

The Price of Survival

Insights on financial stress and how Consumer Action's frontline financial counsellors assist

October 2026



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Consumer Action is an independent, not-for-profit consumer organisation with deep expertise in consumer and consumer credit laws, policy and direct knowledge of people's experience of modern markets. We work for a just marketplace, where people have power and business plays fair.

We make life easier for people experiencing vulnerability and disadvantage in Australia, through financial counselling, legal advice, legal representation, policy work and campaigns. Based in Melbourne, our direct services assist Victorians and our advocacy supports a just marketplace for all Australians.



Acknowledgement of Country

Consumer Action respectfully acknowledges the Wurundjeri People of the Kulin Nation as the Traditional Custodians of the land on which we are located. We pay our utmost respect and give thanks to their Elders both past and present who continue to forge the path ahead for emerging leaders.

For over 60,000 years Aboriginal and Torres Strait Islander people treaded lightly upon this land, caring for country and walking with the spirits of their ancestors as they shaped its lands, waters, creatures and plants. We acknowledge the strength and resilience of the Aboriginal and Torres Strait Islander people and are humbled by the love and kindness they have shown in recent times when their own place within modern Australia was called to question.

At Consumer Action we acknowledge our own journey towards cultural safety and reconciliation. Through our learnings and reflections from talking to and working with some incredible First Nations people, we are learning the best outcomes are achieved when we adopt culturally safe practices that create time and space for First Nations people to share their stories. We are committed to understanding better the consumer, credit and debt issues that First Nations people are faced with. We work alongside First Nations experts in identifying the systemic and policy changes that will achieve a more equitable market for First Nations people.

Contents

INTRODUCTION

In their own words: People helped by Consumer Action's financial counsellors

Executive summary

Snapshot of the Helpline 2025-26

Consumer Action's financial counsellors on the National Debt Helpline

SECTION 2

04	What financial counsellors see on Consumer Action's frontlines	16
	Housing stress	16
06	The ATO is failing people with tax debts	19
08	Rising essential services debts	21
10	Credit and finance as survival tools	24
	Fringe finance is a risk to people on lower incomes	27
	Unaffordable insurance	28
	Work insecurity and job loss	29

SECTION 1

The price of survival in 2026

More employed people are financially struggling

Years of growing costs have made life unaffordable

Inadequate income support means entrenched poverty

Poverty is widespread but not understood

SECTION 3

11	Human services are an antidote	30
11	Tackling financial stress boosts mental health	30
13	The value of humans on frontline services	31
14	Real stories: How financial counsellors have impacted people's lives	32

In their own words: People helped by Consumer Action's financial counsellors

These are verbatim comments from people who were helped by Consumer Action's financial counsellors on the National Debt Helpline or National Debt Helpline Chat.

“

I called in hysterical; they calmed me down.”

“

Oli was amazing! Went from crying from stress to feeling empowered and confident in my rights.”

“

My consultant was exceptionally empathetic who listened sensitively without judgement and encouraged positive thinking on my part after providing detailed information on possible courses of action. She helped me face the reality of my situation (something from which I hid) and guided me in articulating my case to financial providers. Something that I was hesitant to do, even afraid and ashamed of doing, proved a very positive, friendly experience.”

“

I was provided info that assisted my next steps with [creditor]/AFCA complaint. I was able to resolve my complaint and understood my rights to decline initial resolution offer... I was able to stand my ground... The advice I got through your service gave me confidence to request a better offer given the previous [creditor] complaint did not get resolved satisfactorily.”

“

Claude was extremely professional and helpful, he explained everything thoroughly and was empathetic and courteous the whole process. I was lost on what to do before I had his help.”

“

Kirsty was really patient, truly listened to me and made me feel safe and never judged. Thank you so much.”

“

I was so down on myself, thought I had done some stupid things, I had never asked for help. I was blown away that there was such help out there. I am still working on the advice I received from the financial counsellor. I was referred to [a financial counselling service]. I have always looked after things, so it was really difficult to reach out for help.”

“

Lisa Michelle was extremely friendly and knowledgeable. She showed a great sense of empathy for our situation. She quickly set our minds at ease and it became a comfortable chat that we all enjoyed.”

“

I felt supported and listened to for the first time in a long time.”

“

Oh my goodness, what a relief after talking to the counsellor.”



Executive summary

Consumer Action Law Centre (Consumer Action) offers free, independent and confidential financial counselling for Victorians via the phone on the National Debt Helpline (Helpline), and for Victorians and Queenslanders via the National Debt Helpline online chat service (NDH Chat).

In 2026, Consumer Action's frontline financial counsellors are seeing life becoming harder than ever before. People who were previously financially comfortable are finding themselves in hardship, and people already struggling are becoming entrenched in debt spirals, and even poverty.

The Price of Survival: Insights on financial stress and how Consumer Action's frontline financial counsellors assist is the second report into Consumer Action's frontline financial counselling data and insights. Our first Helpline snapshot in 2024¹ captured the shift to people experiencing more mortgage stress, with more employed people seeking our support.

This trajectory has continued, and our financial counsellors now see deeper, structural hardship - the 'price of survival' for a growing section of our community. On top, we observe increasing problems like harsh enforcement of tax debt, and higher levels of anxiety and stress.

A shining light is the strength and skill of financial counsellors. Consumer Action's financial counsellors work to empower people living with financial stress, helping 13,451 people in the 2025-26 financial year. Each year, they see more and more people struggle as the price of survival climbs.

This report draws on the first-hand stories and detailed data from those calls and chats, to provide an up-to-date snapshot of the major financial stresses that people are facing, the impact financial stress has on their lives and how financial counsellors help.



This report covers:

01

Snapshot of Consumer Action's frontline financial counselling services 2025-26

The key data on who contacted the Victorian National Debt Helpline and NDH Chat, the main money issues they were facing, and how they felt after getting help from a financial counsellor.

02

Consumer Action's financial counsellors on the frontline

A brief explainer of how people find the Helpline and NDH Chat, the person-centred help that financial counsellors provide, and where financial counsellors refer people for more assistance.

03

The price of survival in 2026

A picture of the environment that Consumer Action's financial counsellors are working within in 2026, where more people are living in entrenched poverty and people who have never needed help with their money are reaching out for assistance.

04

What financial counsellors see on the frontlines

A deep dive into the money problems that are driving people to contact the Helpline and NDH Chat. This was identified through call and chat data and by Consumer Action's financial counsellors, who are the ears and eyes on the ground, spotting the most significant, complex and emerging financial issues that people are facing.

This includes:

- growing housing stress for people who are renting and have mortgages,
- struggles dealing with the Australian Taxation Office (ATO) about tax debts,
- vulnerable people in persistent essential services debt,
- people using credit as a "survival tool" to pay for the basics,
- unaffordable insurance leading to more people suffering uninsured losses, and
- work insecurity and job loss.

05

Human services are an antidote

The high stakes and impacts of financial counsellors' work, including the harm that financial stress is causing to the wellbeing of communities, and first-hand stories of how the expert, empathetic financial counsellors on the Helpline and NDH Chat have changed lives.

About the data

Data for this report was extracted from Consumer Action's case management system in August 2026. The very high volume of services, and the nature of the National Debt Helpline, mean that for most but not all clients, comprehensive demographic and service information is captured. Overall, this data and the trends observed provide a robust evidence base that we match with our financial counsellors' frontline insights and expertise to produce this report.

Since July 2025, Consumer Action has provided the National Debt Helpline phone service for all of Victoria. Between July 2020 and July 2025, Consumer Action delivered approximately 80% of the Victorian service. As a result, changes in service coverage may affect comparisons of call volumes over time. Consumer Action also delivers approximately 75% of the National Debt Helpline online chat service across Victoria and Queensland, with Care ACT delivering the remainder under a partnership agreement.

Snapshot of the Helpline 2025-26

Consumer Action’s National Debt Helpline financial counsellors helped **13,451 people** in Victoria and Queensland in 2025-26.



