

Quarterly Update 7: 1 January–31 March 2019

Executive Summary

This is the seventh quarterly update for the Office of the Commonwealth Ombudsman's (the Office) VET Student Loans Ombudsman function (the function). This update covers the period 1 January–31 March 2019. The function was established on 1 July 2017 to investigate complaints about the former VET FEE-HELP scheme and the current VET Student Loans program.

This update:

- provides statistical data on complaints received, complaints closed and open complaints
- compares complaint data from 1 January–31 March 2019 and previous periods
- describes progress made to date in closing complaints.

During 1 January–31 March 2019, we received 1,232 complaints and closed 1,062 complaints. We also identified 799 complaints closed in previous quarters that are eligible for consideration under the VET FEE-HELP Student Redress Measures (redress measures), which became available on 1 January 2019. These complaints are discussed further on [page two](#).

The redress measures provide a remedy for students who as a result of inappropriate conduct by their provider, incurred debts under the VET FEE-HELP loan scheme. Under the redress measures, we assess complaints to decide whether we will make a recommendation to the Department of Education (the department) to remove individual VET FEE-HELP debts.

During 1 January–31 March 2019, we worked closely with the department to document and agree processes to support the assessment of complaints and submission of recommendations under the redress measures. During the quarter we focussed on the quality of recommendations rather than the volume, to ensure our recommendations were well-targeted and that debt removals were justified. As the bedding down of processes is largely complete we expect the volume of recommendations to increase over time.

As at 31 May 2019, we had 5,389 open complaints that require assessment under the redress measures. We have informed complainants that due to the complexity of issues presented in complaints and the large volume of complaints on hand, it may take up to 12 months for our Office to assess whether we will make a recommendation to remove the debts. While these complaints are being assessed under the redress measures we will continue our arrangement with the Australian Taxation Office (ATO) to enable compulsory student repayments to be deferred.

As at 31 May 2019, the Office had recommended to the department that 442 people have VET FEE-HELP debts removed, comprising 2,933 units of study, with a total value of \$11.2 million, including \$9.3 million in loan debts and \$1.9 million in loan fees. In addition to these recommendations, in April 2019 we closed 158 complaints following a Secretary Initiated Action by the department under the redress measures that resulted in 4,094 VET FEE-HELP debts being removed.

Data and glossary of terms

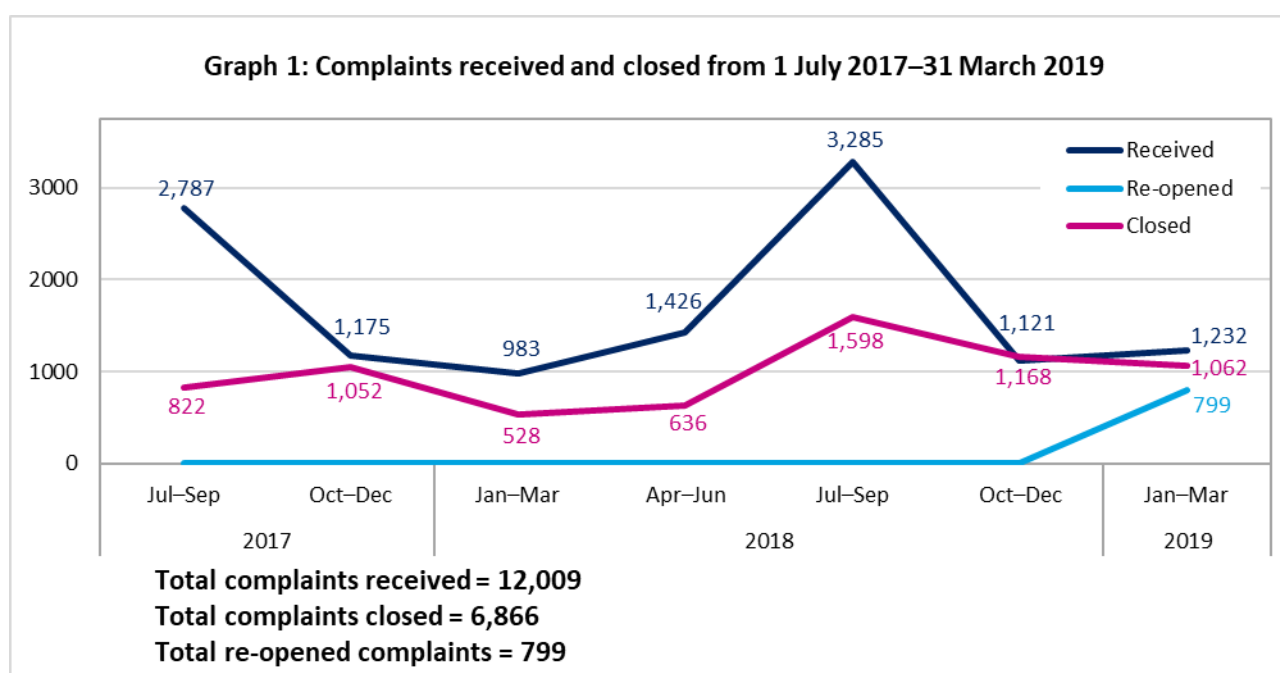
An explanation of the data presented in this update and a glossary of terms can be found on our [website](#).

