

It's **credit**, it's causing harm and it needs better safeguards

WHAT FINANCIAL COUNSELLORS SAY ABOUT **BUY NOW, PAY LATER**



**financial
counselling
australia**



This report is based on a survey of financial counsellors about their casework experiences with clients who present with buy now pay later debt.

DECEMBER 2021

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About Financial Counsellors

Financial counsellors work in not-for-profit community organisations. They provide free and confidential advice and support to people experiencing financial difficulty.

Financial counselling associations involved in this report



SAFCA members include financial counsellors in the Northern Territory.

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Financial Counselling Australia (FCA) is the peak body for financial counsellors. FCA's members are the state and territory financial counselling associations.

Disclaimer

This report is based on a survey of financial counsellors. It does not represent the attitudes or opinions of other third parties, including funding bodies.

Thanks

Financial Counselling Australia thanks the 248 financial counsellors who responded to the request to complete this survey.

Executive Summary

About this Report

We conducted a survey of the financial counselling sector to understand what financial counsellors were seeing on the ground in relation to buy now pay later (BNPL) debt. The survey was conducted in late August and early September 2021, with 248 financial counsellors participating. This is approximately a 25% response rate.

Survey Results – Quantitative

BNPL debt is rapidly growing

- ▶ The survey shows a sharp increase in people presenting to financial counselling services with BNPL debt in the last 12 months.
- ▶ 84% of financial counsellors surveyed said that about half, most or all clients had BNPL debt at the time of the survey. This compared to just 31% a year ago.

People with BNPL debts struggle to pay for other essential expenses

- ▶ Many clients are prioritising BNPL repayments over other essential expenses, like food and rent, to keep their BNPL accounts open.
- ▶ 61% of financial counsellors surveyed said most or all clients with BNPL debt are struggling to pay other living expenses.

Industry hardship practices are falling short

- ▶ BNPL companies are falling short in their handling and support of customers in hardship. Accessing BNPL credit is frictionless at the start of the customer journey, but many clients and their advocates face significant challenges when trying to negotiate hardship arrangements.
- ▶ Financial counsellors were asked to rate the hardship practices of the eight BNPL providers who are part of the industry self-regulatory code on a scale of 1 – 10, where 1 was the lowest rating and 10 the highest. Sample sizes for four of the companies were too small to report. For the four remaining companies, the ratings were: Afterpay 5.9, Zip 5.5, LatitudePay 5.2 and Humm 4.7. These ratings overall indicate the industry has a long way to go to be better attuned to the needs of their customers in hardship.

BNPL needs to be regulated to safeguard consumers

- ▶ 95% of financial counsellors in the survey said BNPL should be covered by the National Credit Code to safeguard consumers from unsafe lending.

Survey Results – Qualitative

The survey included two qualitative questions as well as opportunities for financial counsellors to add comments and context to their quantitative answers. The following themes were identified:

BNPL is too easy to access, leading to people getting overcommitted with multiple accounts

- ▶ The absence of a legal requirement to undertake affordability assessments and credit checks makes it too easy to access BNPL.
- ▶ People are becoming overcommitted with multiple BNPL accounts. Having multiple accounts makes BNPL debts even more difficult to manage and repay.

BNPL is being used to cover essential day-to-day costs

- ▶ BNPL is being used to pay for essential expenses such as groceries, medical costs and utility bills. People can be trapped in a debt cycle.

Wage advance products are a concern

- ▶ Wage advance products are becoming more prevalent and are causing harm for some people. Although distinct from BNPL, they use the same gap in the law to offer products without safe lending practices.

Conclusion

BNPL is credit and like other credit products should be regulated under the National Credit Code. We are therefore calling on the Australian Government to commission an independent review of the existing legal framework, with a view to developing a fit-for-purpose regulatory response, that will make BNPL safer for all users. Undertaking that review should be a priority.

The BNPL industry itself needs to improve the way it treats customers in hardship. We hope the survey will act as a catalyst for this and we look forward to continuing to work with the BNPL industry on this aspect.

1 About this report

1.1 Why did we conduct this survey?

Financial counsellors are reporting that more and more clients have buy now pay later (BNPL) debt and that this is causing financial hardship. The aim of this survey, therefore, was to understand the extent of the issues, particularly given the broader context as BNPL is now available for more and more goods and services and new entrants enter the market.

Financial counsellors are on the front-line assisting people in financial hardship and see at first-hand the impact of debt on their clients. They are also well placed to assess how well an industry treats consumers struggling with debt.

1.2 Methodology

We conducted a survey of financial counsellors over two weeks in late August and early September 2021. 248 financial counsellors completed the survey, representing about 25% of the sector. Data was collected from all states and territories.

Percentages quoted in this report have been rounded and totals may not always add to 100. Quotes from financial counsellors in this report have been edited in some places for clarity or grammar.

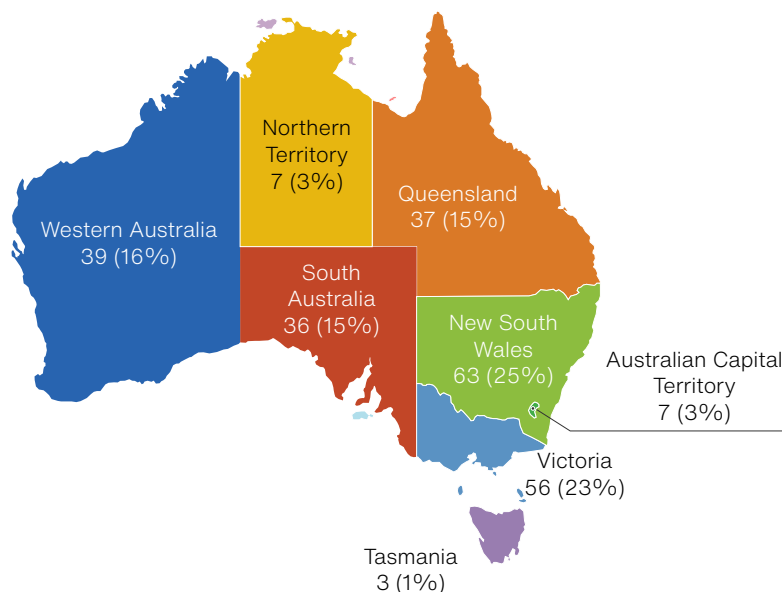


Figure 1 State and territory survey response numbers

2 Quantitative Results

2.1 More clients have BNPL debt

We asked financial counsellors how many clients were presenting with BNPL debt at the time of the survey and how this compared to six months ago and 12 months ago.¹

There has been a sharp increase in the number of clients presenting with BNPL debt over the last 12 months (Figure 2).

- ▶ 12 months ago, 31% of financial counsellors said that about half, most or all of their clients had BNPL debts.
- ▶ This has changed drastically over the past year. At the time of the survey, 84% of financial counsellors reported that about half, most or all clients presented with BNPL debts.
- ▶ A theme in the qualitative data is that many clients do not view BNPL as debt and may not report the debts to financial counsellors:
 - “99% of my clients don’t seem to perceive BNPL as debt at all.”
 - “Clients don’t see BNPL as “debt” - when doing a Statement of Financial Position they often completely forget about the remaining liability on a BNPL purchase”.

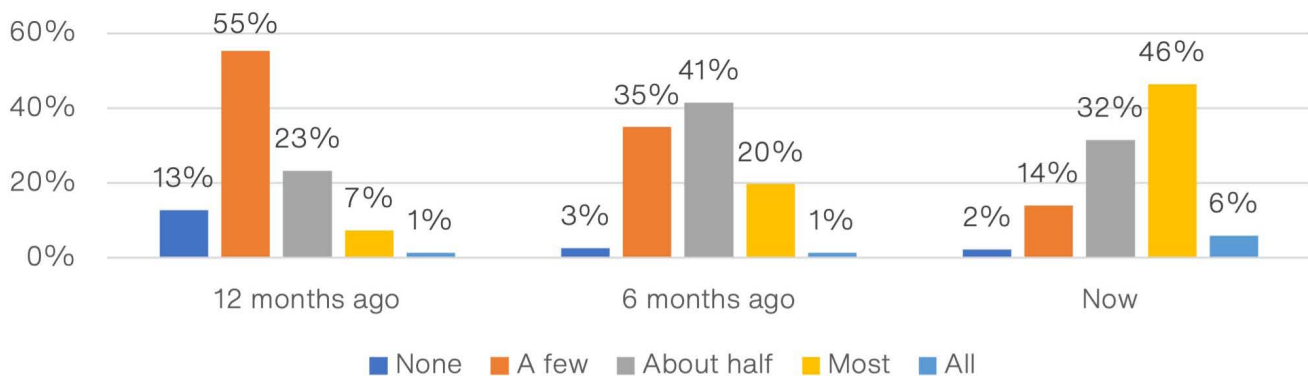


Figure 2: Prevalence of BNPL debt 12 months ago, 6 months ago and now.

¹ The survey question was “A key issue is the number of clients who present with BNPL debts. Please tell us how this has changed over time.” The answer choices involved comparing 12 months ago, 6 months ago and now. 219 financial counsellors provided a rating for 12 months ago, 229 provided a rating for 6 months ago and 222 provided a rating for now. Those not providing a rating were “unsure/unable to say”.

2.2 More clients are struggling with other essential costs

We asked financial counsellors “how many clients with BNPL debts have struggled to pay other living expenses (such as rent, food, or utilities because of their BNPL debts”.

Most clients with BNPL debt are struggling to pay for other essential expenses (Figure 3).

- ▶ 61% of respondents said most or all clients with BNPL debt are struggling to pay other living expenses.
- ▶ Only four respondents (2%) said none of their clients with BNPL debt were struggling with other costs.

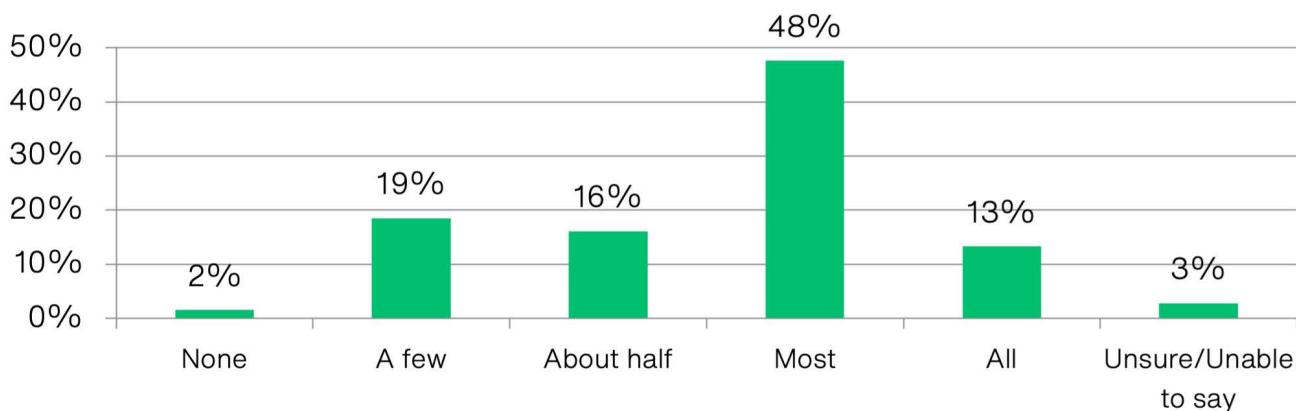


Figure 3 “Thinking about your clients with BNPL debts over the past six months ... How many have struggled to pay other living expenses (such as rent, food or utilities) because of their BNPL debts?”

