



COLLECTIONS POLICY SUMMARY

Here at ChangeFund we are committed to ensuring sound credit management and the fair recovery of outstanding debts in a timely manner. Our policy outlines ChangeFund's expectations and provides guidance to staff involved in the debt management and recovery process. This policy applies to all persons and organisations that owe money to ChangeFund.

Collections activity will be instigated when Borrowers have an overdue loan repayment. Collections activity is a major focus area for us. This is to ensure the loan portfolio performs well. The objective of our Collections department is to start collections activity in the very early stages of arrears. We use proven collection methods, which aim to inform our Borrowers and prevent them from going into an ongoing state of default. Monies collected from defaulted or arrears amounts will be refunded back into our [Provision Fund](#).

We have an experienced in-house Collections team who deliver on the following:

- Daily review of accounts performance and follow up delinquent Borrowers in a cost effective manner
- Focus on early buckets and risk accounts to reduce roll rates
- Re-habitat borrowers showing serious delinquent behaviour
- Resolve any operational delinquencies which have risen due to borrower service issues
- Use our digital communication technologies effectively
- Minimise writeoffs to reduce losses

ChangeFund's collections policy will be reviewed on a regular basis. These guidelines set out unacceptable behaviour and practices in relation to resolving delinquent borrower accounts and, in particular, undue harassment. Undue harassment means any action or conduct which is intended to intimidate, embarrass, ridicule or scare. Harassment implies persistent and unwarranted behaviour. Issues covered are:

- appropriate times for communicating with borrowers
- other communications
- frequency of contacts
- personal visits
- borrower/client representatives
- communicating with third parties
- other inappropriate conduct

Privacy

Privacy Act compliance and borrower confidentiality are mandatory. We ensure:

- accurate identification of all parties contacted
- written authorisation is obtained from individual borrowers to discuss account details with third parties
- consistency in recording of actions taken and discussions

Borrower Rights	Borrower Obligations
<ul style="list-style-type: none"> ● Be treated respectfully, sensitively and non-judgmentally ● Have their cases individually considered and their circumstances kept confidential ● Receive prompt information on alternative payment arrangements ● Nominate the amount they can afford and the frequency of instalments of their preferred payment plan ● Re-negotiate the amount of their instalment if there is change in their circumstances ● Cessation of legal action and additional debt recovery costs, whilst they continue to make payments according to an agreed schedule, or an agreed altered schedule of payments 	<ul style="list-style-type: none"> ● Advise ChangeFund of their financial difficulties as soon as practicable ● Be reasonable in their negotiations with ChangeFund staff in pursuit of a mutually acceptable outcomes ● Be honest and realistic in their assessment of their capacity to pay ● Seek independent financial advice or representation where appropriate ● Maintain an arranged payment plan and advise ChangeFund if they are unable to meet a scheduled payment ● Advise ChangeFund if their circumstances change as soon as practicable. Maintain contact with Changefund

Contact

Under the privacy laws, we have obligations to protect the privacy of our borrowers when making contact to discuss outstanding payments. When making direct contact, we must ensure that we are speaking with the account holder only. This must be done every time we make contact before we divulge any information about the debt, the process for its recovery or before providing any other confidential information.

What is contact:

‘Contact’ with the borrower includes, but is not limited to, the following:

- Communications by phone—including circumstances where the borrower or third party elects to terminate the call, or where a voice message is left on a recording device, or where a message of any kind is delivered to the borrower or third party (for example, text message).
- Communications in writing—including all written correspondence (for example, letter, email, text message, fax, social media application or program, instant chat, phone application, or any other similar device).
- Communications in person—including face-to-face contact, whether at the home of the borrower or third party, workplace, or other location.

Contact times

Borrowers can only be contacted during the following times:

Contact By Telephone	Monday to Saturday	8am to 9pm
	Sundays & National Public Holidays	No contact recommended
Workplace Contact	Borrowers normal working hours if known, or 9am to 5pm on weekdays	

Contact Frequency

Borrower cannot be contacted more than 3 times per week or 10 times per month (this includes calls and letters)

Third party

A borrower has a right to have an authorised representative (such as a financial counsellor, financial advisor, community worker, solicitor, guardian or carer) represent them or advocate on their behalf about their outstanding account.