8,471 calls (+13%)
National Debt Helpline Vic

Consumer Action has delivered 100% of services in Victoria since July 2025, up from 80% previously



4,980 online chats (+4%)
NDH Chat Vic and Qld

Consumer Action delivers 75% of services, with the balance delivered by Care ACT

Top 10 issues raised with financial counsellors on the Helpline

01

Mortgage
23%*

02

Credit card
19%

03

Tax debt
18%

04

Electricity
15%

05

Personal loan
15%

06

Gas
12%

07

Car loan or lease
12%

08

Council rates
10%

09

Buy Now Pay Later
8%

10

Water
8%

56% of people told us they were in vulnerable situations^

46%

grappled with **life events** like losing work or losing a loved one

10%

Had mental health issues

9%

Had limited capability, for example lower literacy

7%

were experiencing family or domestic violence

1%

had a gambling addiction

1%

had a substance abuse issue

70% of people said the service made a difference to their financial situation

More than 8 in 10 people felt empowered after speaking with a financial counsellor

Client statement	Before	Contacted Helpline	After#
I understood my rights	45%	→	88%
I understood my options	31%	→	85%
I had confidence in taking action	37%	→	82%
I acted on the advice I received		→	84%

Callers mostly lived in the outer areas of Melbourne, in middle socio-economic areas*

Wyndham 514 (6%)	Casey 514 (6%)	Hume 417 (5%)	Brimbank 327 (4%)	Whittlesea 325 (4%)
Greater Geelong 298 (4%)	Melton 266 (3%)	Greater Dandenong 239 (3%)	Frankston 206 (2%)	Merri-bek 185 (2%)

People receiving income support were living on less than half of the average employee income

Income source	% of callers	Average fortnightly income
Employment	30.3%	\$2,289
Self-employed	7.5%	\$2,324
Centrelink	29.7%	\$1,053.11



Who were our callers?

46 years Average age	3% Identify as First Nations	19% Culturally and Linguistically Diverse	
46% Male	45% Female	<1% Non-binary	9% Not stated



35% of people were privately renting their home and 29% owned their home with a mortgage

Smaller numbers of people were living with family, owned their home outright or lived in public housing.

2 in 5

people found the Helpline themselves, while others were referred by creditors



Self-referral	41%
Big bank (CommBank, ANZ, NAB, Westpac)	10%
Australian Taxation Office	9%
Creditor (excluding banks, ATO, utilities)	6%
Community agency	6%

As well as the Top 10 financial issues, many other financial issues had big impacts on people's lives, but are likely to be underreported on the Helpline

7%

Fines/
infringements

6%

Rent (private)

5%

Other household
bills

5%

Small business debt
(other than tax)

4%

Telecommunications

3%

Insurance

3%

Motor vehicle
accident debt

3%

Payday loan
(\$2,000 - \$5,000)

3%

Payday loan
(\$2,000 or under)

3%

Education
costs

*Percentages represent the proportion of total callers who raised the issue. People can raise more than one issue.

^People often face one or more vulnerabilities at the same time, and some issues are likely to be significantly underreported to the Helpline.

#Percentage of people who responded 'Somewhat well' or 'Extremely well' when interviewed as part of a recent evaluation of the service.

*Based on Local Government Area classifications in Australian Bureau of Statistics, *Socio-Economic Indexes for Areas (SEIFA)*, <https://www.abs.gov.au/statistics/people/people-and-communities/socio-economic-indexes-areas-seifa-australia/latest-release>, accessed 30 September 2026.

Consumer Action’s financial counsellors on the National Debt Helpline

The National Debt Helpline offers free, independent and confidential financial counselling to help people manage debt, understand their rights, and negotiate with creditors.

Consumer Action runs the National Debt Helpline in Victoria, with 16 financial counsellors and two intake workers helping 8,471 people in 2025-26. Consumer Action also runs the online NDH Chat service in Victoria and Queensland, in partnership with Care ACT. Consumer Action financial counsellors helped 4,980 people online across Victoria and Queensland in 2025-26.

Financial counsellors help people to manage debts and deal with their money problems by building people’s knowledge, confidence and capability to manage debts. They use a person-centred, strengths-based and trauma-informed approach.



The work of Consumer Action financial counsellors includes:

- Being the empathetic person who answers and listens when people reach out for help with their debts
- Providing practical information and advice about rights, options and priorities when it comes to debts
- Building people’s confidence and capacity to make informed decisions and address problem debts
- Providing tools for people to self-advocate and deal with their debts, such as template letters to creditors

Financial counsellors at Consumer Action collaborate with other specialists to meet the needs of the people who contact the Helpline or NDH Chat. They work closely with Consumer Action’s lawyers, referring or sharing some matters, and link people to external services including community lawyers (such as the Victorian Aboriginal Legal Service), housing providers, emergency relief organisations and mental health support services. Financial counsellors work with many diverse people and have strong knowledge of the systemic issues that people face. They work collaboratively with Consumer Action’s policy and campaign specialists to identify issues that require a broader response, such as law reform or change to industry practice, and actively campaign for change.

- Offering people facing bankruptcy on-the-spot help at the Federal Court
- Referring people to one of over 300 financial counsellors in Victoria for more help with their debts, and
- Referring people for additional support if they need it, such as lawyers, housing and mental health supports.
- Limited advocacy and casework for priority clients.
- Outreach financial counselling in partnership with specialist support services.

Consumer Action financial counsellors

How people find us

- Online search
- Banks and other creditors
- Australia Taxation Office
- Utilities companies
- Community agencies
- Other referrals (e.g. Police)



What we do

- Listen and understand
- Provide practical advice
- Empower people to self-advocate
- Refer people for more help
- Campaign for systems change



Where we refer people

- Financial counsellors
- Community lawyers
- Material aid providers
- Emergency housing
- Mental health support
- Policy makers and media

SECTION 1

The price of survival in 2026

Consumer Action's financial counsellors are seeing more people, and diverse groups of people, grappling with financial stress and hardship.



On the frontlines, we see lives that have reached a crisis point. The costs of day-to-day survival have moved beyond people's reach. People have become entrenched in structural hardship and poverty. This is compounded by poor business practices like the "poverty premium", for example, the high cost of financial products that people use to try to manage their money in impossible circumstances.

Financial counsellors are now seeing the impacts of years of sustained financial pressure on people's lives. The unrelenting stress is impacting people's mental health and wellbeing, with financial counsellors now seeing unprecedented levels of stress and anxiety in the community (discussed further in the section 'Human services are an antidote' in this report).

More employed people are financially struggling

In 2024, Consumer Action reported that the Helpline was hearing from steady numbers of people receiving Government income support. However, the number of callers was rising as we also started to hear from more people who were employed and living on higher incomes, and often owned their own homes.² In 2026, this trend has continued.

30.3%

of people who called the Helpline were employed in 2025-26

Employed people are reaching out to financial counsellors

Financial counsellors are seeing more people who are:

- **Employed:** In 2025-26, **30.3%** of people who called the Helpline were employed. In 2021-22, it was only **19.3%**.
- **Self-employed:** 2025-26, **7.5%** of people who reached out were self-employed, up from **2.3%** of people in 2021-22.

More people cannot pay their bills

In 2025-26, more than one in ten people (11%) called because they were unable to pay regular household bills such as car registration, medical and vet costs. These issues are likely to be underreported, as people are often focused on their highest-priority bills and debts. For example, people focus on their housing, mobile phone and utilities, or debts that a debt collector is contacting them about.

Financial counsellors also point to fines and infringements as a growing concern, affecting 6.8% of Helpline callers in 2025-26, steadily increasing from 2.9% in 2021-22.

More debt problems are not just one-offs

Over many years, the majority of people who reached out to Consumer Action's financial counsellors were facing a significant life event such as an illness or job loss, which had impacted their finances (see Table 1). Financial counsellors continue to see those problems, but an increasing number of people are reaching out for help because they simply cannot meet their ever-growing day-to-day expenses.

² Consumer Action, *At the front line of the cost-of-living crisis: Insights from a Telephone Financial Counselling Helpline*, March 2024, p 12, <https://consumeraction.org.au/report-at-the-front-line-of-the-cost-of-living-crisis/>.

In 2025-26 financial counsellors heard from an increasing number of people with ATO debts and mortgage repayments they could not afford, even if their incomes and life circumstances had not dramatically changed.

Table 1: Helpline callers impacted by life events

Year	% of callers
2025-26	45.7%
2024-25	61.0%
2023-24	59.0%
2022-23	54.1%
2021-22	50.6%

Regular incomes are not enough

People calling the Helpline had growing average incomes in recent years. Many Helpline callers live in middle socio-economic areas in outer Melbourne.³ These callers are the increasing number of employed people, on what look like regular incomes, reaching out for help for the first time. People’s growing incomes are still not sufficient for them to live comfortable lives. The average income of self-employed people calling the Helpline even went backwards in 2025-26.

Financial counsellors say that now the ongoing squeeze on people’s money is what prompts most people to reach out for help.

“

This is the expanding face of financial counselling clients. They have been proudly self-sufficient before. They have never struggled or reached out for help. They’re people who have been trying to manage alone before seeking help, and are highly stressed about their inability to manage. They are facing the loss of their home or pulling kids out of school. It means a loss of identity and self-confidence, and a loss of faith in the system. They’ve done everything they were meant to and still things are falling apart. The counselling aspect of what we do really comes to the fore.”