- ▶ A strong theme from the qualitative data is clients prioritising BNPL repayments to keep their accounts open, as they do not want to lose access to the facility. Financial counsellors said that this is leading to food, rent/mortgage and other essential costs being missed:
 - ▶ “Currently I have clients who would rather keep their BNPL accounts up to date, rather than pay their rent.”
 - ▶ “Generally, BNPL will get paid first as the client wishes to continue their relationship with them [the BNPL company] ... just in case they wish to use their service again.”
 - ▶ “Clients prioritise BNPL repayments over rent, food and utilities - due to the pressure applied from the creditor and approximately 50% of cases, due to the need to keep using the facility to buy food.”
- ▶ The data echoes the 2020 report on BNPL from the Australian Securities and Investments Commission (ASIC), which found 20% of BNPL customers were putting off payments for essentials, such as food, because of their BNPL obligations.²

² ASIC Report 672, Buy now pay later: An industry update, November 2020, p15, <https://download.asic.gov.au/media/5852803/rep672-published-16-november-2020-2.pdf>

2.3 Hardship practices of BNPL providers are poor

We asked financial counsellors to rate the hardship policies and practices of BNPL providers on a scale of 1 – 10, where 1 was the lowest and 10 the highest rating.

The companies we included in the survey were the eight providers that are subscribers to the industry self-regulatory code of practice.³ The results below are only for four of the companies, as the sample sizes for the others were too small.⁴

BNPL companies are falling short in the way they support their customers in hardship.

- ▶ Afterpay received the highest rating at 5.9, followed by Zip at 5.5, then LatitudePay at 5.2. Humm rated the lowest at 4.7 out of 10.⁵ These ratings are not very high, reflecting the challenges that financial counsellors experience in their advocacy on behalf of clients in hardship.

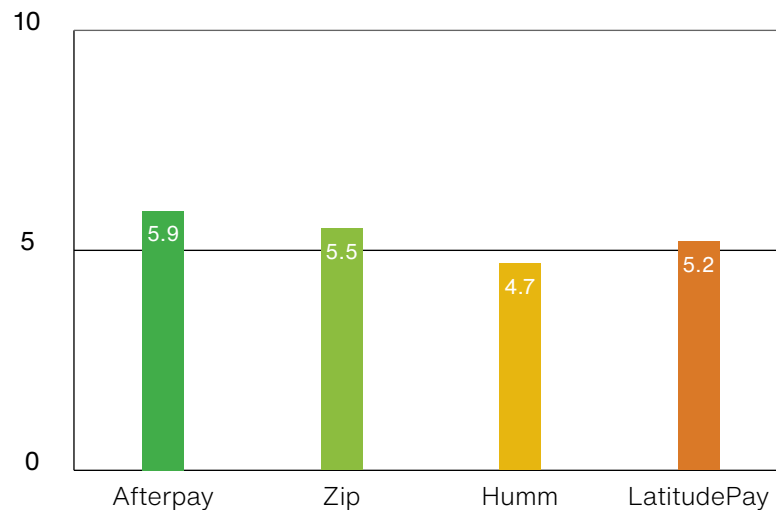


Figure 4: Rating of BNPL hardship practices on a scale of 1 - 10, where 1 was the lowest ranking and 10 the highest

We asked financial counsellors to share some of their common experiences of interacting with BNPL providers on behalf of clients experiencing hardship. The answers were coded to draw out the main themes. All comments are included in Appendix A.

- ▶ There were 100 comments with a negative sentiment. The themes that emerged include:
 - companies being very difficult to contact and communicate with;
 - companies not being responsive to the needs of clients. For example, not understanding financial hardship, being judgmental, being hard to contact or not responding appropriately to family violence;
 - people prioritising BNPL repayments over other living costs.

³ Available at <https://afia.asn.au/AFIA-Buy-Now-Pay-Later-Code-of-Practice>. The Code of Practice came into effect on 1 March 2021.

⁴ These companies, with sample sizes shown in brackets, were: Klarna (16), Brighte (13), Openpay (54), and Payright (17). 13 respondents provided ratings for BNPL providers that were not listed.

⁵ Sample sizes were: Afterpay (168), Zip (159), Humm (122), LatitudePay (100).

- ▶ There were 30 comments with a positive sentiment toward company practices. The themes include:
 - › BNPL being a helpful product for some customers, when used safely;
 - › Afterpay and Zip’s practices having improved over time (nine comments).

2.4 Financial counsellors said BNPL should be regulated

We asked financial counsellors if BNPL should be regulated by the National Credit Code (NCC). The NCC covers other form of credit such as mortgages, personal loans, credit cards, payday loans and consumer leases. BNPL products currently fall outside of the NCC as they charge fees, rather than interest.

Inclusion of BNPL under the NCC was strongly supported by financial counsellors and would mean that BNPL products are provided in a safer way than at present.

- ▶ 95% of respondents supported greater regulation, with 1% opposed and 3% unsure. Some of the qualitative comments were:
 - › “BNPL products should be regulated by the National Credit Code, as this is credit and, in some cases, a substantial credit line”;
 - › “Why should BNPL get a free pass to not abide by responsible lending laws? Surely the banks must also be frustrated they’ve got additional legislation to abide by. I’m sure a lot of the market imbalance between traditional credit and BNPL that’s opening up is as a result of the legislative gap”;
 - › “They are a financial loan facility that affect individual credit ratings and therefore most definitely should be covered by the National Credit Code”.
- ▶ Some financial counsellors suggested that the form of regulation would need to be thought through so that it reflected the way BNPL operates. Suggestions included that BNPL debt needed to be visible in the credit reporting system and that limits were needed on the number of BNPL accounts a person could have.
- ▶ A couple of financial counsellors noted that BNPL providers would automatically increase a customer’s limit based on past repayment history and that this could also cause overcommitment. This is reminiscent of practices in the credit card industry, since banned, where banks would provide unsolicited credit card limit increases.
- ▶ A couple of financial counsellors also noted that BNPL marketing encouraged spending and over-commitment.

3 Qualitative Results

All of the qualitative responses are included in Appendix 1.

3.1 BNPL is being used to cover essential day-to-day costs

The strongest theme from the qualitative data is that BNPL is being used to pay for day-to-day living costs.

- ▶ Financial counsellors in the survey reported that some clients are using BNPL to pay for groceries (40 comments), other living expenses such as utility bills (27 comments) and medication (eight comments).
 - › “I have clients using BNPL products to purchase food vouchers from Coles/ Woolworths.”
 - › “People keep using these facilities to make ends meet and then get trapped in the cycle.”
 - › “Some of my clients have utilised BNPL providers for essential items such as food and electricity payments when low on income or they have other expenses that are more pressing.”
 - › “Many of my clients are using BNPL as a means to pay for living expenses. They explain incidents of utilising BNPL products to purchase vouchers to purchase food at major food shopping outlets, unaware, of the pitfalls.”
 - › “Buy now PAIN later. The timing of the direct debit is immediately after payday. Therefore these payments come before food, power and other essentials.”

3.2 People are becoming overcommitted with multiple accounts

- ▶ Another strong theme from the qualitative data is the ease of access to BNPL. In turn, this is leading to people becoming overcommitted, sometimes with multiple accounts (69 comments).
 - › “BNPL debts have significantly impacted the availability of cash in the household.”
 - › “It’s too accessible and clients now have the option to pay bills etc with BNPL that’s pushing them into even more debt and a mindset that discourages them from living within their means and ‘normalises’ debt.”
 - › “Some of the clients will have many BNPL products and debts active at the same time, I had one client who had 12 payments coming out per fortnight.”

- ▶ “Customers have multiple debts with BNPL and can’t pay them, one client put IVF treatment on BNPL as well as on a credit card, putting enormous stress on them.”
- ▶ “Most of my clients have at least one or two different BNPL running which severely impacts their ability to cover essentials.”

3.3 Wage advance products are a growing concern

Wage advance products, also called Pay on Demand, are becoming more prevalent, with some financial counsellors also raising concerns about their use.

- ▶ Wage advance allows consumers to take out a loan for a proportion of their next pay (for example, up to a third in the case of Beforepay⁶). A common business model is to charge 5% of the amount advanced. The loan is repaid over subsequent pay cycles.
- ▶ Wage advance is more like a payday loan, but it operates by exploiting the same gap in the law as BNPL. Therefore, it is not regulated by the National Credit Code.

6 <https://www.beforepay.com.au/>

4 Wrapping it all together

The results of the survey demonstrate the deep concern of financial counsellors about BNPL products. The findings clearly show that BNPL causes harm to a proportion of people. This is because people can easily become overcommitted, can end up with multiple accounts and are using BNPL for day-to-day living expenses.

One of the themes in the survey, however, is that many people do not want to lose access to the product and will prioritise payment of BNPL debts over essential living expenses. This, of course, only exacerbates financial stress in the longer term and has implications for other creditors.

When people find themselves unable to pay their BNPL debts, they need to be able to access an appropriate hardship response from their provider. The reality, however, is that both customers and financial counsellors experience barriers when seeking to address repayment difficulties with BNPL providers. The survey results show that while there have been some improvements in hardship practices for some BNPL providers, this is coming off a low base. The financial counselling sector has been engaging with the BNPL industry over the past 12 months to share our concerns about the product overall, as well as about industry hardship practices. We look forward to that engagement continuing.

BNPL is an Australian invention that has swept the world. While some financial counsellors noted it can be a useful product for a cohort of consumers, the issue is that without adequate safeguards it can too easily cause harm to others. The exact form of those safeguards, however, needs to be determined.

We are therefore calling on the government to commission an independent review of BNPL to develop a fit-for-purpose regulatory response. BNPL is credit and should be grasped, like other credit products, by the National Credit Code. However, given the different BNPL business models, the exact form of the regulation needs to be determined. We note that both the UK and New Zealand governments are currently undertaking similar reviews. Given the growth in BNPL, the evidence from our survey and the previous analysis from ASIC, a similar review in Australia should be a priority.