Approaches received and approaches closed

Complaints received and closed

We received 1,232 VET loan assistance related complaints during 1 January–31 March 2019. This represented a 10 per cent increase compared to the 1,121 complaints received in the previous quarter.

In January 2019, we revisited complaints closed in previous quarters that are now eligible for consideration under the redress measures. We identified 799 complaints to be eligible and subsequently re-opened these complaints for assessment under the redress measures. Graph 1 depicts received complaints, re-opened complaints and closed complaints for the period.

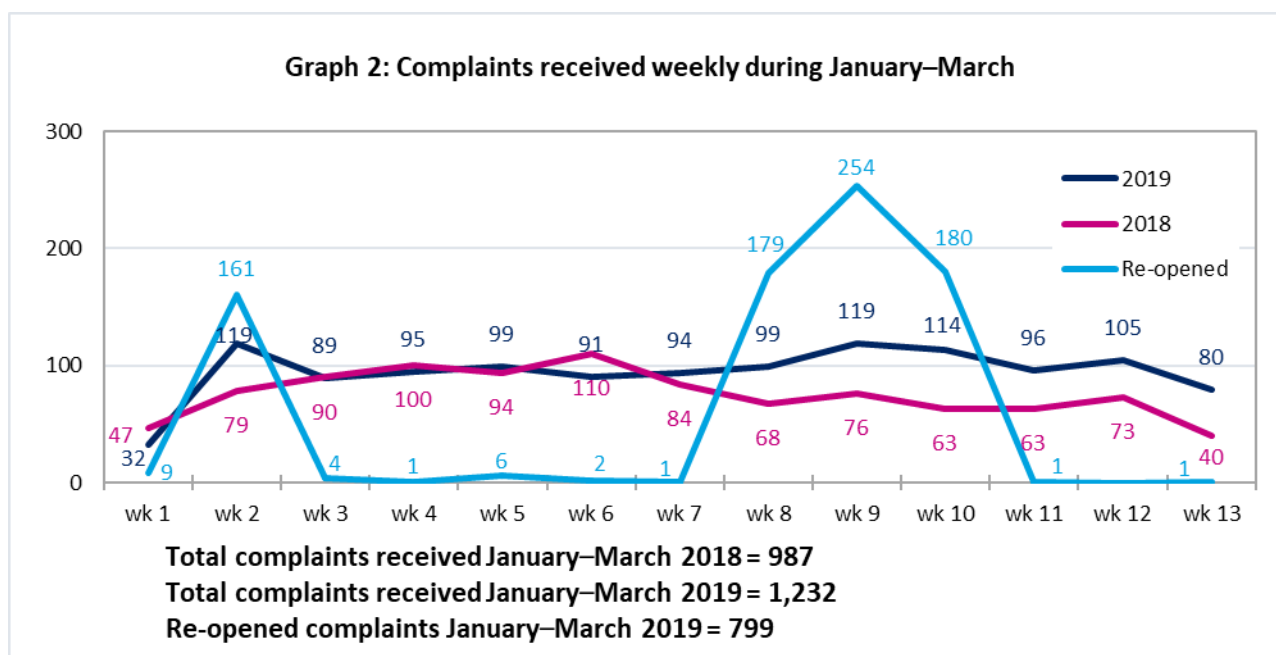


We closed 1,062 complaints during 1 January–31 March 2019, which is a 101 per cent increase compared to the 528 complaints closed during 1 January–31 March 2018, and a nine per cent decrease compared to the 1,168 complaints closed during the previous quarter.