Katia Sanderson,
Director, Financial Counselling Practice

Table 2: Average fortnightly incomes of Helpline callers

	Employee		Self-employed	
	Average	Annual % change	Average	Annual % change
2025-26	\$2,289.49	2.0%	\$2,323.90	-3.3%
2024-25	\$2,245.29	6.9%	\$2,403.13	7.9%
2023-24	\$2,100.10	3.5%	\$2,227.14	11.7%
2022-23	\$2,028.24		\$1,994.07	

³Based on Local Government Area classifications in Australian Bureau of Statistics, *Socio-Economic Indexes for Areas (SEIFA), Australia*, Socio-Economic Indexes for Areas (SEIFA), Australia, 2021 | Australian Bureau of Statistics, accessed 30 September 2026.

Years of growing costs have made life unaffordable

What financial counsellors see on the Helpline reflects what is happening across the economy: living cost are rising faster than incomes.

Across Australia, wages increased 20.3% from 1 July 2020 to 30 June 2026, according to the Wage Price Index (WPI).⁴

However, at the same time, people's living costs have risen much faster. Living costs went up 28.4% in the same period, according to the Consumer Price Index (CPI), which essentially measures living costs excluding mortgage interest charges.⁵

There were significant differences in how much people's living costs increased, based on their household income source. The cumulative Living Cost Index (LCI) increases for households, essentially CPI plus mortgage interest charges, over the same time 1 July 2020 to 30 June 2026 are set out below.

Employee households experienced the highest cumulative increase of 33.8%, driven by interest rate rises.

For households with Government support as their main sources of income, the cumulative increases over the period were:

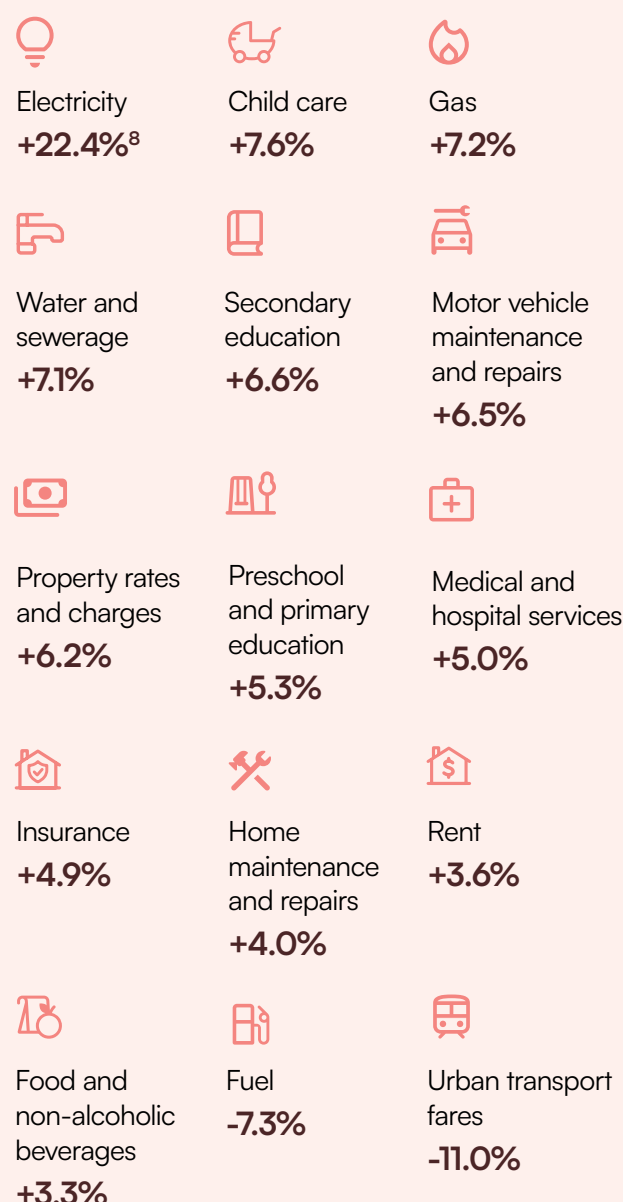
- 31.3% for 'Other Government Transfer' households, for example, people receiving JobSeeker payments,
- 29.5% for Pensioner and Beneficiary households, for example, people receiving the Disability Support Pension,
- 28% for Age Pensioner households.

Self-funded retirees experienced the slowest growth in living costs, at 25.6%.⁶

In short, a household earning a steady income and paying a mortgage may have seen their income go up around 20% since mid-2020, while their living costs have risen more than 33%.

As at June 2026, annual inflation (CPI) was 3.8%. However, if you take 'volatile' food and fuel prices out of the equation (which spiked and dropped in the first half of 2026), inflation was 4.2%. Some of the biggest price rises have been on non-discretionary items — that is, the basics people need every day — which went up 4.0% in the year to June 2026.

Figure 1: Annual increases in essential living costs to June 2026⁷



⁴ Cumulative Wage Price Index (WPI) calculated from Australian Bureau of Statistics, *Wage Price Index, Australia*, <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/wage-price-index-australia>.

⁵ Cumulative Consumer Price Index (CPI) calculated from Australian Bureau of Statistics, *Consumer Price Index, Australia*, <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia>, accessed 16 September 2026.

⁶ Cumulative Living Costs Index (LCI) calculated from Australian Bureau of Statistics, *Selected Living Cost Indexes, Australia*, <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/selected-living-cost-indexes-australia>, accessed 16 September 2026.

⁷ Australian Bureau of Statistics, *Consumer Price Index, Australia*, <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia>, accessed 16 September 2026.

⁸ The increase in electricity costs was mainly due to the end of State and Federal Government electricity rebates. For example, in May 2026, the ABS reported that the underlying increase was just 3.9%.

Inadequate income support means entrenched poverty

Consumer Action's financial counsellors are hearing from more people who have never been in financial stress before. However, Government income support was the main source of income for 29.7% of people who called the Helpline in 2025-26. We are observing people living on grossly inadequate government supports, such as JobSeeker, the Disability Support Pension and the Age Pension, are experiencing more hardship than ever before.

People receiving income support have always faced the impossible task of trying to manage their money when there simply is not enough to survive. After COVID-19-related increases to government payments ended, there was a spike in calls to the Helpline (7,138 in 2021-22 compared to 5,057 in 2020-21).

Financial counsellors on the Helpline are seeing growing numbers of people struggling to live on inadequate income support.

“

People receiving a Centrelink income as their sole source of income are living below the poverty line. Our clients tell us that they are forever playing catch up: putting a bit of money on rent, but rarely enough to be completely up to date, payment plans on their utilities, skipping meals so they can put some petrol in their car or pay a vet bill. These stories are so common. Never having enough money places enormous pressure on people's mental and physical health, and on their relationships and sense of self-worth and it makes it very difficult for them to see a way out of their hardship.”

Claire Tacon,
Assistant Director,
Financial Counselling Practice

Poverty is widespread but not understood

Consumer Action's financial counsellors see poverty showing up in people's lives in many ways. For example, a person may have a large, long-term energy debt they can't afford to pay down, while they are also receiving hardship assistance or support for their current supply of gas or electricity. Or they may be using high-cost credit products to afford essential living costs, which means they pay more because they are poor (see p 25). For many people in these circumstances, the weight of their financial position is heavy.

While more people are struggling to cover their basic costs, and we see long-term and intergenerational impacts of poverty, poverty is not well-understood in Australia. Poverty has been described as “deep and

persistent disadvantage” impacting “the people in a society that cannot participate in the activities that most people take for granted” and “have to make difficult choices — such as skipping a meal to pay for a child's textbooks”.⁹ It has been estimated that up to 3.7 million Australians (14.2%) live below the poverty line of 50% of median income,¹⁰ and 800,000 people live in poverty in Victoria.¹¹

There is strong public support for decisive government action to combat poverty, with one recent survey finding 94% of people in Australia thought more should be done to reduce poverty, and 82% of people believed it was especially important to support people experiencing poverty during a cost-of-living crisis.¹²

⁹ Economic Inclusion Advisory Committee, *2026 Report to Government*, April 2026, <https://www.dss.gov.au/committees-and-panels/resource/economic-inclusion-advisory-committee-2026-report>, and ACOSS, *Poverty in Australia 2025: Overview — Poverty and Inequality*, https://povertyandinequality.acoss.org.au/poverty_in_australia_2025_overview/, accessed 16 September 2026.

¹⁰ ACOSS, *Poverty in Australia 2025: Overview — Poverty and Inequality*, https://povertyandinequality.acoss.org.au/poverty_in_australia_2025_overview/, accessed 16 September 2026.

¹¹ Victorian Council of Social Service, *Mapping poverty in Victoria*, <https://vcoss.org.au/projects/2024/06/poverty-mapping/>, accessed 16 September 2026.

