

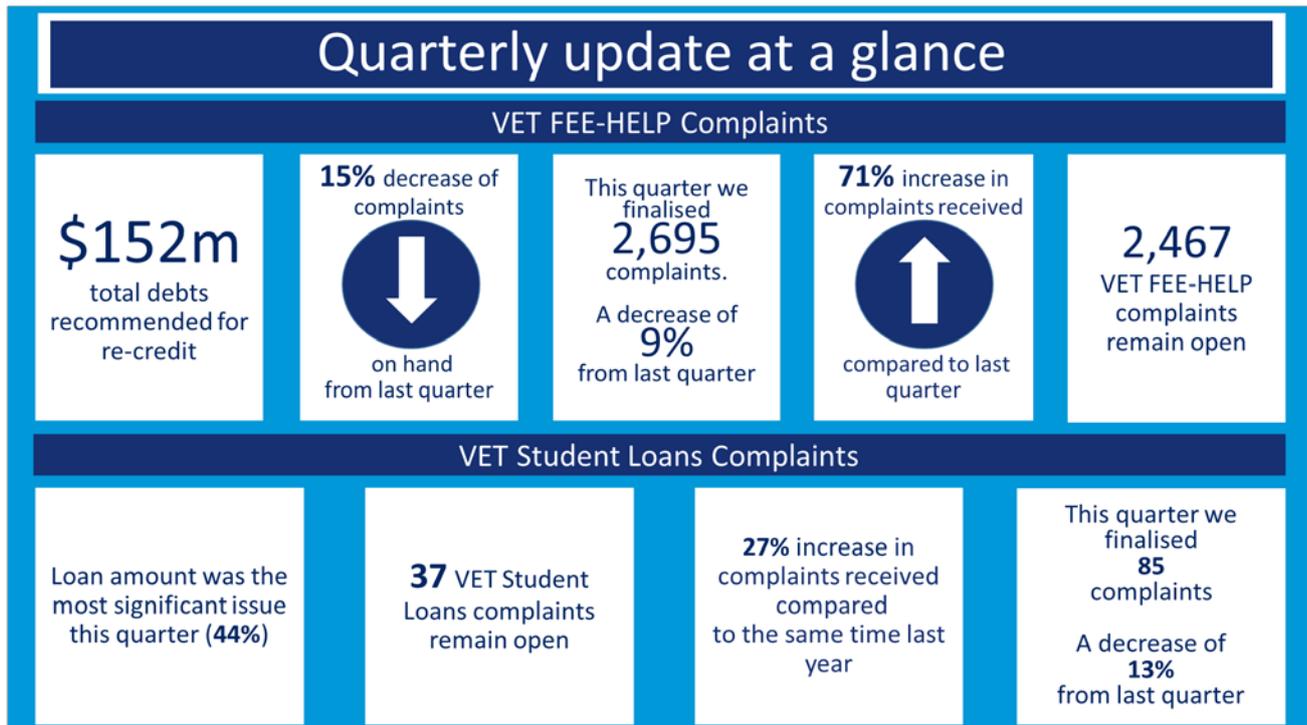
Quarterly Update 13: 1 July–30 September 2020

Executive Summary

This is the 13th quarterly update for the Office of the Commonwealth Ombudsman’s (the Office) VET Student Loans Ombudsman function. The function commenced on 1 July 2017 and assesses complaints about the former VET FEE-HELP scheme and the current VET Student Loans program.

This update covers the quarter 1 July–30 September 2020 and:

- provides statistical data on complaints received, finalised and open for the VET FEE-HELP scheme and VET Student Loans program
- compares complaint data from 1 July–30 September 2020 and previous quarters’ complaints for the VET FEE-HELP scheme and VET Student Loans program
- includes provider statistics for VET FEE-HELP complaints.



Quarterly results – VET FEE-HELP Complaints

VET-FEE HELP complaints received and finalised

We received 2,101 VET FEE-HELP complaints during 1 July–30 September 2020, 71 per cent more than we received in the previous quarter (1,231). This increase was anticipated, given the cyclic nature of complaint numbers in the previous three years as depicted in Figure 1 below. We received 2,292 less VET FEE-HELP complaints this quarter, when compared to the same period last year—a 52 per cent decrease.