Peaks in complaints received by week

Graph 2 on [page three](#) provides a comparison of complaints received during 1 January–31 March 2019 and those received during the same period in 2018.

As discussed above, during the quarter, we revisited complaints that had been closed in previous quarters and re-opened those that were eligible for assessment under the redress measures. This activity contributed to peaks in complaints during weeks two, eight, nine and ten.



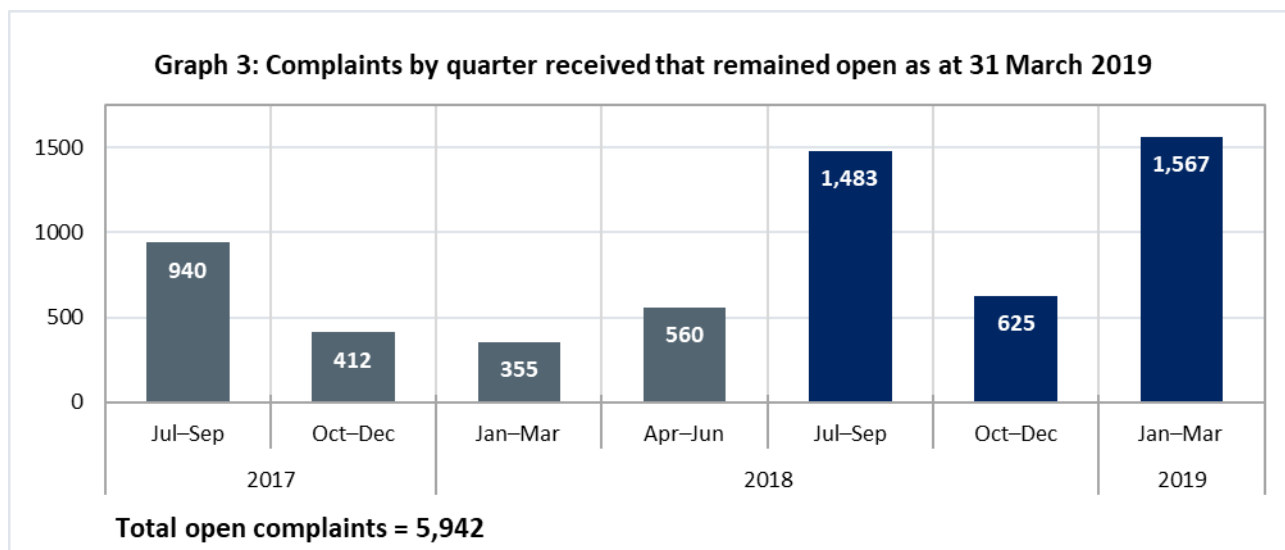
Complaints closed and open by quarter received

The Office closes complaints if:

- The complainant can be directed to an external remedy pathway either with the provider or another oversight agency, particularly where there is a reasonable prospect of the complainant securing a positive outcome.
- We decide to not assess or investigate further because:
 - the action was open to a provider
 - the complainant was referred to the tuition assurance operator to seek redress, or
 - the provider has agreed to re-credit all or part of the complainant’s student loan.
- We make a recommendation to the department to remove a VET FEE-HELP debt under the redress measures.
- The complaint is withdrawn or is not within our jurisdiction to investigate.

Closed complaint outcomes, which are discussed on [page five](#), give an indication of the proportion of complaints that may be dealt with by providers or other government agencies.

Graph 3 shows complaints that were open as at 31 March 2019 by the period they were received.



As at 31 March 2019, 2,267 complaints received in 2017–18 remained open. This compares with the 2,550 complaints received in 2017–18 that remained open at the end of the previous quarter - a decrease of 11 per cent. We expect to see open complaints received in the previous financial year continue to decrease as we assess these complaints under the redress measures.