¹² Brotherhood of St Laurence, *Perceptions of poverty in Australia*, March 2026, https://library.bsl.org.au/bsljsipui/bitstream/1/13691/1/BSL_PerceptionsOfPovertyInAustralia_2026.pdf.

“

Financial hardship reaches far beyond unpaid bills. It can wear down a person's health, strain relationships and shake their confidence and identity. Many people carry deep shame when they feel they are not coping, and it takes enormous courage to ask for help. So many people who call our Helpline are calling us at the lowest point in their lives."

Claire Tacon,
Assistant Director, Financial Counselling Practice



SECTION 2

What financial counsellors see on Consumer Action's frontlines



The entrenched structures of poverty and hardship, and the changing face of financial stress, are clear to Consumer Action's financial counsellors every day. The biggest drivers of debt problems and financial hardship are shifting, but what is consistent is that more people are unable to pay the price of surviving day-to-day.

In 2025-26, financial counsellors heard from more people about deep-seated debt problems now rife in our communities. These included:



Housing stress

People who rent or have a mortgage have faced overwhelming increases in living costs.



Tax debts

The Australian Taxation Office (ATO) takes a harsh, rigid approach to collecting tax debts and payments, and we observe a lack of risk management toward vulnerable people, including victim-survivors of financial abuse.



Essential services debts

Vulnerable people are living with large, persistent debts from utilities and telecommunications services and businesses are falling short when it comes to helping people in hardship.



Unaffordable insurance

People who cannot afford insurance can be financially ruined if their home is damaged or destroyed (for example, in a disaster) or they are in a road accident.



Credit as a "survival tool"

People are using personal loans, credit cards, Buy Now Pay Later (BNPL), payday loans and pawn loans to cover the basics, and are paying a "poverty premium" on these products.



Work insecurity and job loss

People who lose their jobs are finding it increasingly difficult to find work again, with more people facing the risk of long-term unemployment.

Housing Stress

Mortgage stress keeps rising

Mortgage debt and arrears have been the most common concern for Helpline callers since 2022-23. In 2025-26, 29.2% of Helpline callers told us that they owned their home with a mortgage. 25.7% of Helpline callers reported mortgage debt as an issue.

This growing problem is directly linked to interest rates rising since May 2022. The increased cost of mortgage repayments, coupled with growing costs of living, have squeezed people's capacity to afford to live in their homes.

Table 4: Helpline callers with mortgage as a presenting issue

Year	No. of callers	% of callers
2025-26	1,913 ¹³	22.6%
2024-25	1,578	25.7%
2023-24	1,458	22.2%
2022-23	1,027	14.4%
2021-22	773	10.8%
2020-21	670	13.3%

Levels of mortgage stress across Australia are similar now to when Consumer Action reported on the cost-of-living crisis in 2024, based on Roy Morgan analysis.¹⁴ In 2024 and 2025, tax cuts, interest rate cuts and lower inflation brought some relief for people with mortgages. However, 2026 saw interest rates rise again, and the war in Iran has impacted day-to-day expenses such as fuel.

Based on the percentage of income spent on home loan payments, Roy Morgan estimated that in the six months to June 2026, 28.5% of mortgage holders (1.53 million) were “at risk” of mortgage stress and 19.8% of mortgage holders (1.06 million) were “extremely at risk” of mortgage stress. Households living on below \$100,000 were more likely to be facing “extreme” risk.¹⁵

Consumer Action’s financial counsellors have often observed people in financial trouble after buying a home when interest rates were very low. Once the rates “took off”, the financial buffer that lenders are required to build into the lending assessment disappears. The issue also hits people who were on fixed interest rates, which expired when interest rates were increasing. The ongoing high payments become unaffordable and the typical three-month hardship period is inadequate.

Some lenders have enabled people to run up very high mortgage debts, because they provided very large loans or enabled significant arrears to accrue while financial hardship arrangements were in place, with no plans for how to manage the arrears. It often reaches crisis point before people reach the Helpline for assistance.

“

For many, a mortgaged property is the best shot a person will have at long-term housing security. Even when a mortgage becomes unaffordable, many people we speak to have real concerns about selling because of rental availability, security and affordability in their area, which means selling is not an option.”

Oliver Wong,
Financial Counsellor

The issues for people in hardship with persistently unaffordable mortgages are complex, with no simple solutions. The Consumer Policy Research Centre and Mortgage Stress Victoria reported in 2026 that mortgage products could be much fairer, to prevent homeowners from carrying the risk when interest rates rise with changes in the economy. This could include interest rates fixed over decades, variable mortgages which are tracked to a benchmark, and/or a cap on maximum repayments.¹⁶

Unaffordable rent is at a crisis point

People who contact the Helpline are often struggling with rent on top of many other costs of living. Private rental debt was the number 13 issue on the Helpline, with 6.1% of people reporting it. Rent was also number 7 on NDH Chat in 2025-26, affecting 7.4% of people (chat users tend to be younger people). However, rental stress is likely to be underreported to financial counsellors, as many people keep paying the soaring cost of their home, while other bills and debts spiral.

¹³ Since July 2025, Consumer Action has delivered 100% of the National Debt Helpline in Victoria. Previously, Consumer Action covered 80% of Victorians. This number of callers in 2025-26 is impacted by this change.

¹⁴ Consumer Action, *At the front line of the cost-of-living crisis: Insights from a Telephone Financial Counselling Helpline*, March 2024, p 16, <https://consumeraction.org.au/report-at-the-front-line-of-the-cost-of-living-crisis/>.

¹⁵ Roy Morgan, *Extreme mortgage stress increases nationally, driven by people on lower incomes and in lower socio-economic quintiles*, <https://www.roymorgan.com/findings/10298-mortgage-stress-increases-august-2026>, 4 August 2026.

¹⁶ Consumer Policy Research Centre and Mortgage Stress Victoria, *Australia’s broken mortgage market: Practical ideas for better products*, March 2026, https://cprc.org.au/wp-content/uploads/2026/03/CPRC_MSV_Aus-Mortgage-Market-Report_FA.pdf.

The lack of affordable rental homes in Australia has reached a crisis point. Anglicare Australia reported in 2025 that rental affordability in Australia has “crashed to record lows”, with just 0.7% of advertised rentals affordable for a person earning a full-time minimum wage, and even less for people living on income support.¹⁷

When people contact Consumer Action’s financial counsellors because they cannot afford their rent and their homes are at risk, they are experiencing extraordinary stress and often feel powerless.

A major concern is the growing number of older people struggling to pay their rent. In the decade to 2021, the number of older people in Australia living on low incomes in private rental housing nearly doubled to 182,994 people.¹⁸ The lack of affordable rental homes means that homelessness services are assisting more people aged 55 years and over, and older women in particular are facing an increased risk of homelessness.¹⁹

“

Ordinary people are having to juggle money every week just to pay for food, rent and utilities. The costs just keep going up, and all it takes is for one thing to go wrong, for housing to be at risk. The stress of receiving a Notice to Vacate, or of a VCAT Hearing is enormous and clients are overwhelmed by the time they call us. Our message is that help is available, that there are grants and concessions that can be tapped into, and people to advocate on their behalf.”

Andrea Haley,
Financial Counsellor

“

We speak to many older people who are well past retirement age but have been forced to keep working because the Age Pension is not enough to cover rent and other essentials. Some tell us they had retired but had to return to part-time work after a rent increase meant they could no longer afford to live on the pension alone. Older people living in share houses are also becoming much more common. For older renters, the lack of security is acute: many do whatever they can to get by because the fear of becoming homeless is ever present.”

Claire Tacon,
Assistant Director,
Financial Counselling Practice



¹⁷ Anglicare Australia, *2025 Rental Affordability Snapshot*, <https://www.anglicare.asn.au/publications/2025-rental-affordability-snapshot/>, accessed 16 September 2026.

¹⁸ Australian Institute of Health and Welfare, *Older Australians*, 2 July 2024, <https://www.aihw.gov.au/reports/older-people/older-australians/contents/housing-and-living-arrangements>, accessed 16 September 2026.