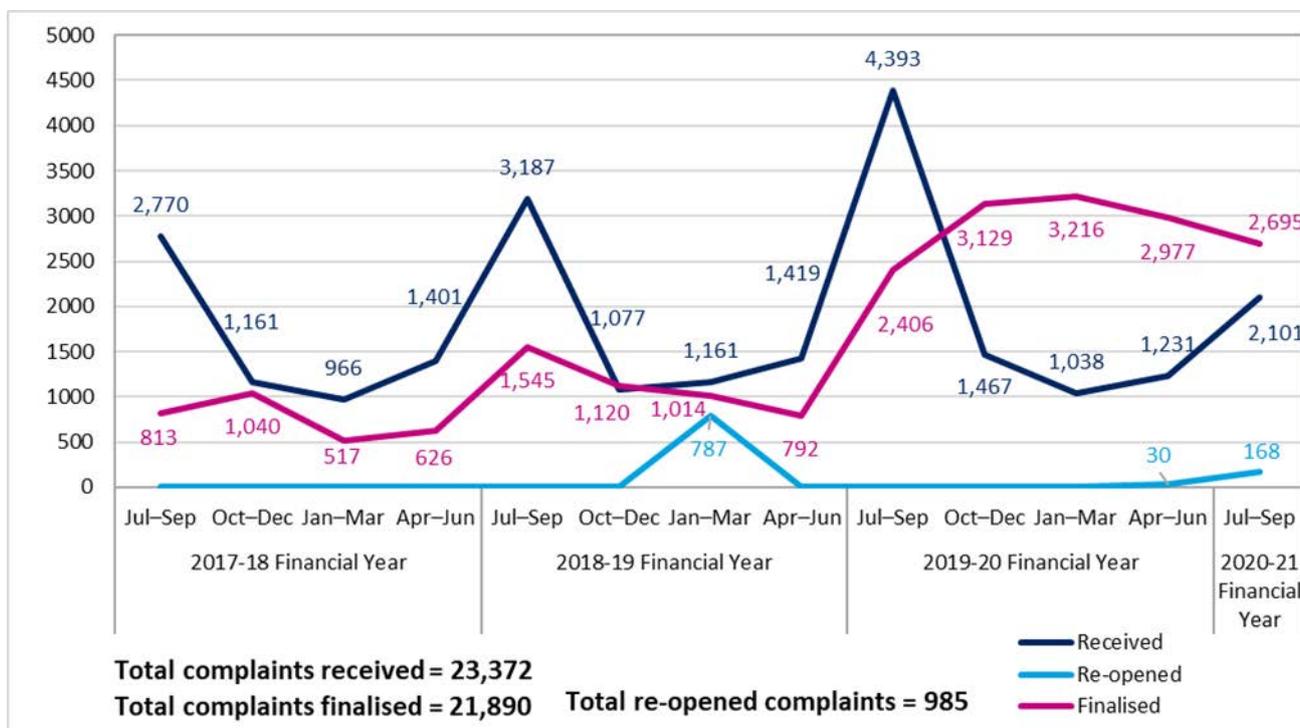
We finalised 2,695 complaints during 1 July–30 September 2020, nine per cent less than we finalised during the previous quarter (2,977). The majority of complaint finalisations are the result of our activity under the VET FEE-HELP Student Redress Measures (the redress measures).

These complaints were finalised through the following actions:

- 1,463 were finalised as a result of the Department of Education, Skills and Employment (the department) accepting our recommendation relating to VET FEE-HELP debts (we do not finalise complaints until we are advised of the department’s decision)
 - of these, 162 complaints were recommended for no re-credit which comprised of 1,081 units of study.
- 962 were finalised as a result of the department’s [Secretary Initiated Actions](#) (SIAs) and [tuition assurance](#) activities
- 10 were referred to their provider for consideration through the provider’s grievance procedures
- 260 complaints were finalised through other actions as detailed in [Table 1 on page five](#).

Figure 1 shows complaints received, re-opened¹ and finalised from 1 July 2017–30 September 2020.

Figure 1—VET FEE-HELP complaints received and finalised during 1 July 2017–30 September 2020



¹ In January 2019, April and September 2020 we revisited complaints finalised in previous quarters that were eligible for consideration under the VET FEE-HELP Student Redress Measures (see [page six](#)). We identified (985 in total) eligible complaints and subsequently re-opened these complaints for assessment under the redress measures.

Figure 2 shows the number of complaints we received weekly during the quarter.

Figure 2—VET FEE-HELP Complaints received weekly during 1 July–30 September 2019 and 1 July – 30 September 2020