Appendix 1: Qualitative comments

Thinking about your clients with BNPL debts over the past six months ... How many have struggled to pay other living expenses (such as rent, food or utilities) because of their BNPL debts?

(Note: Comments have been edited for grammar, spelling or clarity where necessary, but otherwise are unchanged. There were a couple of comments about specific payday lenders that were also removed.)

	Comments
1	I have had clients using BNPL products to purchase food vouchers from Coles/ Woolworths. I have also had a client using BNPL products to purchase essential medications
2	Many clients are struggling to pay rent and utilities as the BNPL payments are so high.
3	However most do not want a financial counsellor to address any BNPL debts as they wish to continue to use them or get higher credit.
4	Some community members are actually using BNPL to afford groceries.
5	Multiple BNPL which added to debt load and caused financial hardship
6	BNPL debts have significantly impacted availability of cash in the household. A number of clients have felt pressured to compete socially when purchasing through BNPL ie upgrading to a larger TV, new appliances etc. Additionally clients have felt highly pressured by debt collectors in these cases and developed a lot of social anxiety and depression due to ongoing debt collector harassment.
7	Currently I have clients who would rather keep their BNPLs up to date, rather than pay their rent.
8	Clients are using BNPL to pay food and living expenses and then struggling to pay BNPL. BNPL are okay for customers who can make payments on time and so don't pay any extra fees. Customers should not be able to borrow if on a Centrelink income only.
9	People advise they are taking out loans to purchase cards for living costs.
10	Some clients buy gift cards through BNPL platforms to purchase food.
11	We see people on low incomes struggle as well those on much higher incomes struggle.
12	The cause and effect relationship is hard to identify because some clients may use their BNPL to pay for living expenses or at least free up money elsewhere to do so. Additionally, BNPL might be part of the problem but hardly the only problem as to why they struggle to pay living expenses.
13	Food has been purchased using BNPL - butchers.
14	Most clients juggle payments to BNPL, as they are covering bills and expenses with BNPL, and find the regular payments are a struggle but prefer to a credit card.
15	They use BNPL to buy gift cards to buy food.
16	This is a growing trend.
17	99% of my clients don't seem to perceive BNPL as debt at all. I said that none of my clients 'present' with it because none of them list it as what they're struggling with when they ask for help. They come for rent help, or food help, or power bill help. They list all debts, I ask 'anything else'? 'Nah.' 'What about Afterpay' 'Oh yeah, I got Afterpay but I'm good, one is paid off, one will be paid off in another week, one is...' etc

	Comments
18	BNPL repayments have become a prioritisation over essential living expenses; and clients refuse financial advocacy to be able to access BNPL in the future.
19	Clients are using BNPL to pay for groceries and other essential items which is resulting in their BNPL debts increasing each month.
20	These debts are not the only reason that clients cannot afford to pay normal living expenses, but they contribute to it. My clients, who are mainly younger family violence victims use BNPLs regularly and often wish to continue using them.
21	Clients don't understand that they can raise financial hardship with providers or ask for revised payment arrangements, so prioritise paying their BNPL over essentials/priorities.. They are also worried if they won't be able to access them in the future and feel they need BNPL to get things they can't otherwise afford.
22	People that obtain buy now pay later debts are people that have no money anyway.
23	Most just weren't paying these BNPL commitments.
24	I've even had clients buying medications through Chemist Warehouse via Afterpay.
25	Many clients that I see with BNPL are struggling to pay their living expenses. I believe that almost all of my clients with BNPL debts would be struggling to pay their living expenses if they didn't have BNPL debts. That is, access to BNPL services has not caused their financial hardship.
26	A lot of clients are using BNPL to meet the gap in their budget and supplement income.
27	Willing to pay BNPL rather than essential living expenses. They do not want to lose the facility.
28	We're mostly seeing people who use BNPL because they can't afford their basic living expenses, and they're using BNPL to get by (much like they used to use payday loans) and it is exacerbating their hardship.
29	Most clients with BNPL also have other consumer debts, like credit cards, that seem to be larger and a bigger problem.
30	The BNPL debts can't be isolated - most clients have a myriad of debts eg payday loans, No Interest Loan Scheme loans, Centrelink advances, personal loans etc so it's all the debts taken together which means they struggle to pay living expenses.
31	Many use BNPL to pay essentials.
32	Some are now using BNPL to purchase gift cards for fuel and groceries. Community members are utilising as a credit card with multiple BNPL accounts.
33	It is good while the money is in the bank, but they forget that it comes out every fortnight so by the time their next payment from Centrelink goes in, there is little to no money left for the necessities.
34	Not usually BNPL on their own, usually mortgage and credit cards involved as well.
35	People with mortgages are using BNPL as well and are having to make choices between paying this debt or their mortgage. No controls means that they are not looking at the whole financial picture of community members.
36	Most use BNPL to top up living expenses eg. don't have enough to buy groceries - Afterpay \$300, Woolworths card to buy food and pay only \$75 today.
37	Poor financial literacy skills and oblivious to consequences.
38	Clients are presenting with BNPL debts and because they get direct debited out of their accounts, they have to forego essential items such as food, transport and utilities payments.
39	Very poor to offer this service to struggling families.

	Comments
40	Homeless families now use these instead of payday loans.
41	Some clients are using BNPL to buy food.
43	When they have BNPL they usually also have other debts, so I would not say that the BNPL are solely responsible for the fact that the client is struggling to meet essential living cost. The housing crisis driving the rents sky high is a big issue here too, so it is hard to single out BNPL as the reason they can't pay for food.
44	Buy now pay later leaves them with overdue utilities and no money for essential groceries, car registration and medicine.
46	More than one BNPL at a time causes the greatest hardship impact. Fees for missing a payment on several BNPL accounts either pressures a client to pay the BNPL instalments over rent/food/energy bills etc or the BNPL debt increases, depending on what the client decides to prioritise.
47	A few clients having multiple BNPL debts eg. one client had 6 different BNPLs - she was shopping for clothes for her children and herself to help relieve her stress. A few clients did not want support with BNPL as they wanted to continue accessing it as a source of funds/income. Few clients using BNPL (I think it's Zip) to buy supermarket gift cards for groceries. Reject Shop also accepts BNPL so can buy household and food/snack items.
48	Often getting some items like pet food with another BNPL loan.
49	Clients are buying apple watches and they are then in mortgage arrears.
50	The ones who are struggling the hardest are on Centrelink because they've used BNPL to purchase items that maxed out the limit of the account.
51	Some prioritise BNPL debts as they know assistance is available for utilities. The result is money from assistance programs goes to BNPL providers.
52	It is usually the final straw.
53	I am now in small business financial counselling and have still seen affordability concerns with BNPL but less in recent times.
54	Especially clients who've had their BNPL accounts for a long time and have 'earnt' a lot of credit on them are able to buy huge amounts with them. I remember I had a client with 11 BNPL accounts (yes, 11), and together they totalled more than her weekly income.
55	It seems that the repayments may look smaller but sometimes people forget about other less-regular expenses that come up that are not accounted for.
56	Definitely all clients as they are usually not attending financial counselling because of their BNPL debts but they have them there in the background.
57	Some are using BNPL to pay for food.
58	Quite a few are buying less food to meet their obligations.
59	Always say to prioritise food, shelter, utilities over BNPL.
60	They have used BNPL to buy food.
61	My clients either prioritise to pay the BNPL debt and miss out on food / other bills or they take it out and then they get in trouble almost within 1-2 payments and then stop paying the BNPL.
62	Clients are spending more than usual on items and are tempted by the offer of limit increases.
63	Many clients use these services to aid with their budget as opposed to saving for the purchases they make.
64	But isn't this how people live now - we used to layby and save for things, credit is too easy to get.
65	They use these services because they can't afford the items or services they're purchasing.

	Comments
66	Clients take out the buy now pay later option thinking this will be more affordable and then the payments start coming out and they are left short for the fortnight. Often we see clients taking further buy now pay later because they are short and then are left in a debt spiral that they cannot get in front of.
67	<p>This method of payment is very popular with young students who are doing it as a means of remedying boredom in lockdown or to buy essentials when studying such as laptops etc.</p> <p>We need to come up with a much better scheme to have disadvantaged people accessing essential devices post covid. Although funny how nobody really looked at this issue seriously until recently with BNPL. Its been endemic among youth for some time and can encourage shopping addictions because people believe its interest free and they do not know what they're spending.</p>
68	Clients are using BNPL to pay for essential items and food by buying gift cards.
69	BNPL is a low priority debt and most will prioritise other expenses over repaying this. In saying this, a few clients are relying on BNPL to buy essential groceries and are struggling when their BNPL maxes. This is bad as it shows people are relying too heavily on credit for food.
70	Most community members are in a position where there has been a major material change in their circumstances when they come to see the financial counselling service. This ranges in scope from financial hardship through to mental health conditions that have been contributing factors. The providers are simply not geared up to meet these everyday issues.
71	A lot of clients use BNPL to buy medications, groceries and even bills, leaving them short their next pay cycle.
72	BNPL isn't an issue - when you take ONE, but my clients have Zip, Humm, Afterpay etc AS WELL AS payday lending. I try to tell them only to use BNPL to spend money they already have in a savings account so that they can keep the interest.
73	Those on fixed or Centrelink incomes do not have spare funds at the best of times. But they see the slick advertising and it's in their face as they enter every shop now, so the temptation to spend what they won't have next week is strong. Then when they have the BNPL automatically deducted from their bank the next week or payment and there is still not enough, they then go without another expense such as food, medical etc or then miss rent or utility payments.
74	They are self-depriving themselves of essential living expenses to pay these debts.
75	I am a financial counsellor, so my clients will ALL be in financial difficulty around paying basic necessities.
76	Many clients appear to prioritise BNPL payments over essential living expenses unfortunately and keep using these facilities to make ends meet and then get trapped in the cycle.
77	Clients are paying these before rent and other essential expenditure causing rent and utility arrears.
78	Oddly clients will prefer their BNPL debts over essentials like rent.

BNPL products are used safely by many people in Australia, however research from ASIC also shows that they can cause harm. What are some of the common experiences (positive and negative) you've had with BNPL companies, including their hardship practices? Specify the company if you can.