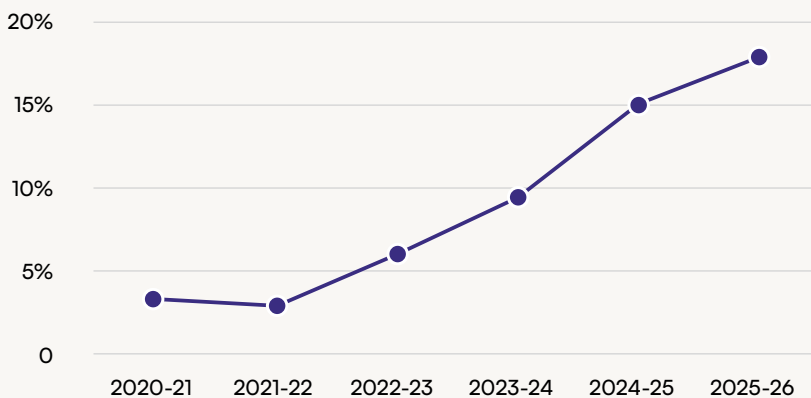
¹⁹ Australian Institute of Health and Welfare, *Homelessness services: Older clients*, <https://www.aihw.gov.au/reports-data/health-welfare-services/homelessness-services/shs-client-groups/older-clients>, accessed 16 September 2026.

The ATO is failing people with tax debts

Tax debt was the number three issue for all people calling the Helpline, and number two for First Nations people, in 2025-26. Financial counsellors have seen many more people seeking help with tax debt in recent years.

Tax debt enforcement is a perverse, stand-out problem on our frontlines — and it needs urgent attention.

Figure 2: Percentage of people calling the Helpline about tax debt



Year	No. of callers	% of callers
2025-26	1,489 ²⁰	17.6%
2024-25	907	14.8%
2023-24	603	9.2%
2022-23	414	5.8%
2021-22	191	2.7%
2020-21	157	3.1%

Tax debts are often relatively large by the time people seek help: typically \$5,000 to \$20,000, with compounding general interest charges. Tax debts are more common for people who are employed (including self-employed) and living on higher incomes, with an average fortnightly income of \$1,992 for people with tax debt versus \$1,725 for all Helpline callers in 2025-26.

Table 5: Income source of people with tax debt 2025-26

Income source	% of people
Employment	34.1%
Centrelink	22.7%
Self-employed	19.5%
Other/unknown	12.9%
No income	7.8%
WorkCover or TAC	2.1%
Super/Investments	0.9%

Many people with tax debt told financial counsellors on the Helpline that they are facing significant vulnerability, which can make it more difficult to engage with the Australian Taxation Office's (ATO's) rigid processes. Financial counsellors report speaking to people who are experiencing family violence and/or financial abuse, for example, by being appointed company directors either forcibly or unknowingly, and this has led to them having significant personal tax debts. Often these victim/survivors are unable to identify that the tax system is being used to perpetrate abuse towards them, or are unable to understand or manage their debt, because the abuser — typically a partner — has total control over their finances.

Table 6: People with tax debt experiencing vulnerability 2025-26

Vulnerability	% of people
Life event	56.5%
Mental health issues	10.8%
Limited capability	9.3%
Family violence	7.9%
Gambling addiction	1.6%
Substance abuse	0.9%

²⁰ Since July 2025, Consumer Action has delivered 100% of the National Debt Helpline in Victoria. Previously, Consumer Action covered 80% of Victorians. This number of callers in 2025-26 is impacted by this change.

The potentially serious consequences of having tax debt means that many people are cutting back on their basics, their mortgages are going into arrears, and they are falling behind on other debts to try to keep up with unaffordable ATO payment plans.

“

The ATO doesn't seem to see itself as being in a reciprocal relationship with the community. They see themselves as collectors of government debt only. People have significant fears of the consequences of having a tax debt. It impacts their wellbeing. It's like a type of Robodebt."

Kirsty Robson,
Managing Financial Counsellor

The ATO often has no appropriate hardship options available within their own systems that would support people. This means navigating the ATO hardship process is demoralising and fruitless for many people. There is significant discretion with ATO officers, leading to inconsistent processes and decisions. One senior financial counsellor reported she has never seen a successful debt release application, despite there being a process in place to request this.

The ATO also makes many inappropriate referrals to the Helpline, without properly informing people of the available options for their tax debt, or providing clear explanations of the ATO's decisions about their debt. Financial counsellors are often unable to assist these people beyond referring them back to the ATO to make a complaint.

When people try to advocate for themselves with the ATO, there is a two-stage complaint process before people can make a complaint to the Tax Ombudsman. Financial counsellors report that many people do not persist beyond stage one. When people make an Ombudsman complaint, the Ombudsman can only make recommendations, not binding decisions.

“

The ATO assumes that people don't want to pay. However, so many of the people who call us have offered a payment plan that is affordable to them, and been declined by the ATO. They feel that there is nothing they can do because the ATO won't accept their money. We often speak to these people again in 6 months or a year, they still don't have the money to pay the debt back at the rate the ATO demands, so they've put it in the too hard basket, the debt has grown and everything is worse.

If the ATO worked with these people, accepted the money they can afford now, stopped the interest charges when payment arrangements are in place, reassessed the payment plan every year, they would be able to collect more taxes and keep people engaged and paying. People want to pay, but for people on limited incomes, the ATO just makes it so hard."

Claire Tacon, Assistant Director,
Financial Counselling Practice

The Tax Ombudsman received 2,989 complaints about the ATO from July 2025 to April 2026, up 127% on the previous period. The top causes for those complaints included:

- **Debt collection**, including tax refunds being offset against debts, and poor hardship and debt release practices, such as failures to consider individual circumstances leading to unfair outcomes.
- **Penalties and interest complaints**, which have increased significantly in recent years. Many complaints led to reduced or remitted penalties and interest, especially where individual circumstances were not fully considered when the ATO's original decisions were made.²¹

A review by the Tax Ombudsman also found that ATO letters were inconsistent, technical and accusatory in tone, and did not routinely consider people's diverse needs.²²

A fairer way forward on tax debt

Significant improvements are needed in how the ATO deals with people with tax debts. This includes an improved financial hardship process and flexibility.

A fairer hardship approach, considering individual circumstances in the way that banks, utility companies and many other sectors have already committed to.

Standardised processes, to achieve fairer and more consistent outcomes than the current processes, which involve a high degree of discretion for ATO officers.

Systems to detect, prevent and respond to abuse, including family and domestic violence. The Tax Ombudsman has found significant issues with financial abuse in the tax system, and recommended that the ATO introduce 'safety by design' in policy and service design.²³

Rising essential services debts

Essential services debts are a persistent problem. On the list of issues people called the Helpline about in 2025-26, utilities debts were significant. Essential services debts are more of a concern for First Nations people, with electricity debt the number one issue for First Nations people who called the Helpline.



Table 7: Essential services issues 2025-26

Presenting issue	Rank	Rank for First Nations callers	Total no. of callers	Total % of callers
Electricity	4	1	1,297	15.3%
Gas	6	7	1,002	11.8%
Water	11	10	659	7.8%
Telecommunications	16	14	376	4.4%

²¹ Tax Ombudsman, *Insights from Tax Ombudsman Complaints*, May 2026, <https://taxombudsman.gov.au/wp-content/uploads/2026/05/Complaints-Insights-report-July-2025-to-April-2026-FINAL.pdf>.

²² Tax Ombudsman, *Letters from the ATO*, July 2025, <https://taxombudsman.gov.au/wp-content/uploads/2025/07/Letters-from-the-ATO-Review-Report-18-July-2025.pdf>.

²³ Tax Ombudsman, *Identification and management of financial abuse within the tax system*, April 2025, <https://taxombudsman.gov.au/wp-content/uploads/2025/07/Report-into-the-identification-and-management-of-financial-abuse-within-the-tax-system.pdf>.

People who contact Consumer Action’s financial counsellors with utilities debts are also more likely to be experiencing vulnerabilities such as mental health issues or family violence, which makes navigating debts and hardship more difficult.

For example, in 2025-26, 9.5% of all callers reported that they were experiencing mental health issues. However, where people had essential services debts, more than 15% said that they were experiencing mental health issues.

Table 8: Vulnerabilities experienced by people with essential services debt 2025-26

Vulnerability	Electricity debt	Gas debt	Water debt	Telco debt	All callers
Life event	63.5%	65.4%	69.6%	52.4%	45.7%
Mental health issues	15.3%	16.6%	16.2%	15.3%	9.5%
Limited capability	14.1%	13.4%	13.8%	14.8%	8.8%
Family violence	11.5%	11.5%	10.9%	13.5%	6.9%
Gambling addiction	0.9%	1.2%	0.6%	2.6%	1.1%
Substance abuse	1.2%	0.7%	0.5%	0.5%	1.0%

Some of the drivers behind the ongoing struggles people have with paying for essential services, as well as the ongoing problem of inadequate incomes, include:



Surging electricity costs

As noted above (p 13), the end of State and Federal Government electricity rebates saw the cost of electricity jump 22.4% in the 12 months to June 2026, although the price increase excluding those rebates was more modest, around 3.9% in the year to May 2026.²⁴



Poor hardship practices by energy retailers

We observe utilities retailers lacking understanding and practical approaches to assisting people in hardship with their debts.