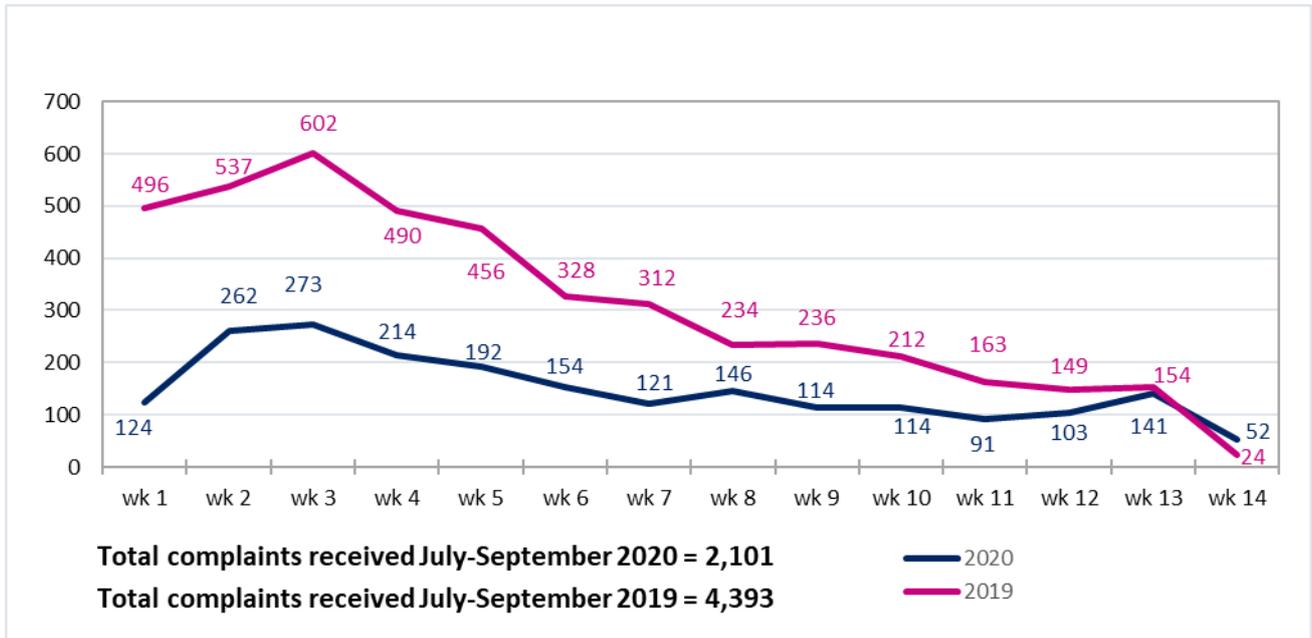
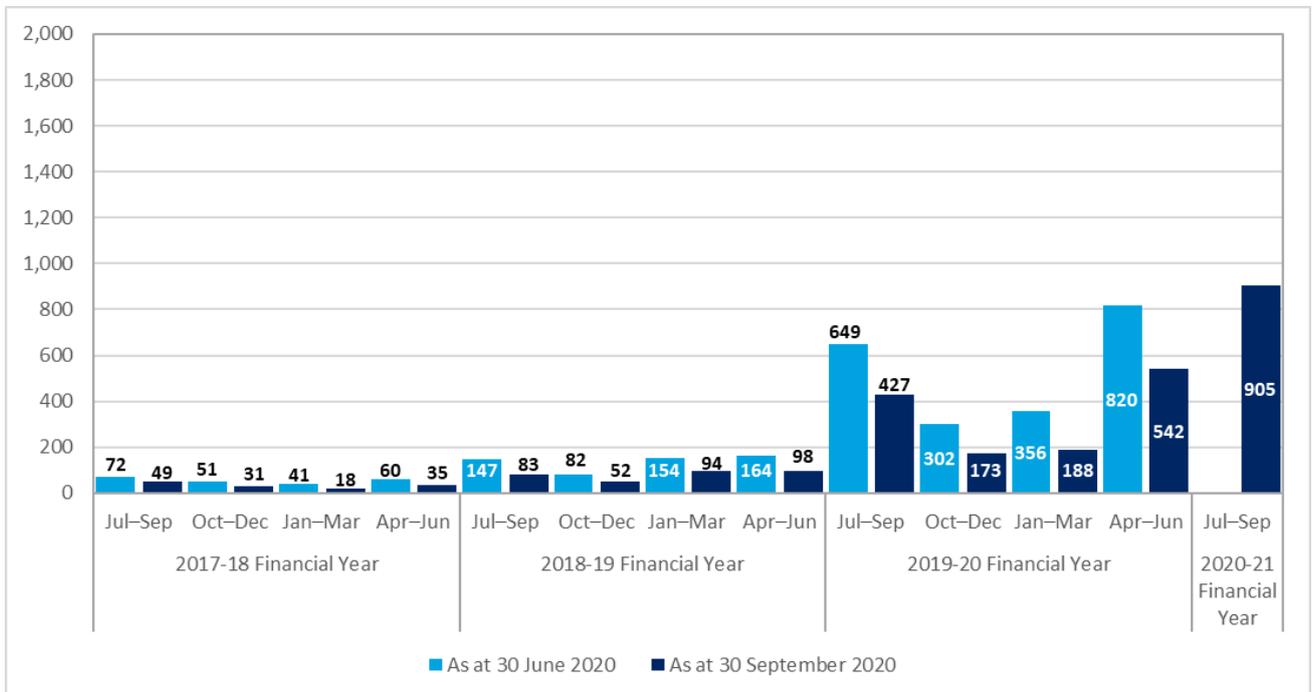


Figure 3 shows complaints that were open as at 30 September 2020, by the quarter they were received, compared to the previous quarter.