	Comments
1	Many client see their BNPL products as essential and don't want negotiation or advocacy. If a person has one BNPL product and manages it well it can be useful for occasions like birthdays and Christmas. However many clients have multiple BNPL products and the repayments are the majority of their income, especially clients that are on Centrelink payments.
2	No credit check so no knowledge of other existing debts or in fact the client's ability to make payments.
3	Zip had not answered my request for hardship and it wasn't until it had gone to a debt collector that we achieved any result.
4	Zip and Afterpay. Most clients arranged hardship on their own (hold on repayments usually).
6	Zip is attempting to deter clients from seeking assistance by stopping access to services even if a copy of the contract is requested without stating hardship.
7	<p>I've found that that Zip and Afterpay readily agree to moratoriums on payments for clients in hardship.</p> <p>Find that clients are using the products instead of credit cards. They then have multiple accounts with different providers and cannot afford the repayments without impacting on ability to pay rent etc.</p> <p>Clients also see the products they are purchasing as affordable as they only consider the fortnightly payment not the entire cost of the item. They also don't consider the total amount of fortnightly payments they are committing to.</p>
9	It becomes addictive for clients. They are too tempted to overspend. It is hard for clients to walk past a shop if it has a BNPL advert in the window.
10	<p>Slowness to understand customer's hardship and need for assistance. Not flexible to understand customers changed circumstances which warrant assistance. Take the approach that the client has received goods to the value, there is no defect with the goods and are being used, hence client is required to make the required payments.</p> <p>Payright is noted here.</p>
12	Latitude Pay has become increasingly aggressive in debt retrieval, with a large number of clients stating they have been continually harassed by debt collectors. Clients have felt pressured to compete "socially" whereupon they feel compelled to purchase high-end products without having affordability/ financial assessments completed prior to purchasing. Through the debt collection process, a number of clients have developed social anxiety, and not answering the telephone etc due to feeling ashamed and depressed.
13	Clients are reluctant to put in hardship claims again, for example, Zip Pay blocks them from using the account again. Clients would rather get hardship for everything else except their BNPL. And some clients I have seen have so many Afterpay transactions, they forget when they are due to come out. There should be some sort of limit placed on the account to stop this type of behaviour?
14	Replies from Zip, not clear and often don't address the request or issue. Also continue to contact client after authority forwarded.

	Comments
15	Rarely have I had success in coming to a reasonable payment plan, either walking away and not paying with the client changing contact numbers, or the client bankrupting due to the high numbers of BNPL accounts.
16	Very hard to contact them in order to work something out. Humm took ages to finally agree to an affordable payment plan.
17	Unable to close account.
18	Afterpay, Openpay and Humm have all agreed to hardship agreements and in one case full debt waivers.
19	Openpay have been unwilling to assist a client in financial hardship - still demanding payment despite the client's inability to meet the cost of their daily living expenses.
20	Afterpay and Zip Pay have been good to deal with. They have accommodated reduced payment arrangements, waiving fees and moratoriums. 12 months ago I found Zip very slow to respond when requesting account information, but I can say that their response times have definitely improved.
21	Companies can be inflexible with payment arrangements, and it can be difficult to have an account closed, as clients will simply start up with another email address. Closure needs to be name specific.
22	BNPL is mostly used by clients who already have significant debts and are struggling to pay off these other debts.
23	Afterpay was happy to close a client's account and enter into an affordable payment arrangement to pay off the debt.
25	Overall the hardship practices are very new and unformed so the organisations don't really have systems in place to assist clients.
26	Most people are not aware of their own realistic budget and have limited financial literacy. This causes them to fall behind in payments.
27	Most of the BNPL providers allow their customers that become our clients take out too many at once. I saw a bank statement recently for a Mum on a Centrelink payment with seven different payments for the one BNPL - she was trying to access a NILs (No Interest Loan) which is a good thing, but due to her current debt load with one of the big BNPL schemes, her NILs may not be approved as it will not be affordable.
28	Where a client understands the fee structure, BNPL can be useful for some clients if they do not have access to other credit products. However, the problem with accessibility is that multiple BNPL accounts can accumulate and become so large that that are unmanageable.
29	The amount a person can have at once, multiple BNPL.
30	Negative - changing arrangement without advising client. Was sorted but lack of communication was concerning.
31	Experienced with some providers, provide for customer lowered payments for a period of time to assist in hardship.

	Comments
32	<p>Afterpay - positive - health care, school stuff, birthday presents, xmas present all can be bought now and pay later... Afterpay now has turned to a digital card like a credit card - just with no interest, only late fees...</p> <p>Negative - Clients repayments add up to more than half the clients income, so clients are buying gift cards to pay for food to survive...</p> <p>Bundll is like a credit card where you use a digital card to purchase the items with credit but doesn't fall under the credit law with responsible lending...</p>
33	Clients struggling to buy food and pay rent. Over committed to BNPL schemes as clients do not plan ahead and buy on compulsion.
34	I rarely engage the companies at all. Clients prioritise clearing them and do not want to 'get a bad reputation' by applying for hardship - similar to their conduct with Cashies. I don't trust any company that isn't actually bound NOT to cause harm, or bound to certain standards of conduct however.
35	<p>Ease of use - meaning customers can get into financial problems easily.</p> <p>Using the products for essential items such as food.</p> <p>Some providers having a 'day' of bargains i.e. Afterpay day - designed for people to spend more.</p> <p>Generally the providers have been responsive to people requesting hardship assistance.</p>
36	Clients are easily able to increase their BNPL limits or download additional BNPL companies as many do not do credit checks which would show many clients hold multiple BNPL facilities.
37	Receiving higher limits for paying on time. Clients are motivated to pay on time to avoid fees instead of meeting living expenses. The higher limit just pushes them into financial hardship eventually.
38	<p>Afterpay have been helpful in waiving debts for family violence victims.</p> <p>I find my clients are reluctant to cease using BNPLs as they see them as a solution for accessing clothing and other basic household items for themselves and their children.</p>
39	<p>Won't adjust the amount, only the time frame - which helps but not enough for some clients.</p> <p>Clients can take on too many at once and don't always recognise the cumulative total and impact on their finances.</p>
40	The charges and fees can result in a client's debt being 500% of what they initially borrowed. The client may have been able to afford the initial loan but not the associated costs.
41	Offering an increase in loans while in hardship.
42	Difficulty communicating with them.
43	I have clients who have used Afterpay to such an extent that they cannot afford their monthly mortgage payments. One of my clients was paying \$1,300 to Afterpay each fortnight and did not realize how much trouble she was getting herself into.
44	ZipMoney is hard to contact. Their financial hardship person DOES NOT take or MAKE phone calls, and requests all correspondence to be via email. It makes it hard to advocate a win-win outcome for clients.
45	We have never had to deal with the hardship areas because generally the limits are \$1,000.
46	Difficult to contact.

	Comments
47	Generally, BNPL will get paid first as the client wishes to continue their relationship with them ... just in case they wish to use their service again.
48	I have had positive experiences when advocating for clients with the BNPL services I have dealt with.
49	Afterpay - non acceptance of third party authority forms, requirement for customer to provide more identity information, not closing accounts paid off when requested. Zip - in the last 3 months taking a long time to get back regarding simple requests, not closing accounts paid off when requested.
50	ZIP - found to be very helpful. Latitude - very responsive.
51	Late payment fees, and clients prioritizing these payments over food and rent.
52	Insufficient checks on ability to pay.
53	Community members presenting with material need requirements due to the BNPL high interest and penalties if payment is missed.
54	Zip, Openpay - are just difficult to notify about hardship, don't return emails etc. Openpay have needed to escalate and still not heard anything. Most of my clients using BNPL products do not understand the terms and are shocked at the repayments. Two clients know how to get around assessments by opening a different bank account.
55	Smaller BNPLs such as VetPay and Deferit seem to have no understanding of hardship practices. Zip Pay and Afterpay are improving their hardship practices.
56	We experience a lot of family violence victims who have had perpetrators open zippays and afterpays in their names. When we have tried to communicate with these companies they fail to identify the difference between economic abuse and fraud. The general response is that the client received the goods, but in many cases the perpetrator is the one who retained the goods.
57	I have had no bad experiences with the companies I have dealt with.
58	Hardship teams in Afterpay, Zippay and Humm are okay. Would be great if they can do a credit check.
59	Afterpay and Zip Pay will provide moratoriums when people are in hardship. In extreme circumstances Afterpay have also waived debts, but I have not had this success with Zip Pay.
60	From my experience, Afterpay and Zippay have been reasonable in assisting borrowers but larger debts to other lenders often makes the payment arrangements for the BNPL providers difficult to keep.
61	One client has four Afterpays and is just managing, but currently family utility costs are the major factor impeding finances. Another client is constantly purchasing gift cards to alleviate her financial hardship.
62	Clients are generally reluctant to apply for any assistance because they don't want their access to BNPL to be curtailed in any way.
63	Having one BNPL debt works well for most clients however it is the clients who overspend and have multiple lenders on the go that causes the issues.
64	Consumers are convinced BNPL is not a credit card when in fact it actually is. Keeps vulnerable people trapped in a dependency cycle of relying on BNPL, instead of seeking more sustainable resources to create financial resilience. Afterpay essentially promotes consumerism - spend, spend, spend.

	Comments
65	The multiple commitments on multiple accounts causes financial stress as there is not enough money for people to cover core needs and repayments which can be very large. There seems to be no, or minimal, due diligence to ensure the community member is able to repay. Some community members do not have the capacity to plan repayments and/or are already in financial hardship and look to utilise these services as they are quick and easy. A short reactive stop gap to their current situation.
66	Humm was very difficult to speak with. Their hardship team took quite a few weeks to get back to the client to let them know they've been approved.
67	Working with Zip, they tend not to read or respond to emails in a timely manner. They seem to send out a satisfaction question email within a couple of days of me sending them my email, and I haven't even gotten a response. How can I be satisfied if there has been no response? They also need to provide a contact number, so that I can speak directly to them, I understand a paper trail is good, but sometimes speaking to them is better.
68	I have found Zip and Afterpay to be very easy to deal with in terms of putting things on hold. I have also found Afterpay easy to deal with in terms of waiving small debts.
69	Most people use them sensibly. People that are in trouble tend to have BNPL plus other things that cause more detriment.
70	Too easy to get them, clients have been able to open new accounts with a new email address, new card details. Not enough checks to see if clients can afford them, especially those on Centrelink only incomes.
71	Having to make numerous requests for information/documents.
72	Afterpay will respond positively to requests for assistance.
73	Not accepting the client authority form.
74	Clients become progressively caught in a vicious cycle of continuity with their purchases because they're unable to pay off their debts. They may continue to make payments, including late payment fees with what funds they have, then they purchase their essentials on BNPL so the debt is never fully paid.
75	They can be great, but can be a monkey on your back if juggling too many, and unplanned life events scupper your plans to payback.
76	Some of my clients have utilised BNPL providers for essential items such as food and electricity payments when low on income, or they have other expenses that are more pressing. This has caused extra stress on people to add this payment to all the other payments having to be made each fortnight. Mental health declines are apparent when dealing with this stress too. Many clients are stating they can't believe the BNPL provider is giving them increased credit limits. Some of up to \$2,000 at a time. Once I explain this tactic to them and explain the idea of having up to a spare \$500 per fortnight in some cases to pay back, they realise it is not sustainable. However, this doesn't stop them from doing it if they are vulnerable and in need.
77	Lack of acknowledgement to actual circumstances and hardship. They are focusing on obtaining payments over providing assistance.
78	They appear to give credit to anyone.
79	Some don't have hardship policies.
80	No knowledge of how many BNPLs a client has being given, high amounts of credit with no evidence if they can afford to pay the debt. A bank would not give these clients this amount of money in credit.
81	I think BNPL generally offers a better option than credit cards or payday lenders for consumers on a tight budget, but the issue is people knowing their limit and confusion if they start accessing too many at a time.