Complaints closed and open by category

Table 1 shows all complaints we have received since the commencement of the function on 1 July 2017, classified by the category they had progressed to at 31 March 2019 in the case of open complaints, and by the category they were closed at in the case of closed complaints.

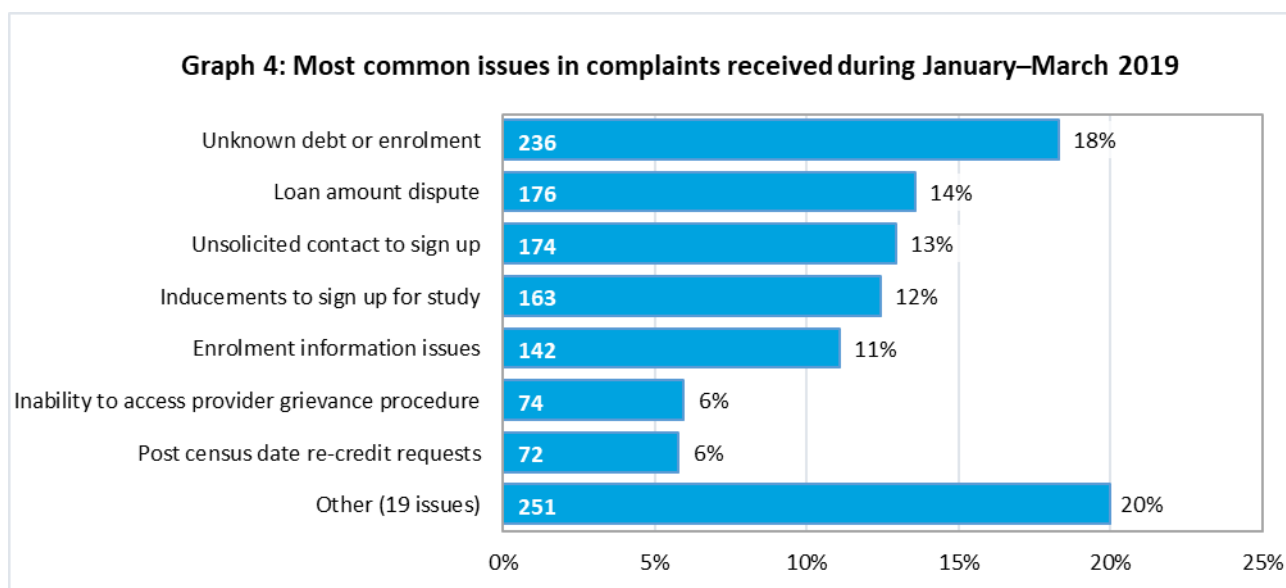
Table 1: Open and closed complaints by category as at 31 March 2019

	Initial approach	Assessment	Further Assessment/ Investigation	Further investigation	Total
Open	509	4,461	916	56	5,942
Closed	65	6,669	113	19	6,866

Issues identified by complainants

It is important to note that we record issues as complainants present them. When we do not investigate complaints, issues are recorded as reported by complainants and we do not verify whether the reported conduct or issue occurred.

Graph 4 shows the most common issues raised for validated complaint issues received during 1 January–31 March 2019.



Outcomes for closed complaints

Table 2 on [page six](#) includes data for complaints closed during 1 January–31 March 2019 and shows the complaint issue outcomes. Complaints can include multiple issues, therefore there are more issues (1,954), than total complaints closed (1,062).

Table 2 shows we closed 918 issues because complainants had not exhausted their provider’s internal grievance process or internal review process. We consider that providers are best placed to handle complaints in the first instance for the following reasons:

- Providers have access to student information which may result in a timelier outcome.
- Providers should be aware of students’ academic progress and specific student circumstances.
- In order to be a registered training organisation, providers are required to have a complaints process. It is important that this process be exhausted before we investigate.

If a complainant comes back to us because they are dissatisfied with the outcome given by their provider, we will re-open their complaint and assess whether the matter should be investigated.