Figure 3—Open VET FEE-HELP complaints by quarter received

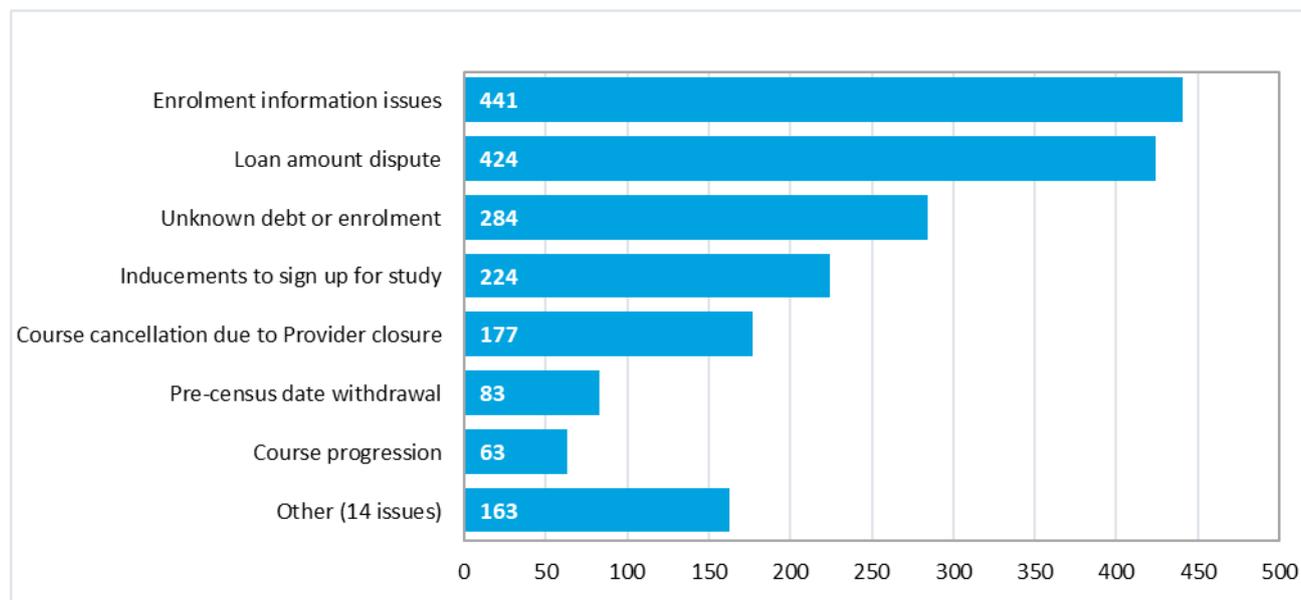


As at 30 September 2020, 133 VET FEE-HELP complaints received in the 2017–18 financial year remained open. This represents a decrease of 41 per cent compared to the previous quarter (224 complaints) and is a result of our targeted efforts to assess and finalise older complaints, reduce our complaint backlog and achieve outcomes for these complainants. We are continuing to prioritise the finalisation of older complaints.

VET FEE-HELP complaint issues

Figure 4 below shows the issues identified in VET FEE-HELP complaints received and assessed during 1 July–30 September 2020.

Figure 4—Issues in VET FEE-HELP complaints received and assessed during 1 July–30 September 2020



Actions taken to finalise VET FEE-HELP complaints

There are a number of actions we can take on a complaint. Our Office finalises complaints when:

- the complainant can be directed to an external outcome pathway either with the provider or with 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
 - the provider has agreed to re-credit all or part of the student loan
 - the department removes all or part of the student loan because of a Secretary Initiated Action under the redress measures
- the department makes a decision on our recommendation to remove (or not remove) a VET FEE-HELP debt under the redress measures
- the complaint is withdrawn or is not within our jurisdiction to investigate.

Table 1 below includes data for the 2,695 complaints finalised during 1 July–30 September 2020, including actions taken to finalise those complaints. It shows that the Office finalised 10 (0.4 per cent) complaints on the grounds that complainants had not exhausted their provider’s internal grievance process or internal review process (in cases where the provider is still available).

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 is exhausted before we investigate.

If a complainant comes back to us because they are dissatisfied with the outcome given by their provider, we will register a new complaint for assessment.

Table 1—VET FEE-HELP complaints finalised during 1 July–30 September 2020

Actions taken to finalise complaints	Total number of finalised complaints	% of finalised complaints
The Office finalised complaints after the department accepted our recommendation under the redress measures.	1,463	54.3%
The Office finalised complaints as a result of the department’s SIAs or tuition assurance re-credits.	962	35.6%
The complainant had not yet followed the provider’s complaint handling or grievance procedures and as a result we decided not to investigate their complaint.	10	0.4%
The complainant could not be contacted, did not respond to requests for information or did not wish to pursue their complaint.	160	5.9%
The Office finalised complaints when: <ul style="list-style-type: none"> • a complainant was referred to a tuition assurance operator to seek redress • a provider agreed to re-credit a complainant’s student loan • a provider provided an appropriate remedy • an investigation would not lead to a different result • an action was reasonably open to a provider to take. 	93	3.5%
The complaint could 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, and as a result we decided not to investigate.	7	0.3%
Total	2,695	100%

VET FEE-HELP Student Redress Measures

Information on the redress measures can be found [here](#). As at 30 September 2020, we had recommended the re-credit of VET FEE-HELP debts for 9,606 complaints, comprising 57,123 units of study. The total value of this debt was \$151.79 million, comprising \$126.62 million in tuition fees and \$25.17 million in loan fees.

In addition to the above recommendations, we collaborated with the department in the development of SIAs under the redress measures that have resulted in the removal of VET FEE-HELP debts of over \$2 billion

in tuition fees. More than 9,900 complaints to date have had some or all units re-credited because of SIAs, which has helped us to reduce our backlog. While SIA re-credits are a more efficient process than individual complaint assessments, they still require us to confirm the debt has been re-credited, record the details of the re-credit, assess any units not covered by the SIA and contact the complainant before finalising their complaint.

As at 30 September 2020, we had 2,467 open VET FEE-HELP complaints that require assessment. We reduced our complaints on hand by 15 per cent (431 complaints) during the quarter, down from 2,898² open complaints at 30 June 2020.