	Comments
82	AfterPay - allowing clients to have multiple interactions at the same time. No limit on the amount of repayments without regard to income.
83	Zip take a very long time to respond and they are not very good at communicating.
84	Zip will extend hardship in most cases.
85	Clients avoid seeking hardship because they can't afford to loose access to the line of credit, so will pay these at the expense of utilities.
87	The biggest problem is the easy access to credit for people who already have a ton of debts. There should be more credit checks to ensure affordability.
89	Latitude ask for a lot of unnecessary documentation.
90	Lack of understanding of people on Centrelink and financial hardship. Lack of checks as to whether the person is suitable for the product. Too easy to access.
91	Clients have used Afterpay to buy educational equipment for their children. Most clients that I have spoken to that have ZIP do not want to end the use of this product.
92	Using BNPL products to fund groceries and living expenses. Using Deferit products to pay bills in 4 fortnights / when financial counsellors can negotiate better deals.
93	I haven't had any positive experiences. My clients, who usually have poor financial literacy, have used these services because they are desperate and have no other options to make payments. I feel these schemes are vultures circling the vulnerable to make themselves fat.
94	They do not offer hardship arrangements, but rather just a skipped payment. Afterpay and Zippay.
95	Too many at once.
96	I recently communicated with Payright and after several emails from Payright, insisting that financial counselling was not exempt from credit licensing, finally received a good outcome. Payright's staff member emailed me indicating that Payright had to ensure that our organisation was not acting fraudulently, and that after receiving my email with links to Financial Counselling Australia's information on the credit licensing exemption for financial counsellors and links to our information on financial counsellors, Payright claimed it understood and they promised to instruct their team members that our financial counselling team has a legitimate credit licence exemption.
97	Their hardship departments are difficult to contact. Often there is no direct phone number provided (you have to go through their phone app) or email. This makes it very difficult to advocate on someone's behalf. Late fees are often higher than the amount left owing, and there is no transparency about the financial hardship process.
99	I have not had to advocate with any BNPL. I'm a "new" financial counsellor and my experience is more of clients presenting with BNPLs and their feedback.
100	Afterpay - Difficult to contact and get through to appropriate department and slow to respond. OpenPay - requested statutory declaration on top of other supporting documentation already supplied, apprehended violence order, medical reports x 2, letters of support x 2, Centrelink Income Statement & financials, that were sufficient for other creditors!
101	Clients able to access multiple BNPL orders at once. BNPL companies don't seem to do proper credit checks. Some seem to only offer limited hardship periods.
102	BNPL used by clients who do not have any disposable income is causing debts, rent arrears and other essential living items to become out of reach as they prioritize paying the BNPL purchases instead.

	Comments
103	<p>Afterpay seem very sympathetic to the clients when they are in hardship and make alternative arrangements. This usually entails paying extra each fortnight but this sometimes makes it worse.</p> <p>Zippay have been very generous with one client and have closed her account and reduced payments to \$5 per fortnight until it is paid off.</p> <p>The problem seems to be because there are no credit checks the clients can, and do, use multiple companies. I have a client who has 5 BNPL accounts that are all in arrears.</p>
104	<p>Afterpay: client on DSP with 8 transactions owing approx \$450 in each fortnight period for 6 weeks. Same client also had a Zip money account with a balance of \$1500 owing. Struggled for food and medication for child and self.</p> <p>Open Pay: Client on DSP able to gain multiple Open Pay access despite being behind in payments</p>
105	<p>Speaking about Afterpay - No credit checks mean people that cannot afford the repayments are using this service. Once the Afterpay payment is processed (on the day they receive their benefit or wages), they don't have sufficient money left to pay their rent, utilities and to buy food.</p>
107	<p>Willingly give credit to anyone who wants it.</p>
108	<p>Too hard to speak to a person, high fees. Payment arrangements are high and really set clients up to fail in times of hardship</p>
109	<p>Afterpay - responsive and good hardship practices.</p> <p>Humm - appalling hardship practices and difficult to deal with being passed from department to department.</p>
110	<p>I am seeing addictive behaviour from clients, some will put a \$20 purchase on Afterpay just because they can. Clients are targeted online with up selling offers to refer a friend or get \$10 off to join. Adverts pop up on Facebook and entice clients to join up to multiple BNPL services.</p> <p>When preparing an income and expenditure statement with clients they will say they spend on food whatever is left. They are making sure they pay the BNPL service before buying food. Or signing up for a new BNPL service to buy food then trying to pay that back and just fall into a debt cycle.</p>
111	<p>Clients are offered higher amounts of credit for earning points or being a good customer. This may encourage them to spend more than they could originally afford and lead them further into debt without the capacity to make the higher repayments.</p> <p>Afterpay advertise "Shop now. Pay over 6 weeks. Never pay interest" - this is false advertising as interest is charged on overdue payments.</p>
112	<p>Unwillingness to deal with financial hardship, reluctance to talk to financial counsellors.</p>
113	<p>Few clients appreciate how late fees work, and how they accumulate after every missed payment.</p>
114	<p>That there is no friction in opening a BNPL product but great friction in locating how to self advocate or as a financial counsellor advocating for hardship. Looking for the right contact or selecting the right help option. No phone number for access by vulnerable customers. And little understanding or support around financial abuse.</p>

	Comments
115	<p>Pro - people able to split their car registration payments.</p> <p>Con - over spending or using to supplement low income = kite flying of more BNPL</p> <p>Using BNPL to buy vouchers to put food on the table (band aiding deeper issue).</p> <p>Pro- people using no interest options instead of high interest options.</p> <p>Con - often people overspend or use as a crutch.</p> <p>Con - enables people to spend more than they have and delay the consequences.</p> <p>Con - MyPayNow is alarming as a concept although have yet to have any clients present with it.</p>
117	Way too many clients have multiple BNPL accounts. All the "little" monthly repayments soon add up to one big monthly expense.
118	For all across the board there needs to be accountability for who signs up and if they can afford the payments. It is a form of credit.
119	They haven't been responsive, stating they have to wait for instructions from their overseas management office.
121	They are attractive to the younger generation who are yet to understand the financial implications of these products in the long run and how these products can put them into a debt spiral and affect their credit score.
122	Buying a product to sell on for cash, unable to cancel product or repayment plan.
123	Clients find it more important to pay their BNPL rather than rent or bills.
124	Very difficult to find hardship contacts.
125	<p>Unable to contact company. No facility to email or text.</p> <p>Client incurring overdrawn bank fees, high fees and charges.</p>
126	<p>They're less inclined to waive debts than most credit providers.</p> <p>Openpay has consistently been very helpful to clients - but I have no experiences in the last 6 months, this is from 6+ months ago.</p>
127	Many clients present with multiple Afterpay accounts that leave them insufficient money for food and other essentials once they've been paid.
128	Basic hardship arrangements in place by Zip and Humm.
129	Zip - Negative experience. They take a long time to respond and are rarely helpful for the client. Especially where domestic violence is involved and I expect more help.
130	<p>Before 1st March 2021, anyone who could afford the first payment could use a BNPL scheme. Debts can be created without much checking as one only needs the first payment. The cost of missing payments is excessive; up to \$68 per missed payment, adding to the financial stress.</p> <p>The industry is self-regulated meaning the rules are weak and ineffective much like the banks own rules prior to the banking royal commission. Afterpay doesn't report to the credit agencies on customers so other lenders don't know the debt level of a person.</p>
132	I find a lot of customers want to pay their BNPL to ensure they can use it in the future.
133	<p>Afterpay agreed to a hardship arrangement which meant one payment for several products.</p> <p>Humm - very difficult to contact.</p>

	Comments
134	Increase people's spending due to convenience of using BNPL. People easily become over committed.
135	When used by those already suffering hardship even the small repayments of \$5 significantly impacts their future. They already couldn't afford their normal everyday living expenses. Now they have to try and do that with an extra \$5 debt. So the next week they put groceries on BNPL and end up with another \$5 debt. It just spirals out of control.
136	Zip advised they don't offer waivers at all but then another representative advised they do and waived the debt.
137	I have found that they will only give a moratorium rather than give a debt waiver. Which only extends the problem rather than solving it.
138	That they argue about the credit checks when they don't do any. They lend people more money than they will be able to repay. Their systems are too online and it is hard to speak to a person. Their people are not trained in hardship. They very rarely waive debts and that is only after a number of moratorium periods so drags the whole process out.
139	When requesting a debt waiver for a family violence victim/survivor, Zip Pay told me they get many fraudulent claims of family violence.
140	BNPL companies operate as individual companies - they are interested in getting their money. Once clients have more than one BNPL account they often are not able to make repayments.
141	People become dependent. Want to keep this option and so prioritise paying BNPL over utilities. Use it as a "for emergencies".
142	Clients with multiple accounts with various companies, there seems to be very little affordability assessment done. Zip seems to be the most commonly used, clients tend to be in denial about their overuse of their BNPL accounts and usually try to deal with missed payments on their own, usually by the time they come to us for help they are already way behind in payments. The companies seem to be willing to work with clients in hardship but by allowing them such large lines of credit in the first place, it is detrimental if the client has no self-control or understanding.
143	Clients not understanding the consequences of not paying on time and the possible outcome is not explained clearly.
145	Humm have shown a complete unwillingness to be flexible, make hardship arrangements and are unsympathetic to the vulnerabilities of clients. There was no sense of accountability on their part and it has caused a great deal of anxiety and depression amongst my clients. The attitude of Humm when approached has made them reluctant to communicate further with them.
146	BNPL are insidious and in the current climate feed into the "neediness" of the community, to "look after themselves" and do something that makes the individual "feel better".
147	Clients will access BNPL and not think of the impact it will have on their finances going forward often leaving them with no money for utilities and food Most common ones I see are Openpay, Afterpay, Zip Pay and Humm Some of the clients will have many BNPL products and debts active at the same time. I had one client who had 12 payments coming out per fortnight.
148	They are fantastic in an emergency but it can get out of hand quickly and then it becomes a habit for them - also that they can use it for groceries and fuel so they don't use their money for what it is intended for ... especially those with addictions ... it gives them a way to have both but not pay what is necessary.