Increasing debt enforcement by water retailers

A greater proportion of callers to the Helpline have been seeking help with water debts (7.8% in 2025-26 up from 5.2% in 2024-25). Customers of Greater Western Water were also subjected to major errors in billing from mid-2024, including delays, overcharging, concessions not being applied and direct debit failures. This led to some people receiving large bills at various times. Greater Western Water had almost 600,000 residential connections in 2024-25,²⁵ meaning the problems affected many people across Victoria.

²⁴ Australian Bureau of Statistics, *Consumer Price Index, Australia*, <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia>, accessed 16 September 2026.

²⁵ Greater Western Water, *Annual Report 2024-25*, https://www.gww.com.au/sites/default/files/2025-12/gww_annual_report_2024-25.pdf.

“

So many of the people we speak to with energy debts have not received timely tailored assistance from their retailer although it should have been clear from their growing debt that they were struggling to keep up. People may have payment plans in place, but their debts are still growing due to seasonal fluctuations, new technology and appliances and rising costs of energy.”

Aaron Ponnudurai,
Trainee Financial Counsellor

In addition to utilities debt, telecommunications debt is often “underreported” to the Helpline. Many people do not identify telecommunications debt as their main concern, but have been pressured into signing up to expensive, unaffordable phone contracts, which can result in large debts. People do not want to lose their phone connection, so will continue to stretch themselves to make their phone payments each month.



How to secure essential services

Support for people who cannot afford their utility bills has not kept pace with people’s changing needs. Reforms could address the significant affordability problem with energy bills.

Improvements to the Utilities Relief Grant Scheme (URGS)

Anyone can apply for the URGS if they are below the low income thresholds and facing a specific type of vulnerability, such as experiencing family violence or a recent decrease in income (for example, due to a job loss).²⁶ However, the \$650 available for gas, electricity and water does not reflect the reality that more people are calling the Helpline from double income households, unable to pay their bills. Government should consider increasing access to the URGS by broadening eligibility rules and introducing flexibility to apply the grant to any utility, up to an increased value of \$4,000.

Introduction of a social tariff

A reduced price for people facing long-term vulnerability or hardship could prevent people falling into debt they’ll never repay and reduce the stress and mental health impacts that energy debts have on people.²⁷

²⁶ Victorian Department of Families, Fairness and Housing, *Utility relief grant scheme*, <https://services.dffh.vic.gov.au/utility-relief-grant-scheme>, accessed 16 September 2026.

²⁷ See further Consumer Action, Westjustice and Mob Strong Debt Help, *Submission: Strengthening Protections for Energy Consumers in Victoria*, 24 April 2026, <https://consumeraction.org.au/wp-content/uploads/2026/04/20260424-CALC-ERCoP-Stage-2-Draft-Decision-submission.pdf>.

Credit and finance
as survival tools

One of the starkest issues that Consumer Action’s financial counsellors have observed since our last report in 2024 is the rise in people using unsecured credit to cover their basic expenses.

People living on different types and levels of incomes, renting or with mortgages, and experiencing different life circumstances are all using credit to survive. This includes traditional personal loans and credit cards, Buy Now Pay Later (BNPL), and “fringe finance” products such as payday loans, pawn loans and wage advance products.

Before interest rates began to rise and affect people with mortgages, credit card and personal loan debts were the top two issues on the Helpline. Financial counsellors have routinely assisted people trapped in credit card debt that was never affordable for them. While mortgage stress has been the top issue on the Helpline since 2023, credit card debt has remained the second most common concern, and personal loans have typically ranked fourth or fifth. Among First Nations people, these forms of unsecured credit ranked lower, with personal loans the fifth most common issue and credit cards the sixth.

Table 9: Rank of financial products as issues on the Helpline

Year	Mortgage	Credit card	Personal loan
2025-26	1	2	5
2024-25	1	2	5
2023-24	1	2	4
2022-23	1	2	4
2021-22	3	1	4
2020-21	4	1	3

People also report issues with other financial products in 2025-26.

- **Ranked 10** Buy Now Pay Later
- **Ranked 19** Payday loans
Small Amount Credit Contract (under \$2,000)
- **Ranked 20** Payday loans
Medium Amount Credit Contract (\$2,000- \$5,000)
- **Ranked 27** Wage advance products
- **Ranked 35** Pawn loans

Financial counsellors in 2026 are hearing from more people who are struggling after fairly quickly and seamlessly getting large personal loans. People are borrowing as much as possible, and using personal loans for multiple costs, such as dental treatment, car repairs, and consolidating other debts. It means personal loans and credit cards can mask other debts. People will “max out” personal loans and credit cards before missing their mortgage repayments.

This is concerning trend is reflected in the national data. The value of personal loans issued in Australia grew by 21.6% in 2025-26.²⁸

21.6%

growth in the value of personal loans
issued in Australia in 2025—26.

²⁸ Australian Bureau of Statistics, *Lending indicators: June Quarter 2026*. <https://www.abs.gov.au/statistics/economy/finance/lending-indicators/latest-release>, accessed 16 September 2026

People are increasingly using personal loans and credit cards when they cannot afford the basics. Whereas previously people used their credit cards as a payment method or for larger purchases, they tell us they are now paying for day-to-day costs, and are stuck paying minimum repayments each month, making no headway.

This raises the question of whether banks and other credit providers are lending responsibly, or are supplying people with debt which is unaffordable from the start. These concerns about responsible lending should be closely scrutinised by ASIC and lenders themselves. There is a risk of loans which people use for short-term needs turning into debts which people struggle with over a long time.

People living on lower wages and/or income support are at greater risk when they rely on credit to survive. They tell financial counsellors that they are trapped in unaffordable repayments and feel there is no way out. Some people turn to products such as BNPL, payday loans, pawn loans and wage advance products out of desperation, because they have no access to traditional credit, or have exhausted their credit limits.

Unaffordable credit and more expensive fringe finance products force people to pay a “poverty premium” to just cover the basics, including:

- expensive credit card and personal loan fees and interest,
- high-cost, exploitative products such as payday loans, pawn loans and unregulated wage advance products,
- full bills with no “on-time discounts” if they miss a due date,
- bank “dishonour” or overdraft fees,
- and flow on effects to other expenses, such as instalment payments on insurance which are pricier than annual payments.



The number of people with BNPL debts is growing, with 8.2% of callers reporting it in 2025-26, versus 1.2% in 2020-21. As one financial counsellor put it, “it feels like there is not a single caller born after the year 2000 who does not have a BNPL debt”. BNPL is also affecting First Nations communities disproportionately,²⁹ with BNPL the number 4 issue for First Nations people calling the Helpline.

8.2%

of callers reported BNPL debt in 2025—26, highlighting its growing prevalence.

Previously, people used BNPL for discretionary spending. Now, they are spending on essentials like car repairs and school uniforms. People report multiple BNPL accounts and bigger debts, and say they cannot close their accounts because they need to keep accessing that source of credit. People with BNPL debt are also much more likely to report that they have four or more money issues: 47% of people with BNPL debt, versus 16% of all people who contact Consumer Action’s financial counsellors. However, financial counsellors have heard people describe BNPL as a “budgeting tool” rather than a problem, and it is likely to be underreported to the Helpline and NDH Chat. People struggle to pay other bills because of the large BNPL payments, and keep using BNPL to pay their living costs, so the cycle of debt continues.



Fringe finance is a risk to people on lower incomes

Pawnbroking and wage advance products are not driving high numbers of people to the Helpline or NDH Chat. However, financial counsellors are concerned about them because they are used by people who are particularly vulnerable, and may face higher barriers to accessing a financial counsellor's help. A 2019 University of Melbourne study of people's experience with pawn loans, BNPL and payday loans found that people using pawn loans are among the most financially disadvantaged people in our community.³⁰ One of the key risks with these "fringe finance" products is that they operate in the shadows, away from scrutiny.

For example, when people pawn their valued possessions, pawnbrokers give small loans with interest rates of up to 480%. This leaves people trapped with big repayments, at the risk of losing everything if they fall behind on even one payment. This leaves them highly vulnerable, as they feel they have no choice but to prioritise repaying their pawn loans so that they don't lose their valuable possessions.

An increasing number of callers to the Helpline in 2026 are reporting problems with wage advance products. These are not regulated as credit, so people are particularly vulnerable, for example, without financial hardship rights.

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The objects people pawn represent so much more than their financial value. They often carry heavy emotional weight and profound personal meaning. They serve as tangible anchors to family history, life milestones and identity. Handing them over or being threatened with losing them can feel like a loss of self, rather than a simple economic transaction. These belongings hold relational value; connections to loved ones and losing them, or the fear of being found out for pawning them, also threatens their relationships with family members, and these relationships often represent the last safety net when they're facing hardship.”