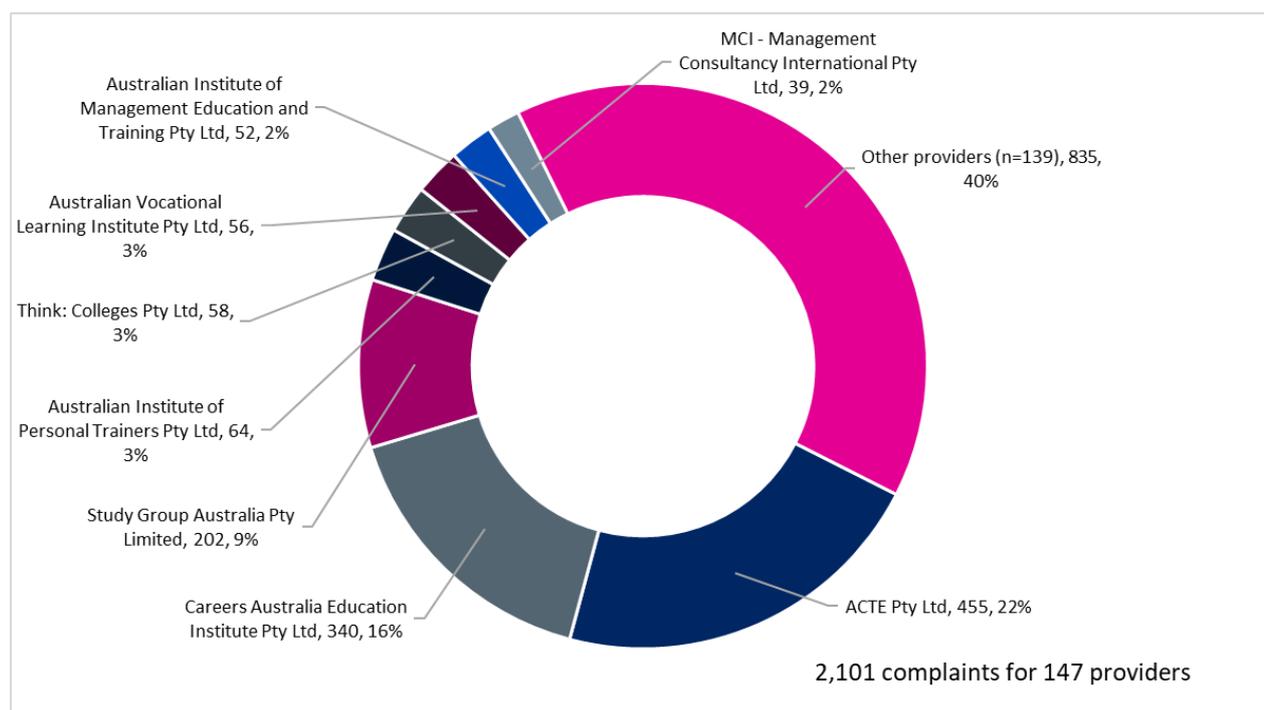
The reduction in complaints on hand is due in part to efficiencies noted in previous quarterly updates³, which have enabled us to streamline our processing of complaints. We made 388 ‘block’ recommendations during the quarter, which comprised 2,199 units. We also continued to work closely with the department on the development of SIAs.

The redress measures which were due to cease at the end of this year have been extended for two years until 31 December 2022.

VET FEE-HELP complaints by provider

The graphs below outline, by provider, VET FEE-HELP complaints received during the quarter (Figure 5), the complaints finalised during the quarter (Figure 6) and complaints on hand at the end of the quarter (Figure 7). Most complaints relate to providers who are no longer trading or are no longer a VET loan approved provider.

Figure 5—VET FEE-HELP complaints received during 1 July–30 September 2020, by provider



² The number of VET FEE-HELP complaints on hand reported in our previous update was published as 1,502.

³ Previous VSLO quarterly updates can be found on the Commonwealth Ombudsman Industry Updates page: <https://www.ombudsman.gov.au/publications/industry>

Figure 6—VET FEE-HELP complaints finalised during 1 July–30 September 2020, by provider