	Comments
149	Allowing several accounts at the same time when customers have only made one payment. It then becomes too much for the customer so they pay nothing.
150	Most BNPL companies are so hard to get hold of, and they don't really have contact numbers or a team with e-mail. Once I have been able to speak to them, they do offer smaller payment plans, only some waive the fees and charges.
151	Again, clients are spending a great deal more than they usually would and I have seen a significant number who use BNPL to buy food and other basics.
152	<p>Clients prioritise BNPL repayments over rent, food and utilities - due to the pressure applied from the creditor and in approximately 50% of cases, due to the need to keep using the facility to buy food.</p> <p>No consideration for family violence victim/survivors. Almost impossible to obtain a waiver or other reasonable arrangements.</p> <p>I exclude Latitude from these comments, I generally find they are a bit more reasonable.</p> <p>All other BNPL companies can't be individually rated - they are all poor.</p>
153	<p>Zip is happy to place a hold on the account and allow for smaller instalments with no additional fees which is helpful for the client.</p> <p>I have also found that Afterpay are accommodating with this also.</p>
154	Afterpay: Limits too high. For example, a mum with 2 children on Newstart with a \$3,000 limit requiring payments of \$750 per fortnight. Secondary issue is not having to pay any money upfront, so the community member can make purchases when they have no dollars to pay anything up front. The mother refuses hardship with Afterpay as she does not want to affect it in anyway as she values Afterpay as the only way she can purchase essential items. No Interest Loan Scheme terms are too tough and take into consideration a mortgage, even though client has escaped from domestic violence and has not resided or contributed to the property for more than 2 years. As the mortgage and rent are unfairly included, the client gets declined for NILS. Client feels she has no other alternative and is grateful for Afterpay.
155	People don't want to talk to financial counsellors about hardship with the BNPL as they have come to rely on them, juggling the repayments. The biggest concern I now have is that people are using them for groceries, chemist/medication, petrol.
156	No interaction with BNPL as yet.
157	Latitude are very good with hardship arrangements. Out of all they are the best.
158	Clients using Afterpay to buy gift cards to buy food. Most have several going at a time, some repayments are up to \$400 per fortnight. Family violence has also caused clients to use Afterpay to buy themselves personal hygiene items.
159	I have dealt with Humm for a complaint with solar panel BNPL and found the initial contact not to be very helpful but once the complaint was escalated to Certegy then xxx at Humm was very fair and reasonable to deal with and I found the interaction very positive.
160	For some clients they are able to pay off things that they can't save for. For others, those items like iPads and phones for example create a burden that makes food and housing expenses move to unmanageable.
161	No real assessment of affordability. Revolving credit available even if a person's financial situation has substantially deteriorated.

	Comments
162	<p>Clients using BNPL to purchase items that they need at the time whereas they do not have the immediate funds, but are able to budget around the repayments.</p> <p>Unable to afford the purchase but having access to purchase items they cannot afford.</p>
163	<p>Lack of contact information to enable engagement by a financial counsellor.</p> <p>Lack of financial assessment prior to lending.</p>
165	Charging fees for being late, not advising clients what their fees are.
166	Clients are becoming over-committed because they have multiple BNPL accounts with multiple providers. Moreover clients are buying expensive versions of an item (a \$300 handbag not a \$10 handbag). BNPL allows clients to access goods they cannot afford and particularly with younger people, they are skipping other expenses (eg telcos) to afford BNPL, which can have a knock-on effect when accounts are cancelled and technology costs are incurred. BNPL robs young people of a chance to learn how to budget and afford things over time (you can afford that handbag, if you save over 6-12 months not 4 payments).
167	Customers have multiple debts with BNPL and can't pay them. One client put IVF treatment on BNPL as well as on a credit card, putting enormous stress on them.
168	<p>It can encourage a reliance on BNPL instead of saving for the item. It can give a false sense of reality for what is being spent. Some clients end up with thousands of BNPL on low incomes.</p> <p>Youth can often spend on BNPL to overcome depression and then find it has increased their mental health related issues.</p>
169	<p>Zero visibility of hardship information on some of the apps.</p> <p>Need to apply for an account before accessing information which exposes people to marketing material. Financial hardship contacts have become easier to find which is an improvement.</p>
170	Afterpay made it so that clients couldn't get into their online account whilst in hardship, preventing them from seeing the balance and making any payments, and forcing the customer to withdraw the financial counselling authority to make payments. However, once it was brought to their attention they quickly rectified this.
171	Instant access to multiple loans, not undertaking due diligence on borrowers' capacity to repay within their overall means or in conjunction with other debts.
172	Negative - LatitudePay are slow to respond and ask for more documentation than other companies to verify a client's situation.
174	I have had positive experiences as a customer but as an advocate for clients experiencing financial hardship, most experiences are negative. I just don't think the companies understand how easy their products are to access and be overused. There needs to be limits imposed on credit amounts and better affordability checks.
175	Very predatory and insidious - they trade on ease of access without needing to cross check that the client hasn't already got multiple providers. As stated, I have had little direct contact - clients seem to get themselves into payment plans.
176	Zip continue to send notifications to customers even when they know they are in extreme financial hardship, that is the customer is struggling to pay for essential services, food, fuel and medication costs.

	Comments
177	<p>Their marketing is very slick and their claim of not being a credit provider is false. People do not understand the fees as all. Those on low incomes or fixed small incomes that have limited budget room don't understand that if they don't have the money to pay for it on the spot now, it won't be any different in the weeks or months in the future.</p> <p>Plus a lot of clients have commented that once they pay off the first item, they are offered a higher level of "credit" to use next time. They are being offered Visa cards within the platforms now. They are being used 50% of the time at least to buy food. They are behaving like banks were with credit cards with automatic credit increases without requests. Royal commission again please!!!!</p> <p>The number of people with 2-5 of these "apps" on their phones is increasing. I do not see anything positive from these products. Basically it rewards and encourages poor budgeting and uncontrolled spending.</p>
178	<p>Addition don't want to give up even if offered waiver. Some people are good at paying things off but no good at saving for things.</p>
179	<p>Positive</p> <ul style="list-style-type: none"> ➤ client lost their job as a motel manager & had taken out a loan from Brighte to install solar panels at the motel. Since the owner of the motel had coerced her to do this before ceasing her contact, Brighte agreed to write-off the debt. The debt was \$14,000. <p>Negative</p> <ul style="list-style-type: none"> ➤ other BNPL firms have shown a lack of empathy towards clients even when it is evident that the client has become homeless, lives in a crisis centre, has letters confirming medical/ mental health issues, is living on Centrelink, often a disability pension & the statement of financial position shows the client is truly struggling and cannot afford to repay the debt.
180	<p>Numerous products with numerous companies on top of other debt. Used for emergency relief. Lack of capacity to repay debt.</p>
182	<p>Unwilling to waive debts.</p>
183	<p>The lack of affordability assessments mean that people are getting into unmanageable debts easily and often. We are seeing more people with multiple BNPL accounts and then as they can't afford one, they move onto another. This leaves a large list of outstanding debts. Consumers do appear more willing to try and negotiate plans themselves in comparison to their willingness to approach banks or other credit providers who cause more fear in consumers generally.</p>
184	<p>Humm waived a debt that was unaffordable for the client, allowing him to keep his \$5,800 bed and refunded \$661 in payments he made towards the debt after a complaint was made. However my colleagues and I have found their hardship department very judgmental and unwilling to take the client's situation seriously. Zip have waived a \$1,500 debt for a family violence client with mental health issues which was fantastic however I have also seen where last year they increased client limits by \$500 without any financial assessments. This was totally unaffordable to assist them through COVID and putting them in a worse financial situation.</p>
185	<p>Afterpay, Zip pay: Multiply purchases with the one client with multiple direct debits from the account.</p> <p>Purchases made using other people's (family) phone information.</p>
186	<p>It has its place if they can afford to repay the debt; however people in financial hardship have multiple products as it is easy to apply for, then hard to pay them all off.</p>

	Comments
187	Clients want this product - they choose to pay this account over others, like power bills and rent.
188	If you contact a hardship team on behalf of a client that is not related to the debt, they automatically place the client into hardship due to your representation. Lack of affordability assessments increases the risk of non-payment and increases the number of people entering into hardship. BNPL support services are limited and not easy to access.
189	Customers just accept that when they are behind they have to pay the late fees.
190	Humm biggest we see and hard to deal with.
191	They will give a moratorium but are very reluctant to provide a compassionate waiver
192	Humm - did not seem to care about client's difficulties at all

BNPL products are used safely by many people in Australia, however research from ASIC also shows that they can cause harm. What are some of the common experiences (positive and negative) you've had with BNPL companies, including their hardship practices? Specify the company if you can.

	Comments
1	BNPL are advertised everywhere however there is not a lot of education surrounding these products.
2	Access to hardship contact details would be good. They should be required to assess that customers can afford the repayments. Cash flow is an issue.
3	Clients do not want to divulge BNPL debts.
4	I work on the intake line, and most single women I speak to use multiple BNPL. They are not forward planning if they can actually afford them, and ring a financial counsellor as they can't afford rent or utilities. It would uncommon for these clients to only ever have just one ... it's always multiples. I have observed these are prioritised before any other bills.
5	Community members are able to have multiple BNPL debts running at the same time. Community members loose track until they are faced with having to make big payments, at times weekly because of alternate pay periods.
6	While BNPLs are easy to access and have a growing profile with retail customers particularly through Covid, the fact that clients can have multiple BNPLs with different providers who are not aware of what other accounts are held by customers means that affordability is not assessed. This is a trap for many vulnerable customers and also the young people who see this as an easy payment option. If they are regulated under the credit code /responsible lending guidelines or a credit score system introduced for eligibility there will be less opportunity for clients to run up high debt levels, be unable to manage multiple accounts and lose track of their spending which leads to hardship and inability to meet essential living expenses.
7	We need to talk about "Pay Day Loan" or short term loans provided online. They are using grey areas in the credit laws and charging huge amount as a administrative fees. BNPL products are purchased by less than 3% people in Australia, but we do not have any records about payday loan clients. It is good to collect data using our financial counsellors to understand the harm they make to the low income people.
8	BNPLP have hard sales techniques, which runs a fine-line with pressure and harassment on potential buyers/ clients. There should be more protections for clients under BNPL schemes. Thank you for the opportunity to contribute.
9	The majority of clients I have seen recently, have at least 3-5 BNPL products. This causes a client to overcommit, and they don't have sufficient income to cover it. We definitely need some changes with these products.
11	The main issue (yes judgemental) the number of mental health and alcohol and other drug clients subsisting on these loans thinking it will get them out of trouble.
12	Clients taking these out to pay for rent or car loan payments they were unable to pay.
13	It is too easy for customers to access and borrow on line and no investigation to see if they have capacity to pay back the BNPL.
14	Concerned about how simple it is for people to access multiple loans.