Chloe Farmer,
Intake Worker

“

Many clients are relying on wage advance to pay for every-day bills and food because they are struggling to manage the cost of living. Many clients are putting their income towards paying mortgages, loans etc. It is a problem because they take out the wage advance, then when it comes to paying it, they don't have enough money to pay it back so it becomes a debt spiral.”

Shae Robbins,
Financial Counsellor



²⁹ See further Consumer Action and the Victorian Aboriginal Legal Service, Money Yarns, Stronger Futures, 2023, <https://consumeraction.org.au/wp-content/uploads/2024/07/Money-Yarns-Stronger-Futures-Integrated-Practice-Project-report-2021-2023-1-1.pdf>.

³⁰ Lucinda O'Brien, Ian Ramsay and Paul Ali, 'Lending on the Edge: Pawnbroking in Australia' (2024) 43(1) *University of Queensland Law Journal* 1-39, <https://journal.law.uq.edu.au/index.php/uqlj/article/view/8113>.

Unaffordable insurance

Unaffordable insurance is a fast-emerging problem which is making more people and communities vulnerable when something goes wrong.

Insurance affordability is now a notable issue on the Helpline. Insurance claims, excesses and premiums are the number 17 issue that people report. However, the impact of uninsured losses can be catastrophic, so people are typically in crisis when they reach out to Consumer Action's financial counsellors.

It is no surprise that our financial counsellors see people with stretched household budgets simply foregoing insurance for their vehicles, private health, pets and even home and contents. This shift is placing the risk squarely on financially stressed people who, if there is an accident or a disaster, can be completely financially devastated.

Unaffordable home insurance is now a critical issue for some communities, especially in regional areas.³¹

The Australian Prudential Regulation Authority reported in March 2026 that 1 in 4 Australian households could be uninsured by 2050.³² Given lenders typically require mortgaged properties to be insured, an increasing number of people are at risk of breaching their loan conditions, with no real ability to manage this risk.

A survey published in September 2025 found that home and contents insurance premiums jumped by 14% in Australia in the previous year.³³ However, people are not equally impacted by the price rises. Consumer Action has spoken with people in regional Victoria whose home insurance costs have nearly doubled overnight. Some have spent time and energy shopping around and been able to find a cheaper option. Others could not do this, and had to forfeit their insurance, leaving them very vulnerable if their homes are damaged or destroyed. When uninsured homes are impacted by disasters, communities are less resilient, and are less able to survive and recover.

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Insurance premiums have dramatically increased for many people, and for some it becomes a case of choosing which debts and bills to prioritise. Often people stop paying insurance in the hope that nothing will go wrong. The impacts of having no insurance and being involved in an at-fault motor vehicle accident can be significant. Firstly, the individual's own vehicle is not covered for repairs or replacement if written off, and secondly, if there is another party involved, they are also liable to pay for those repairs. They are left alone to deal with the insurance company, or potentially an appointed debt collector or lawyer pursuing them if they cannot pay. This can be overwhelming, very stressful and potentially cause ongoing financial hardship as they try to pay an unplanned long term repayment arrangement.”

Paul Bowley,
Financial Counsellor



³¹ See for example ARC Justice, *Impossible Decisions: Community insights into access to affordable insurance in north central Victoria*, May 2026, <https://arcjustice.org.au/our-impact/impossibledecisions/>.

³² Australian Prudential Regulation Authority, *Mind the Gap: An Insurance Climate Vulnerability Assessment*, 24 March 2026, <https://www.apra.gov.au/news-and-publications/mind-gap-insurance-climate-vulnerability-assessment>, accessed 16 September 2026.

³³ Courtney Snowden, *Why home insurance costs are skyrocketing across Australia*, realestate.com.au, 11 September 2026, <https://www.realestate.com.au/news/home-insurance-surges-across-australia/>, accessed 16 September 2026.



Work insecurity and job loss

Consumer Action's financial counsellors on the Helpline are seeing more people who have lost their jobs and are facing longer periods of unemployment.

The number of unemployed in Australia people rose 4.6% over 2025-26,³⁴ and the seasonally adjusted "underutilisation rate" (unemployed people plus underemployed people) was 10.9% at June 2026.³⁵ What financial counsellors are now hearing on the Helpline may be an early view of how new groups of people are facing the risk of unemployment, and for longer periods of time.

Financial counsellors report speaking with more older people affected by ageism and being made redundant, forced into retirement when they thought they had years of work left. There are connected issues such as car novated leases ceasing when people lose their employment.

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In the current economic climate, many people are finding it is taking longer to find employment than they had expected, and the new role is often at a lower rate of pay or reduced hours. We are speaking with an increasing number of people who are not only navigating an employment environment where experience, knowledge, and willingness to work are no guarantee of a role with sufficient hours and income to pay the bills, but also facing financial hardship and entering that space for the first time.

By applying a one size fits all approach to hardship support during these times, lenders fail to recognise the unique circumstances of each individual and add unnecessary stress to an already stressful situation.”

Ally,
Senior Financial Counsellor

³⁴Australian Bureau of Statistics, *Labour Force, Australia: June 2026*, 23 July 2026, <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/jun-2026>, accessed 16 September 2026.

³⁵Australian Bureau of Statistics, *Labour Force, Australia: June 2026*, 23 July 2026, <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/jun-2026>, accessed 16 September 2026.

SECTION 3

Human services are an antidote

Consumer Action's financial counsellors have seen an overwhelming increase in anxiety and stress caused by money problems. Financial counsellors' empathy, technical know-how and lack of judgement mean many people can navigate financial stress and end up in a much better place.



Tackling financial stress boosts mental health

Money stress has serious impacts on people's mental health and wellbeing, and their ability to manage in their lives day-to-day. As hardship and poverty become more entrenched in our communities, more people are contacting the Helpline with high levels of anxiety and stress, and a lack of trust and faith in financial and government systems, which they feel have not looked after them like they expected.

Financial stress is one of the clearest drivers of poor mental health. Over the past two decades, mental health concerns have grown in Australia, with a sharper increase among people experiencing financial stress. By 2023, 55% of financially stressed people reported high or very high levels of psychological distress. People under financial pressure are 2.6 times more likely to experience high psychological distress, with unemployed people, single parents and renters most affected.³⁶

This clear problem is becoming more pervasive. The Brotherhood of St Laurence found that, over the past two years, 3 in 4 people in Australia have been

impacted by cost of living pressures, and 1 in 4 are experiencing persistent stress or anxiety due to financial insecurity. Three in four people said Australia is becoming more unequal, and over half of people believed that this inequality is now a threat to democratic institutions and public trust.³⁷

These stark experiences and views reflect what financial counsellors are increasingly hearing on the Helpline.

Financial counsellors on the Helpline have a critical role in helping people who are experiencing stress, anxiety, trauma and mental health issues to manage complex financial situations, within difficult personal circumstances. Their approach centres the experience of the person on the phone, and the importance of listening carefully and sharing non-judgemental advice. Even when people need to make difficult decisions, such as selling their home or applying for bankruptcy, financial counsellors provide the understanding, support and expertise needed for people to feel reassured about what they need to do.

³⁶ Australian Institute of Health and Welfare, *Financial stress and mental health*, 2 December 2025, <https://www.aihw.gov.au/mental-health/topic-areas/other-mental-health-reports/financial-stress>, accessed 16 September 2026.

³⁷ Brotherhood of St Laurence, *Perceptions of poverty in Australia*, March 2026, https://library.bsl.org.au/bsljsipui/bitstream/1/13691/1/BSL_PerceptionsOfPovertyInAustralia_2026.pdf.

“

When for-profit organisations who control essentials like food, housing and utilities protect their profits by passing rising costs on to consumers, ordinary households are left to carry more of the burden and we often see the greatest impact falling on those with the fewest resources. Financial hardship does not discriminate and impacts a broad range of members from our communities who are left trying to navigate complex systems. Financial counsellors help people understand their rights within these systems and work to identify viable options, reducing the stress of the unknown and revealing a clear path forward for the people they support.”

Jasmine Dunn,
Financial Counsellor

The critical role that financial counsellors have in supporting people with mental health issues is emphasised in a 2026 report from Beyond Blue and CSIRO. It points to promising evidence from the United Kingdom showing that combining debt advice with mental health support can significantly boost recovery rates for depression and anxiety.³⁸ It is yet another example of the growing need for more financial counselling services.



The value of humans on frontline services

While the Helpline has traditionally been a phone service, the online chat service is becoming an increasingly important way for financial counsellors to assist many different groups of people.