Table 2: Finalisation reasons for closed complaint issues outcomes between 1 January–31 March 2019		
Finalisation reasons	Total number	%
The complainant has not yet followed the provider's complaint-handling or grievance procedures.	918	47
Investigation was not warranted in all the circumstances and therefore no investigation was commenced. This includes when: <ul style="list-style-type: none"> an action was reasonably open to a provider to take a complainant is referred to a tuition assurance operator to seek redress, or a provider has agreed to re-credit a complainant's student loan. This also includes when the complainant is not sufficiently connected to the complaint, such as when a person calls on behalf of another person without their knowledge or consent.	840	43
After commencing an investigation or further assessment of a complaint, we decided that further investigation or action was not warranted for any reason. This includes when: <ul style="list-style-type: none"> a provider has provided an appropriate remedy further investigation would not lead to a different result we have made a recommendation for debt removal under the redress measures which has been accepted by the department. We close complaints after the department makes a decision on our recommendations. As at 31 March 2019, we closed 51 complaints (93 issues) after making a recommendation. As at 31 March 2019, 172 complaints where we had made recommendations remained open. 	110	6
The complainant cannot be contacted, does not respond to requests for information or does not wish to pursue their complaint.	60	3
The complaint would be better dealt with through an external avenue such as the department, the Administrative Appeals Tribunal (AAT) or the complainant was referred to an advice or advocacy body.	26	1

Preliminary Inquiries

As at 31 March 2019, we had made 71 preliminary inquiries of providers, including 18 made during the quarter. Table 3 below provides the outcomes of our preliminary inquiries as at 31 March 2019.

Table 3: Preliminary inquiry outcomes as at 31 March 2019

Outcome of preliminary inquiry	Total
No investigation required following preliminary inquiry response. This is due to the provider confirming the student hasn't complained to it in the first instance or providing evidence that suggests we do not need to investigate further.	52
Investigation commenced following preliminary inquiry response. This is due to the provider's response confirming the student has complained to it already and the complaint circumstances warrant investigation by our Office.	13
Still being assessed as at 31 March 2019.	6

Investigations

As at 31 March 2019, the Office had sent 202 notices under s 8 of the *Ombudsman Act 1976* to providers or liquidators/administrators to notify them of our intent to investigate and ask questions about the complaint circumstances. As at 31 March 2019, we had finalised 79 investigations.

Our investigations had the below outcomes.

Table 4: Investigation outcomes as at 31 March 2019

Investigation outcome	Description of outcome	Number of finalised complaint investigations
Debt waived or reduced	The investigation resulted in a provider re-crediting a person's VET loan assistance debt, either in part or in full.	34
No remedy required	The investigation did not result in a re-credit or other remedy for the complainant. Typically, in these cases we are satisfied with the provider's explanation of its actions and decided not to investigate further.	33
Provider undertook to reconsider matter	As a result of our investigation, the provider agreed to reconsider the decision and/or action, for example, to conduct a fresh review of the complaint.	4
Better explanation by provider	Through our investigation we secured a better explanation from a provider about its decisions or actions.	4
Other non-financial remedy	There was no re-credit made as a result of the investigation, but another remedy was offered by the provider such as extending a student's study period without charge or issuing a student's completion certificate.	3
Action expedited	The investigation resulted in the provider expediting a delayed action, for example, the processing of an application.	1
Total		79