	Comments
15	Very very disappointing that CBA have felt the need to enter this arena.
16	The clients I see with BNPL debts cannot afford the payments - they should not have been provided with this additional debt.
18	No, generally nothing positive to say regarding BNPL.
19	I am hesitant to say yes to be added to NCC because this is an accessible line of credit for people who otherwise may not be able to access credit. However, I think other measures, such as a maximum of BNPL loans one person can have at any one time would be an alternative option to keep BNPL accessible but measured.
20	They should also meet responsible lending criteria.
21	I have always said one payment at a time, not many items and many payments. It makes every day living expenses unaffordable eg food, rent, power. I myself do not like the concept, it just encourages people needing that instant gratification. Does not encourage people to save and wait, I still like the "old" layby, where you pay an item off before receiving it. Most people are spending more than they can afford because they can.
22	While they are a problem for clients, I think there might be bigger problems for financial counsellors and I wonder if we are putting enough resources to other problems. Additionally, it is in the interest of other credit provide (big banks) for BNPL to be included in the credit code and recorded on credit files. Would it be a good idea for them to take on this fight?
23	It appears to be a behavioural issue similar to addictions. More research in this area would support a systemic change.
24	We know it's too easy to get these loans and there still seems to be a pattern of too many loans at the same time with clients. No matter what the amount - it all adds up in the end and results in keeping or deepening a client's debt issues.
25	There are positives and negatives to the BNPL system.
26	Clients that use BNPL products always have more than one different provider - with all the different providers and repayments their fortnightly repayments are some times more than half of their income.
27	For the clients we are definite this product needs to be regulated and legislated as it targets the young and the struggling of our communities. They get caught by the advertising and convenience of the products.
28	<p>Easy access to small credit can sometimes be a good and necessary thing. Easy access to small credit can also be a habit-forming, debt-cycling, ruinous thing. More controls on lending need to be imposed, perhaps along the lines of 'if X person can only afford Y repayments, then they must be given Y repayment schedule'</p> <p>Even then, I can see some of my clients rushing to pay off BNPL faster because the app is in their face now, not giving consideration to their bills a month from now, so maybe no external controls can ever truly fix the human root of the problem.</p>
29	The way it is framed and advertised is misleading and makes it sound like "because it is smaller manageable payments, it won't accumulate debt or get out of hand" which is just not true.
30	It is far too easy for people to access BNPL products and many have multiple BNPL companies which are simply downloaded and set up on their mobile devices if a BNPL company declines / blocks their purchase or stops their account.
31	If you don't have the money to pay for something in full you are living beyond your means and/or using credit.

	Comments
32	<p>I think that they are a very dangerous form of finance, too easily accessible for those on low incomes.</p> <p>I am appalled that a young, high profile, high income earner “personality” such as Rebel Wilson promotes one of these companies and gets paid to do it. I wish she could see what we see.</p>
33	It's too accessible and clients now have the option to pay bills etc with BNPL that's pushing them into even more debt and a mindset that discourages them from living within their means and 'normalises' debt.
34	BNPL companies should be required to check a client's ability to pay, taking into account other BNPL loans.
36	I do have clients who can use BNPL responsibly but there are also a vast majority who find it difficult to keep track of their BNPL commitments. I think that in some cases there are clients who benefit from using this service, however many people end up in quite some trouble.
37	They are very hard for financial counsellors to contact. No financial counsellor 'special phone line' and call wait times are excessive.
38	Although we believe \$1,000 are safe limits (lower than a No Interest Loan Scheme loan), we believe it can be dangerous when a consumer is allowed multiple buy now pay later debts at once, for example having 4 at once can start stretching budgets.
39	It is too easy, there are too many of them and the clients are taking advantage of this without realising the consequences.
40	It is excellent for those that are earning well and just need a breathing space until the next pay day. It is not very good for those that are not earning much and it forces them to pay for those non-essentials ahead of their basic needs.
41	They are improving their game BUT, the contracts are dreadful to unravel, and there have been occasions where clients with intellectual disabilities are signing up, don't understand the terms and conditions, and then the creditor doesn't allow or respond to requests for financial counsellor advocacy. The debts will always be the last the financial counsellor/client deals with because they are time-consuming and the response times are slow, no relationship etc.
42	Just that they are way too easy to sign up for and aren't regulated.
43	It should not be this easy to have a large credit limit to spend on whatever you like.
44	Too easy to access, people usually can't afford normal expenses let alone another line of credit.
45	It can be advantageous to a customer who has a permanent regular set income and has the ability to pay for unexpected expenses that come up and also for emergency expenses. But for those who do not have a savings buffer it is incredibly damaging. Late payment fees are charged to all clients with no regular income and no savings buffer at some stage over the course of a year. It should not be offered to customers without first inspecting all bank accounts and credit cards and income. EVER. Just as the National Credit Code was created for all other lending platforms, it is outrageous that BNPL are exempt. The current government have a number of MPs with shares in this platform. They are also lobbied by business. The consumer must be protected. Clients need to come forward. Individual case studies need to be published regularly in national newspapers that highlight the positive examples whereby products are purchased at drastically reduced prices and no late fees are charged as the customer has a savings buffer and those of the customer who suffers appalling poverty as a result of unforeseen expenses.
46	Their practice seems to be to ban someone who doesn't pay rather than take action or sell the debt, which could be a reasonable practical result.

	Comments
47	<p>If used responsibly for 1 or 2 items at a time, no more, when you are a single mother and you have children, it is a useful form of credit to purchase essentials.</p> <p>Vulnerable consumers around Australia have enabled the founders of Afterpay to sell to an American company for A\$39Bn and promote themselves sitting at the front row of Vogue America fashion parade!</p>
48	<p>Clients don't see BNPL as "debt" - when doing a Statement of Financial Position, they often completely forget about the remaining liability on a BNPL purchase.</p>
49	<p>Clients don't see BNPL products as debts and are reluctant to do anything about them.</p>
50	<p>Most clients like the BNPL concept and it works for them. However, how many they have at one time should be regulated.</p>
51	<p>We need to continue the push for regulation until we achieve it.</p>
52	<p>There is an increase to utilise these credit services to indirectly create debt to pay debt. They will use these services to pay for groceries, fuel and medical needs through gift vouchers, whilst using their current cash to pay bills and other credit providers. I feel this is not what the service was initially created for.</p>
54	<p>It creates pressure to buy things to keep up with the Jones when the reality is that we should be aiming for less unnecessary consumption. Their ads actively encourage this excess.</p>
56	<p>BNPL as with other online loans are easy targets for perpetrators of financial abuse.</p> <p>Working in family and domestic violence, women advise of partners using their BNPL accounts or obtaining accounts in their name by easy access to identification information.</p> <p>No contact and little identification verification is required.</p>
57	<p>Community members are able to take multiple payday loans when it can be clearly seen that all required payments if assessed properly are unaffordable from day 1.</p>
58	<p>My observation is that once clients start using BNPL they're unable to stop using it.</p>
59	<p>Through anecdotal observations.... accumulating these debts "seem" to have the impact of driving the customer off-course with the planned repayment of all of their other larger/higher priority debt obligations (rent, mortgage, car loan, utilities).</p>
60	<p>Absolutely the BNPL products should be regulated by the National Credit Code, as this is credit and in some cases, a substantial credit line. Personally, I haven't gone down the path of dealing with any of the providers as yet, but imagine due to the lack of regulation and from what I have heard across the industry, this wouldn't be easy to navigate.</p>
61	<p>Frustrating to deal with most BNPL - little compassion or empathy to family violence victim survivors, women in prison or ongoing risk to mental health.</p>
62	<p>A sad trend in the finance industry - especially for the vulnerable.</p>
63	<p>Clients use the cards to buy food and petrol or to access their income earlier. They struggle to keep up with the amount they have. Clients use the credit to buy things that they would not have normally purchased.</p>
64	<p>Client do not usually apply for hardship from these companies as there is limited contact everything is via an app. So clients stop paying other expenses to be able to maintain their payments. These products are now offered for essential bills (Deferit) and in ever increasing amounts. If a client needs this product for essential bills the debt spiral is already in place.</p>
65	<p>We are seeing a lot of clients present seeking emergency relief and advocacy when they have overcommitted themselves with BNPL products. This is a very common occurrence and they often cannot afford the product in the first place and usually will have multiple BNPL from several different companies.</p>

	Comments
66	I think due to the proliferation of these lines of credit they need to be managed under the credit code. Self administration/governance rarely works.
68	I worked in a remote aboriginal community at Nhulunbuy, NT and while there, one of the financial counsellors visited the local shops requesting they only allow a maximum of \$50 to be repaid fortnightly as all residents were on Centrelink and easily fell into debt, plus not speaking English as a first language, they also did not understand the implications of the contract they were signing. These BNPL businesses also have first choice before rental payments from Centrepay - why?
69	Increases impulse purchases and clients able to get increased credit limits without proof of ability to repay.
70	The harsh tactics they use with clients to call in debts causes a lot of unnecessary mental health stress and anxiety.
71	Most community members have multiple BNPL accounts despite being unable to service them. BNPL is a credit product however the providers have no obligation to check for serviceability. Some of the debts are as high as 2K. A few of these makes for a high level of debt.
72	Needs more regulation.
73	The BNPL idea is not harmful but the lack of regulation to protect the user of them is the problem. For some being able to access something essential and pay it off without interest without a credit card could be helpful e.g. car repairs, but the ready access to it for non-essentials and numerous seperate purchases is problematic.
74	I tried Afterpay recently for the first time and it is so easy and relaxed to apply to use it. It's similar to credit cards but the application process is so quick and easy that I'm not even sure if there's any credit assessment.
75	I feel it is too easy for clients in difficult situations to continually get another loan, there seems to be no financial assessment, so clients dig themselves deeper into debt.
76	Concerning that clients on Centrelink incomes can access more than one BNPL purchase at a time. Credit checks should be mandatory.
77	There are no dedicated phone lines for financial counsellors to my knowledge, only hardship email addresses. We need them.
78	I think they have their place in our society and use them myself but because no checks are done the client can have multiple accounts and therein lies the problem.
79	No checks regarding other transactions and other providers. Client can have many accounts and still obtain what is essentially credit with another provider.
80	It should be regulated.
81	I think BNPL is good for people who are working and know how to budget their money.
82	I see clients with 4+ BNPL accounts when their only income is Centrelink. They are using it to buy essential items - groceries by purchasing gift cards.
83	Client assessments are very poor. They don't take all the client's expenses into the eligible assessments or client might not truthful with BNPL.
84	My clients don't want to apply for hardship on BNPL products. They would rather pay the BNPL debt and go without on other things. They said BNPL was a lifesaver for them.