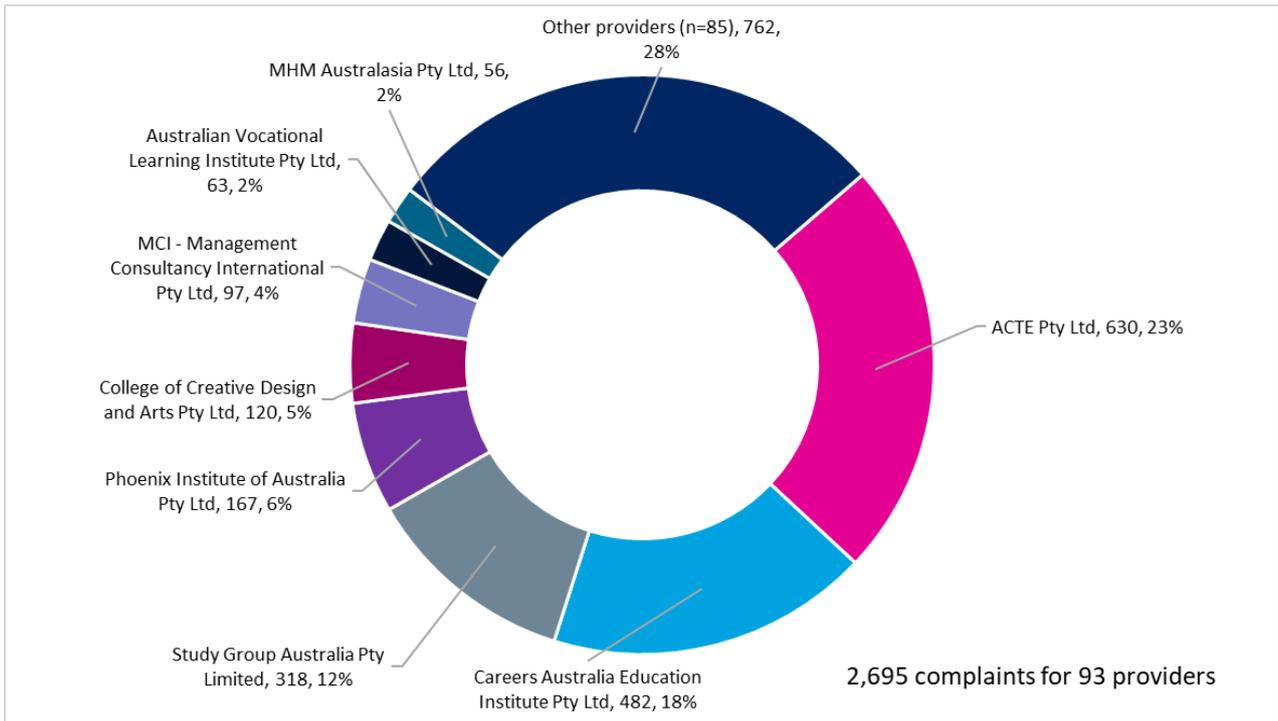
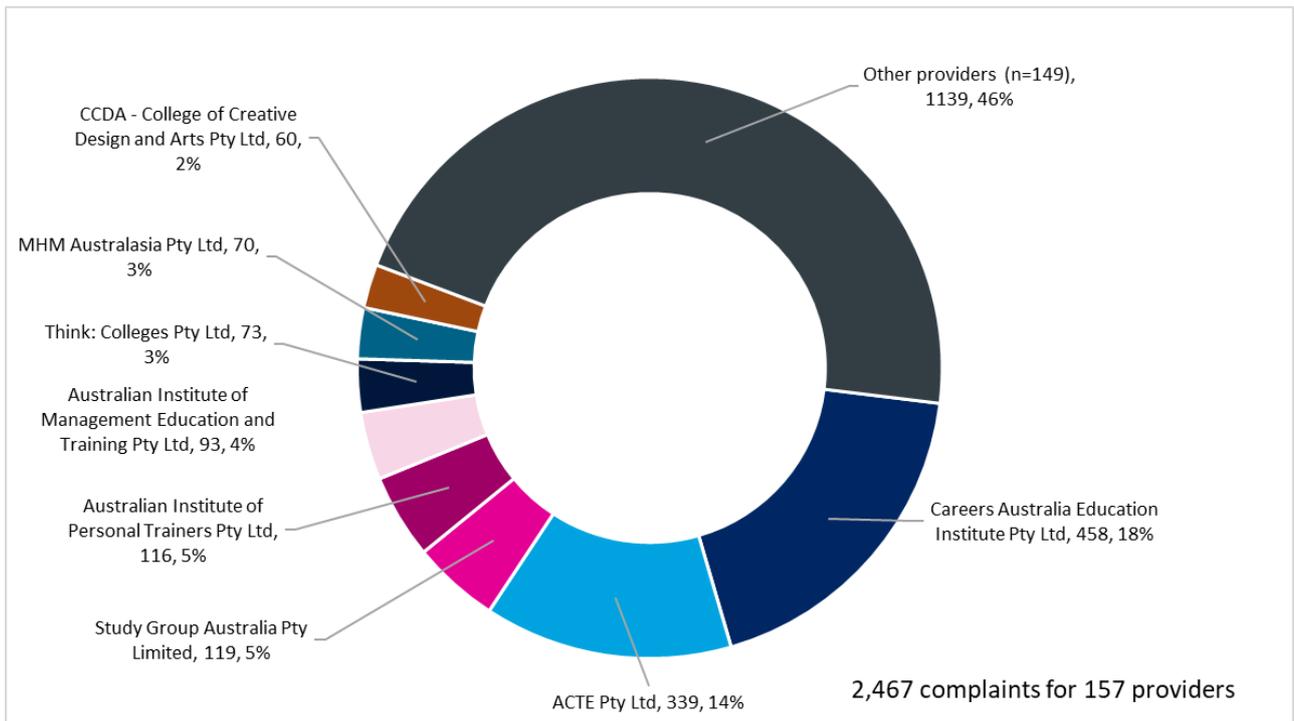


Figure 7—VET FEE-HELP complaints on hand as at 30 September 2020, by provider



Process to defer debts with the Australian Taxation Office (ATO)

We have a formal arrangement with the ATO where complainants' compulsory student repayments may be deferred while we assess and investigate their VET FEE-HELP 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. The Office sends support for deferment arrangements to the ATO for affected complainants and complainants then request the deferment with the ATO. We notify complainants that they can opt out of this arrangement at any time by contacting the ATO independently.

Case study

Our Office received a complaint from a student about their provider's handling of their request to withdraw from their studies and receive a re-credit of their VSL debt. The student needed to withdraw after the census date had passed, because their family was experiencing financial difficulties due to the COVID-19 pandemic and they needed to return to paid employment.

The student's provider initially approved a partial re-credit. Later, the provider reversed that approval and cited financial stress from the COVID-19 pandemic. Despite several attempts by the student to follow up, they did not receive any further responses and were unsuccessful in achieving a satisfactory outcome.