Process to defer debts with the Australian Taxation Office

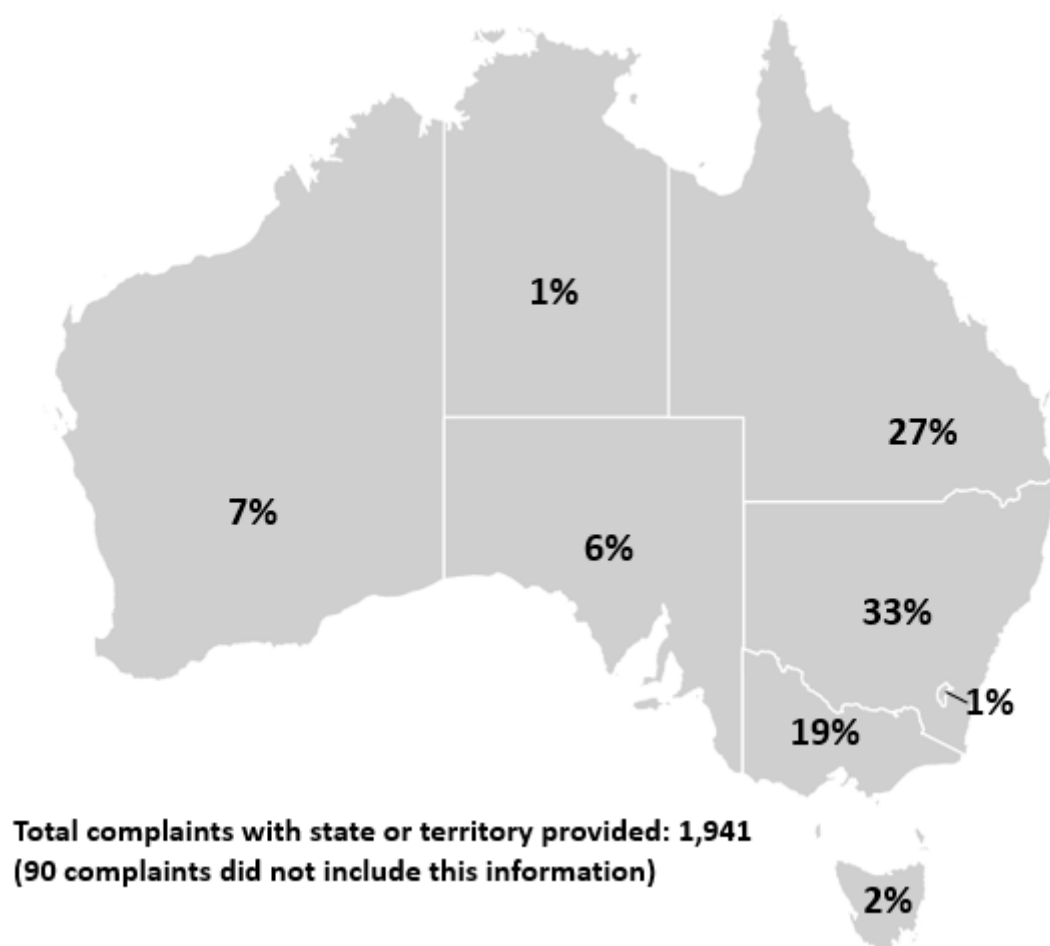
We have an arrangement with the ATO where complainants' compulsory student repayments can be deferred while we assess and investigate their complaint. Complainants are made aware that the deferment is temporary, the debt remains and indexation continues to accrue unless the debt is removed or otherwise cancelled.

During 1 January–31 March 2019, the Office referred 373 complainants to the ATO for deferment of their loan repayments for the 2018–19 financial year.

VET Student Loans and VET FEE-HELP complaints by state and territory

During 1 January–31 March 2019, we received complaints from people in each state and territory in Australia as outlined in Figure 1.

Figure 1: Complaints received by State and Territory 1 January–31 March 2019



Complaints relating to the VET Student Loans program

During 1 January–31 March 2019, we received 61 complaints relating to the VET Student Loans program. This compares with 21 complaints received about this program during the same period in 2018, an increase of 190 per cent.

The most common issues raised in complaints about the VET Student Loans program relate to course closures, loan amount disputes and course progression. Table 5 shows VET Student Loans program complaint categories at 31 March 2019, for open complaints and closed complaints.

Table 5: Complaints received about the VET Student Loans program during 1 July 2017–31 March 2019 as at 31 March 2019

Category	Initial approach	Assessment	Further assessment/ investigation	Further investigation	Total
Open	0	58	0	1	59
Closed	4	159	0	0	163

The open complaint at the further investigation stage relates to an available provider and as at 31 March 2019 was under investigation.

Submissions

From time to time, the Ombudsman may make submissions to government departments or parliamentary inquiries to inform development of new legislation and policy.

On 25 January 2019, we made a submission to the Expert Review of Australia’s Vocational Education and Training System. You can read the submission and previous submissions on our [website](#).