensation can I seek?

Past decisions by Courts and the [Financial Ombudsman Service](#) indicate that any award of damages is unlikely to be substantial.

The [Australian Financial Complaints Authority](#) ...

Sample letter

For a sample letter click: [Seeking compensation in relation to consumer loans and lease debts](#).

Further Information

For more information on what behaviour may be considered unlawful, see our factsheet: Debt Collection: Prohibited Debt Collection – [I am being Hassled by a debt collector](#) and contact Consumer Action.

For an example of a consumer who was awarded \$22,950 in compensation after a debt collector repeatedly breached its obligations, see [Financial Ombudsman Service Circular – Issue 23 October 2015](#) – Seeking compensation for unlawful debt collection practices through the [Australian Financial Complaints Authority](#).

Australian Financial Complaints Authority

Tel: 1800 931 678

<https://www.afca.org.au>

National Debt Helpline

Tel: 1800 007 007

www.ndh.org.au

Australian Securities and Investments Commission

Tel: 1300 300 630

www.asic.gov.au

Australian Competition and Consumer Commission

Tel: 1300 302 502

www.accc.gov.au

Consumer Affairs Victoria

Tel: 1300 55 81 81

www.consumer.vic.gov.au

Warning: This action sheet should not be relied upon as legal advice. This information applies only in Victoria and was updated in 6 June 2017.

Image from [Joe Gratz](#).

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