Once third party authorisation has been given we should not:

- contact the borrower
- refuse to deal with the authorised representative, whether by direct refusal or by placing unnecessary obstacles in the way of the authorised representative, for example, by insisting on a particular style or form of authorisation when the written authority provided already includes the necessary information.

We are however entitled to contact the borrower if:

- the borrower specifically requests it
- the third party no longer represents the borrower
- the third party advises they do not have instructions to represent the borrower
- the third party does not respond to our communications within a reasonable time (normally seven days) and we advise the third party in writing after the reasonable time has passed that if they do not respond within the next seven days, we will make direct contact with the borrower
- the borrower or representative fails to provide us with that written authority within a reasonable time (normally seven days).

Our Collections Timeline

We communicate with our Borrowers via sms, phone and email. We operate within the prescribed collections guidelines.

2days prior to scheduled repayment

A Borrower will receive a reminder alert 2 business days prior to their scheduled repayment. This is to remind them to have sufficient funds for their direct debit.

1-7 days in arrears

We understand how busy life can be and sometimes things can be overlooked. In this time, we will contact our Borrowers via sms to reschedule their repayment.

7-30 days in arrears

A ChangeFund Collections specialist will now be assigned to the delinquent Borrower. Attempts to contact them via phone, sms, and email will be made and arrangements made to clear their arrears.

30-60 days in arrears

Further attempts are made to resolve the outstanding arrears. At this stage the Borrower is considered in breach of their repayment obligations and we now issue them with a Notice of Demand. ChangeFund will not initiate any legal recovery without giving due notice in writing.

60-90 days in arrears

Attempts at resolution is continued via phone, sms and email. A Further Notice of Demand is issued and the Borrower's file is then sent to a back-end arrears specialist for actioning.

90-120 days in arrears

This is the Borrower's final opportunity to remedy the arrears before a default is listed on their credit file. Final review is conducted and account then selected for legal action and/or writeoff/chargeoff.

Credit Default - Credit Reporting Body (CRB)

- Veda defaults are generally lodged on the account at write off (120 days past due)
- We are required to update the Veda file immediately upon receipt of payment or location of our borrower
- We will send borrowers two default notices:
 - **Notice 1:** A written notice informing the borrower of the overdue payment and requesting to pay the amount outstanding.
 - **Notice 2:** A written notice informing the borrower that if they do not pay the overdue amount we intend to give information about the default to a credit reporting body

Financial Hardship

Financial hardship can arise when a borrower has an inability to meet contractual obligations due to illness, unemployment or other reasonable causes.

Here at ChangeFund we aim to:

- Assist borrowers who are experiencing financial hardship
- Provide relevant staff training
- Be sufficiently flexible to accommodate individual circumstances
- Assess our borrower serviceability on a regular basis
- Give our borrowers options

If a borrower experiences any personal hardship, caused by circumstances such as illness and unemployment, they may ask to vary the terms of their contract so they can still meet their credit obligations. We are required to duly consider such requests and should we refuse, the borrower may apply to the Credit tribunal to have the contract changed.

Other genuine circumstances where assistance to our borrower should be considered are:

- unexpected expenses as a result of family death
- separation
- change in income levels or temporary cash flow problems
- where a good payment history is held

In these cases we should obtain details of reason for present difficulties, updated financial position including full details of all income and expenditure together with any repayment proposal.

All requests for assistance must be in writing with supporting documentation for all income and expenditure items being provided.

(A full version of our [Financial Hardship Policy](#) can be obtained through our website)

Complaints

Here at ChangeFund we encourage feedback and give our customers a fair and transparent process to register their concerns and complaints.

You may lodge a complaint as follows:

- In writing: either by mail, or via email
- Verbally over the phone
- Online: , website and live chat
- Customer Surveys, Focus groups

ChangeFund Complaints Department

Phone: +64 4 887 1222

Email: complaints@changefund.co.nz

(A full version of our [Complaints Policy](#) please go to our website)

Fees and Charges

Borrowers will be charged a dishonour fee of \$15 to be paid with their next month's scheduled payment. This is the administration fee is part of the process to follow up and resubmit direct debits.

Default fee will be charged as per below. This fee is the administration cost of managing the arrears account.

Default Fee	\$15	Applied for the missed month	Charged to the missed month only (so if it takes three months to makeup a missed payment, you will only be charged one default fee. If you miss two month payments, you will get two default fees)
Dishonour Fee	\$5	On every occasion	Charged to the loan if the direct debit fails