We do not usually investigate a complaint from a student unless they have exhausted their provider's internal complaints and appeals process. In this situation, the student had attempted to contact the provider several times without receiving a response, so we decided to commence our investigation.

We contacted the provider to request evidence of information given to the student about withdrawals and census dates prior to their enrolment. We also requested a copy of applicable Commonwealth Assistance Notices, and an explanation of how the student's refund entitlement was determined.

In response to our requests, the provider advised that they had reconsidered their decision and that the student's VSL debt had been re-credited in full.

This resulted in a relatively quick resolution without the need for our Office to form a view about action the provider should take. If the provider had not revisited their earlier decision, our Office would have assessed whether the provider had given the student the required information before they incurred the VSL debt, and also whether the provider had assessed the student's request for re-credit in accordance with s 68 of the *VET Student Loans Act 2016*, which applies to special circumstances.

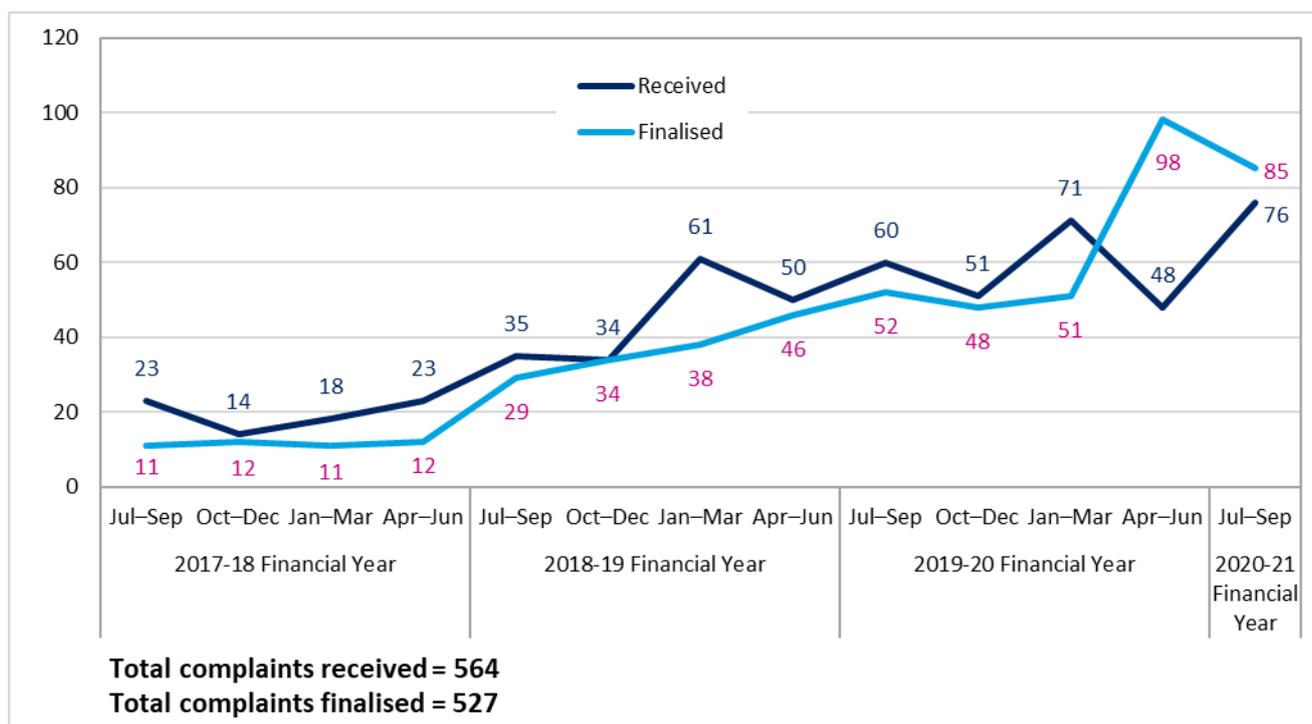
Quarterly results – VET Student Loans program complaints

VET Student Loan complaints received and finalised

During 1 July–30 September 2020, we received 76 complaints relating to the VET Student Loan program. This compares with 60 complaints received during the same quarter in 2019. Figure 8 below shows the VET Student Loan complaints received and finalised since 1 July 2017.

Complaints to the Office about VSL approved providers include complaints about providers who are open and providers that have ceased trading. Due to this, our approach to assessing and attempting to resolve complaints can vary. Complaints about unavailable providers are often more complex and can take more time to finalise.

Figure 8—VET Student Loan complaints received and finalised during 1 July 2017–30 September 2020



In this quarter we finalised 85 complaints. In the last two quarters we have finalised more complaints than we have received. This rate of finalisations is due to targeted efforts to focus on complaints about providers that have closed, and collaboration with the department and the Tuition Protection Service to develop pathways for resolution.