Consumer Action runs the online NDH Chat service across Victoria and Queensland, in partnership with Care ACT. This is a critical tool for people who prefer to, or even need, to engage with a financial counsellor online. This includes some people experiencing anxiety or mental health issues, or people whose safety may be at risk.

The groups of people and issues coming through NDH Chat are different to those coming through the Helpline. For example, in Victoria in the first half of 2026:

- **4%** of people who contacted NDH Chat identified as First Nations, slightly higher than the **3%** of people who contacted the Helpline,
- **61%** of people identified as female, whereas **45%** of callers to the Helpline identified as female,
- and younger people were more likely to contact NDH Chat, with **58%** of chatters aged under 40.

The NDH Chat service — provided by real humans rather than chat bots — is an important way for financial counsellors to provide empathetic, respectful and practical advice to a diverse range of people.

³⁸ CSIRO and Beyond Blue, *The future we choose — mental health support in Australia through the next decade of change*, September 2026, p 16, <https://resources.beyondblue.org.au/api/public/content/eldf5f709de3490cb4f900b4d074ac7a>, accessed 16 September 2026.

Real stories: How financial counsellors have impacted people's lives

People helped by Consumer Action's financial counsellors often let us know what the assistance has meant to them. They come from different backgrounds and life experiences, but all of them reached out and got the help they needed.

These are some of their stories of how a financial counsellor changed the course of their lives.



Sam

From client to trainee financial counsellor

Consumer Action financial counsellor Kane advised Sam (not his real name), who was in financial hardship after being out of work, and self-advocated to have his own Buy Now Pay Later debt waived.

Sam's experience with Kane and a follow up conversation with Consumer Action's Engagement and Learning team member Louisa, who was conducting an evaluation of the service, changed the course of his life:

“

I would like to thank you for your assistance last year. The debt with Afterpay ended up being waived after submitting the letter that led to a direct call with the hardship manager who apologise profusely for how customer service refused to hear me out.

After that debacle I ended up enrolling into a financial counselling course after a conversation with Louisa at Consumer Action. They encouraged me to enrol into the course (I was two weeks late but was able to get a late enrolment) and I appreciate them for doing so.

Sam is thriving in his role as a Trainee Financial Counsellor, and is already making a significant contribution to the community. In response to growing levels of ATO debt among clients, he is developing and has plans to deliver community education sessions for migrant communities, helping people understand the difference between being engaged as a contractor or a sole trader and the potential tax implications of incorrectly reporting income.

Sam has also sought information from Consumer Action about our financial counselling support model to share with his employer's Alcohol and Other Drugs (AOD) team. This request stems from concerns that clients in local AOD services are experiencing harassment from debt collectors and are often unaware of their rights.

If you're able to also pass on this message to Louisa, let her know that I'm doing good now and flourishing and I appreciate her support in assisting me in the direction of my studies.

I just wanted to show gratitude for the help you gave me while I was escaping a difficult situation, with no citizenship, employment or access to Centrelink support.”

Alex

NDH Chat helped Alex disrupt the debt spiral and think differently

Alex (not his real name) is working full-time and living in regional Victoria. He got in touch with NDH Chat because he had complicated debts, including high-cost loans and a debt agreement with a for-profit debt management firm.

Alex's repayments ate up around half his income, and he could not cover the basics. He relied on small amount loans to pay for groceries, petrol and car expenses. But when Alex contacted NDH Chat, he largely attributed his money difficulties to his own decisions.

Alex chatted with a financial counsellor who spotted responsible lending concerns. The financial counsellor told Alex how to get information from lenders, potentially request refunds, complain to AFCA, and correct his credit record. The financial counsellor also helped Alex understand his debt agreement, and other alternatives, including bankruptcy. Alex left the chat with a practical plan to improve his situation.

The financial counsellor also challenged Alex's sense of self-blame, and helped him recognise that the lenders and debt management firm — not just his own choices — may have contributed to his financial stress.

Alex said:

“

NDH Chat was an amazing service... gave me the right information I needed, straight to the point... I would come back 100 percent if I need advice.”

Bella

Bella's financial counsellor helped stop the local council selling her home

Bella (not her real name) owns her house outright. Several year ago, she experienced a significant mental health breakdown and was in hospital following a number of suicide attempts. She has since been in and out of work and has ongoing chronic health issues.

In the same year that Bella was in hospital, the local council got a court judgment that she owed them around \$2,000 in overdue rates. Since then, her arrears increased by around \$8,000.

In late 2025, Bella was referred to a Consumer Action financial counsellor by a partner community legal centre. Because Bella was working at the time, the council was threatening to seek an Attachment of Earnings to take the rates debt payments directly from her pay. The financial counsellor sought legal advice, and confirmed that the council could also force the sale of Bella's house unless she made a payment arrangement with them.

Bella had already offered to pay \$80 per week, but the council had rejected it. Her financial counsellor worked through her income and expenses with her and established that she could afford to pay \$120 per week over two years, plus her ongoing rates. She advised Bella to start making those payments was a show of good faith.

Bella's financial counsellor contacted the council and their debt collector to advocate for Bella and make the arrangement. She explained Bella's situation and why she had not been able to engage with them previously.

The council and debt collector accepted Bella's arrangement, and she was able to stay in her home.



Charles

30 minutes with financial counsellor Shae leads to a life changing result

Charles (not his real name) is on the Age Pension with an income of \$2,200 a month. He owns his home and has credit cards with the Commonwealth Bank, Westpac and others and owed about \$120,000 total. Despite this massive debt, he managed to pay the monthly interest charges and never missed a payment. But the debt was depleting his savings and a huge mental burden.

“I was isolated and didn’t know what to do, in fact, I was convinced I would be sent to a debtor’s prison if I didn’t pay, so when I finally spoke to Shae, her knowledge and non-judgemental approach was a world of relief. It made me realise there is a way forward,” Charles said.

During a 30-minute session with Charles, financial counsellor Shae was able to give him the confidence and tools to self-advocate and approach his debtors to waive his debt.

Ultimately, Charles received full waivers for most of his debts and a reasonable payment plan from the Commonwealth Bank. Charles saved \$100,000 of debt as a result of action initiated from the one 30-minute call with Shae.

Charles wrote to Shae:

“

From our first discussion (a discussion I should have had many years ago) I felt encouraged to confront my situation and act upon your advice - rather than suffer in silence as the debt increased and contemplate a Dickensian debtor’s prison.

I felt strengthened because of your initial support, and now, with lessons learned, I can realistically negotiate my financial future. A massive burden has been lifted. Thank you for the important job you do.”



Fiona

Fiona's financial counsellor helped to waive her confusing bill and assisted others in future

Fiona is retired and receives the Age Pension. Her husband Hassan is a carer for their adult son who has significant mental health issues, and he receives a carers payment.

Fiona was confused about her gas bills, which she had not been checking, as they were sent as email attachments, and she had a monthly direct debit in place. She had been placed on a series of payment plans, which she thought covered her usage. However, by the time she spoke with a financial counsellor at Consumer Action, she was distressed that her debt was around \$6,000.

Fiona's financial counsellor found out that the Utility Relief Grant had recently been used, her Centrelink concessions had been applied, and she was on the cheapest plan. The retailer offered to waive 50% of the debt, but Fiona's financial counsellor requested a full waiver. He explained the significant challenges that their son's health presented in their lives, and Fiona's age making it harder to manage bills and emails. He also pointed to the confusing billing, payment and customer service systems, which did not make it clear to Fiona and Hassan that their usage often exceeded the payment plan amount.

The financial counsellor's advocacy meant the retailer offered a full waiver of the debt and a free consultation to help Fiona and Hassan manage their energy usage.

The gas retailer thanked the financial counsellor for his feedback on the confusing billing and payments systems, saying: "Your comments reinforce the importance of ensuring customers fully understand how their arrangements work, especially when they are already experiencing vulnerability."

When Fiona's financial counsellor told her about the debt waiver, she said:

“

It's our anniversary tomorrow and this is like an anniversary gift."

Selina

A template letter helped Selina wipe the debt she ran up when escaping abuse

Selina (not her real name) bravely escaped a violent relationship and took out a credit card to help pay for moving and relocation costs. She kept up with the repayments for around a year, but then started to fall behind, and her debt rose to over \$20,000.

A Consumer Action financial counsellor spoke with Selina about her debt and advised her how to request a debt waiver. He gave her a template letter, the contact details for the credit card issuer, and an AFCA case study showing how AFCA approached a debt incurred as a result of escaping family violence.

Selina followed the financial counsellor's advice, asking him questions along the way.

As a result of Selina's self-advocacy, the credit card issuer completely waived Selina's debt.

Selina said to her financial counsellor:

“

I am floating on air right now. I couldn't thank you enough."