	Comments
85	<p>The National Credit Code as drafted is just not the right legislative framework for covering BNPL (and Wage Advancers). To the extent that increased BNPL use has correlated with a strong fall-off in small amount credit contract lending for sub-\$1000 amounts (and hopefully the likes of Cigno, too, although not aware of data here to support) then it seems an unequivocal net positive. Many of the BNPL lenders seem open to embracing the hardship provisions of the NCC, but (understandably) some are more reticent to adopt the responsible lending measures and since suitability assessments are only ever point-in-time anyway, maybe it is not such a shortcoming.</p> <p>If you can get BNPL lenders to a sensible position in accommodating hardship, then that is perhaps where we want to be aiming at.</p>
86	Most of my BNPL advocacy experiences have been cringeworthy. One can tell they operate outside of the National Credit Code by their behaviour.
87	BNPL have sneakily avoided the code by describing the cost of borrowing as fees rather than interest. There should be no distinction between the methods used to calculate borrowing costs.
88	All providers should be a member of the BNPL code and it should not be self regulated but have teeth and consequences. There should be a limit on the number of BNPL products per consumer like there is with small amount credit contracts and the amount of non-regulated credit per consumer.
90	I have found their hardship departments (Zip, Open Pay and Humm) are very reasonable when we negotiate with them on behalf of clients.
91	Its very easy for clients to get into Afterpay arrangements without any real acknowledgement of the financial stress it causes when the time to pay comes around. BNPL should be regulated as there are real issues surrounding financial stress, particularly where clients sign up for a couple of different ones.
92	Some clients don't want to apply hardship for these products as they don't want to compromise their ability to use them in future.
93	Not very helpful with hardship.
94	They are very good financial products as long as used judiciously with complete understanding of the implications, terms and conditions of these products.
95	Clients are buying gold jewellery up to 2K then trying to sell onto gold buyers for cash, when they are offered only a few hundred dollars they are left with unwanted purchase and a BNPL they cannot afford.
96	Not easily contactable. Placed on hold for extended periods, cut off many times.
97	Why should BNPL get a free pass to not abide by responsible lending laws? Surely the banks must also be frustrated they've got additional legislation to abide by. I'm sure a lot of the market imbalance between traditional credit and BNPL that's opening up is as a result of the legislative gap.
98	Based on the proliferation of these type of financial products they should be covered by the National Credit Code as they allow a consumer to effectively purchase goods "on credit", without having to pay upfront but charge penalties and fees in place of an annual interest rate to escape the legislation and responsible lending laws.
99	Some clients I see tend to over use BNPL and also use BNPL for essentials such as telephone/electricity bills, vitamins, groceries etc
100	Many clients don't understand the product. Don't realise the costs associated with missing a payment.

	Comments
101	Yes, Openpay is being offered to people without income. A client needed to get vet help for her pet. She couldn't afford the treatment so was offered an Openpay account which was approved. She has no income.
102	Too easy to access - some clients not understanding that each purchase is another payment (unlike credit cards which is one payment against many purchases).
103	Difficult to contact providers,
104	I think they are just as bad as payday lenders - potentially worse because they disguise themselves as easy and affordable. They are sneaky in their marketing tactics with low interest rates but their fees are so high if you actually worked out the comparison rate it would be ludicrous.
105	Most of my clients have at least one or two different BNPL accounts running which severely impacts their ability to cover essentials.
106	Most contracts are done on a mobile phone, which means that most of the customers do not really read (too small print) the contract or understand the penalties for overdue payments or missed payments.
107	They are time consuming as it can be small amounts and it generates a lot of work for small amounts, and the providers usually don't budget for a long period of time, increasing the amount of work you have to spend on them.
108	<p>Clients don't seem to have only 1 BNPL, they often have 10 or more (plus other credit products and debts).</p> <p>Clients are sometimes reluctant to get rid of their BNPL products, mistakenly saying they are not causing financial hardship (when the clients' statement of financial position tells another story).</p> <p>There are new providers popping up every week it seems - must be a profitable sector.</p>
109	When clients start to use BNPL companies for food, groceries, cigarettes they are in trouble financially - other needs are not paid for in an attempt to pay off their BNPL debts.
110	Have only tried for a couple of debt waivers as customers generally want to keep open. They have been unwilling to waive debts. Best I have got is a 50% reduction.
111	I personally don't like them, having been in retail for over 30 years prior to financial counselling I have seen the way people use BNPL change over the last few years, I often find people impulse buying because they have the BNPL account where previously without it they would have to either save or layby which is a much safer option.
112	There needs to be a balance in getting individuals who enter into these agreements to take responsibility for their actions. I don't believe there is a great deal of deceptive conduct in any of these arrangements and they serve a purpose when understood properly.
113	<p>The issue is the failure to complete one BNPL before commencing a new one. This is compounded by the move to offer this to fund basic food items. https://www.paylaterfinder.com.au/bnpl/groceries.php</p> <p>My casework approach is dependent upon the client situation.</p>
114	I have found their hardship departments helpful.
115	I feel that being given an amount to spend (\$2000) is more like a credit card than having to apply for each item/sale. Who can really afford \$500 fortnight if you are on a low income??

	Comments
116	I see that when customers take out a BNPL it starts small, which they can afford but as they have afforded it, the BNPL then increases the limit, and the client then increases the spend and that cycle gets them in trouble. Also what gets them in trouble is that all of my clients with BNPL have at least 2 or more BNPL which they cannot handle. Some see BNPL as a way to build up their credit score / credit report so that they can get a home / achieve borrowing goals not understanding that it is in fact not helping them. Also most of my clients have said with BNPL they have bought necessary items like gift cards for food or cleaning products etc.
117	Getting a response for a hardship request is very, very difficult. No proper financial assessment is completed = lending to people who could never afford to repay the debt. Debt collection activity is fierce and questionable.
118	I believe that if accounted into their budget, some of these services may prove beneficial for the user. I feel that some of the limits should be revised as it can sometimes be too high for some which is where they can become problematic financially.
119	Purchase limits should be assessed on capacity to pay.
120	People can default with one and then move on to the next organisation. There are so many of them now that it will create a major snowball
121	I believe it's way too easy to access BNPL, and there is nowhere near enough education about total amount clients will be liable to pay. Regulation and education are definitely critical parts of reducing unnecessary financial stress
122	Tighter regulations are needed for sure.
125	If only these BNPL companies would do their due diligence and not let risky clients access loans. I've had clients that can't buy food as they have BNPL multiple loans.
126	BNPL should appear as enquiries on credit files, to ensure that a new BNPL account application provides some means to understand that the client has multiple accounts.
127	The ability of clients to get multiple accounts with multiple BNPL operators is causing them financial hardship as they cannot make payments on all of them at the same time, and have to go on payment plans which they cannot afford. They are also confused about the no interest aspect, and the sometimes large fees they have to pay.
128	If BNPL is regulated by the National Credit Code it could mean a lot of single mums can't buy their kids uniforms etc and a lot of students can't buy school books and essentials. But it does need to be regulated as to how many loans one has in a 6 to 12 month period.
129	Clients are talking about pressure selling of BNPL products at the point of sale in stores. I am concerned there seems to be a lack of product choice for consumers - i.e. particular stores will offer one BNPL provider removing customer choice. Some stores are using BNPL to completely replace traditional layby.
130	BNPL definitely needs to be covered by the code as so many people are getting into huge amounts of debt!
131	They are a financial loan facility that affect individual credit ratings and therefore most definitely should be covered by the National Credit Code.
132	BNPL is credit at the end of the day. When people rely on credit to fund their lifestyles there needs to be strict regulation surrounding this to ensure consumers are protected. There are so many consumers out there who are using BNPL as a form of credit when they are already in hardship and/or in default with their other financial obligations. This shouldn't be happening and it needs to be regulated more strictly to protect these people from over-commitment.

	Comments
134	National Credit Code - responsible lending MUST apply - at the very least assessing the clients current exposure to multiple debts. The biggest issue is their selling point - that it breaks a large expense into small payments - people only see the small payments - I can afford \$55pm! - there needs to be a way to help them see their whole debt. I don't know how to solve that yet but possibly with open banking apps could be obliged to present the consolidated view.
135	They should do a proper assessment of affordability before providing credit of more than \$500. Currently, the voluntary code says they will do this only if over \$2,000.
136	<p>It should be limited to the number of products a person can have.</p> <p>A cap on level of credit IN TOTOAL ACROSS ALL APPS as a % of someone income. Say 10% of fortnightly income at the absolute most.</p> <p>All BNPL products must do a full credit check of a customer.</p> <p>Limit all fees and charges to no more than 50% of the original cost of the item.</p> <p>Limit BNPL to an upper limit.</p> <p>Also look at protections on the BNPL companies on the damage they are doing to small businesses. They are paying fees in many cases far higher than credit card companies were leveraging.</p> <p>The BNPL market is like the wild west. There is no laws and lots of manipulation. Even superannuation funds will not invest in these companies.</p>
138	Many of my clients are using BNPL as a means to pay for living expenses. They explain incidents of utilising BNPL products to purchase vouchers to purchase food at major food shopping outlets, unaware, of the pitfalls.
139	<ul style="list-style-type: none"> › Feeds the "I must have it NOW" mentality › Discourages saving › Sends tempting texts and emails long after the initial purchase, to lure customer into buying more › Credit limit rises without being asked for, for those customers who pay on time › Language used is deceptive eg "you have \$850 available" meaning you have a \$1,000 credit limit and you are in debt for \$150 'only'. Client interprets this simple text or email as money they can spend. This gets them into further debt. › Buy now PAIN later. Timing of the direct debit is immediately after payday. Therefore these payments come before food, power and other essentials that are on-going get paid for, especially if these other payments are incremental from week to week (i.e. not lump sums). › Definitely adding to anxiety, chaotic money management and stress. And living from payday to payday. › Discourages saving for material things a family wants (not needs). › Awful and so lucrative that even the more responsible lenders (eg Commonwealth bank) are jumping on board. Stop it now. The proliferation suggests that this is an acceptable model for how to manage money long-term.
140	I have seen an increase but not from a few to a half.
141	The use of BNPL products being used for basic needs is increasing. We are also seeing an increase in the number of accounts an individual will have.

	Comments
142	My experiences recently have been more positive than previously, however the fact that clients can have 4 or 5 of these products on the go at once is not responsible lending.
143	A lot of our clients are protective of the BNPL service and often don't want the financial counsellor to advocate for hardship in case they can't buy anymore. This action can cause problems if there are rent arrears and risks eviction and homelessness. There should be a % of income limit across all companies of the total \$ value of purchases as a measure to reduce over commitment and financial hardship.
144	BNPL promotion instore leads to impulsive buying. Many clothing retail outlets while assisting customers encourage them to buy more than they are willing to spend simply by promoting that what they plan to spend today can get them 4 times more through BNPL.
145	People are buying groceries and targeting low socio-economic people