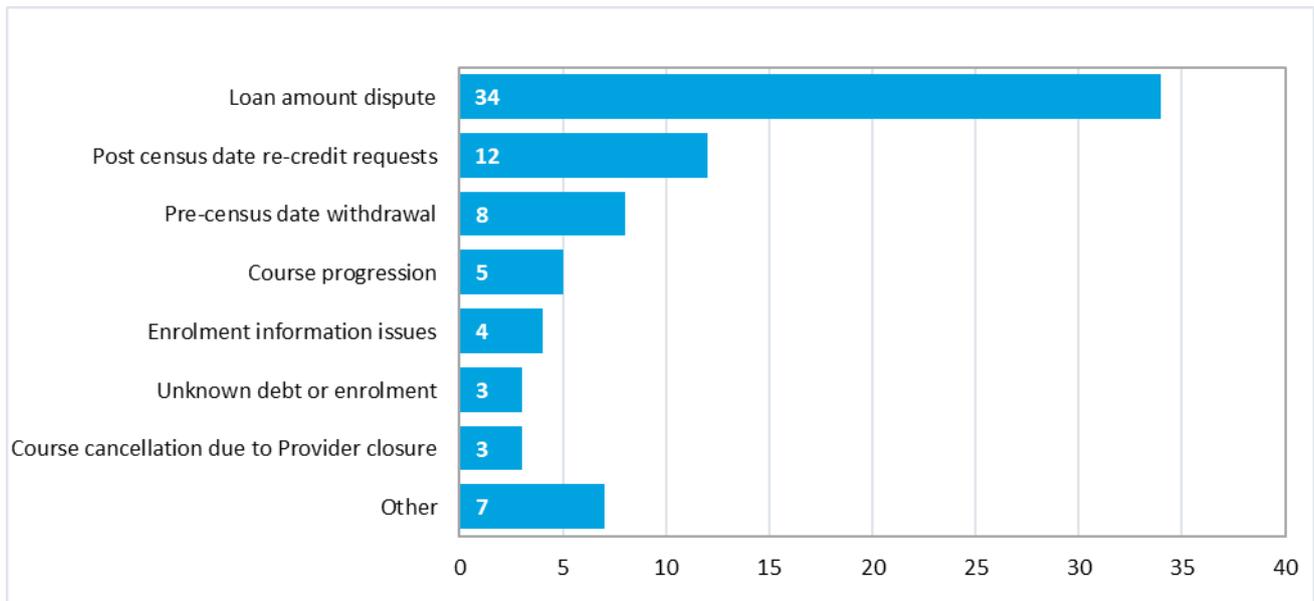
To date, we have not investigated many complaints regarding VET Student Loan providers who are still operating because, in the majority of complaints received about these providers, the complainant had not yet followed the provider’s complaint handling or grievance procedure.

VET Student Loan complaint issues

The most common issues raised in complaints about the VET Student Loan program relate to loan amount disputes (44 per cent), post census date re-credit requests (16 per cent) and pre-census date withdrawal (11 per cent).

Figure 9 on [page 10](#) shows the issues identified in VET Student Loan complaints received and assessed during 1 July–30 September 2020.

Figure 9—Issues in VET Student Loan complaints received and assessed during 1 July–30 September 2020



Since 1 July 2017, the Office has made 28 preliminary inquiries of providers, including four during 1 July–30 September 2020. Table 2 provides the outcomes of our preliminary inquiries as at 30 September 2020.

Table 2—Preliminary inquiry outcomes as at 30 September 2020

Outcome of preliminary inquiry	Total
No investigation required following preliminary inquiry response. This is due to the provider confirming the student had not complained to it in the first instance or providing evidence that suggests our Office does not need to investigate.	18
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.	6
Still being assessed as at 30 September 2020.	4

VET Student Loan complaint investigations

As at 30 September 2020, the Office had sent 16 notices under s 8 of the *Ombudsman Act 1976* to providers or liquidators/administrators to notify them of our intention to investigate and ask questions about the complaint circumstances. As at 30 September 2020, we had finalised 13 complaints following investigation, with two investigations resulting in full or partial re-credit of a student’s VET Student Loan debt. Five investigations were open as at 30 September 2020 and 26 complaints about providers who are closed were under assessment.

Actions taken to finalise VET Student Loan complaints

Table 3 on [page 11](#) includes data for the 85 complaints finalised during 1 July–30 September 2020, including actions taken to finalise complaints. It shows that the Office finalised 43 complaints 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 is exhausted before we investigate.

If a complainant comes back to us because they are dissatisfied with the outcome given by their provider, we will register a new complaint for assessment.

Table 3—Complaints finalised during 1 July–30 September 2020

Actions taken to finalise complaints	Total number of finalised complaints	% of finalised complaints
The Office finalised complaints when: <ul style="list-style-type: none"> • a complainant was referred to a tuition assurance operator to seek redress • a provider agreed to re-credit a complainant’s student loan • a provider provided an appropriate remedy • an investigation would not lead to a different result • an action was reasonably open to a provider to take. 	16	18.8%
The complainant could not be contacted, did not respond to requests for information or did not wish to pursue their complaint.	16	18.8%
The complainant had not yet followed the provider’s complaint handling or grievance procedures, and as a result we decided not to investigate their complaint.	43	50.6%
After commencing an investigation or further assessment of a complaint, we decided that further investigation was not warranted for any reason, including if the provider had provided an appropriate remedy.	2	2.4%
The complaint could 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, and as a result we decided not to investigate.	8	9.4%
Total	85	100%

Data and glossary of terms

This update provides data for the period 1 July 2017 to 30 September 2020. Our data is dynamic and may be updated as new information comes to light. For this reason, there may be minor differences in data when compared to what was reported in annual reports, previous quarterly updates or our other publications. Previous quarterly updates are available on our [website](#).

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

More information is available at <https://vet.ombudsman.gov.au/how-we-can-help>