

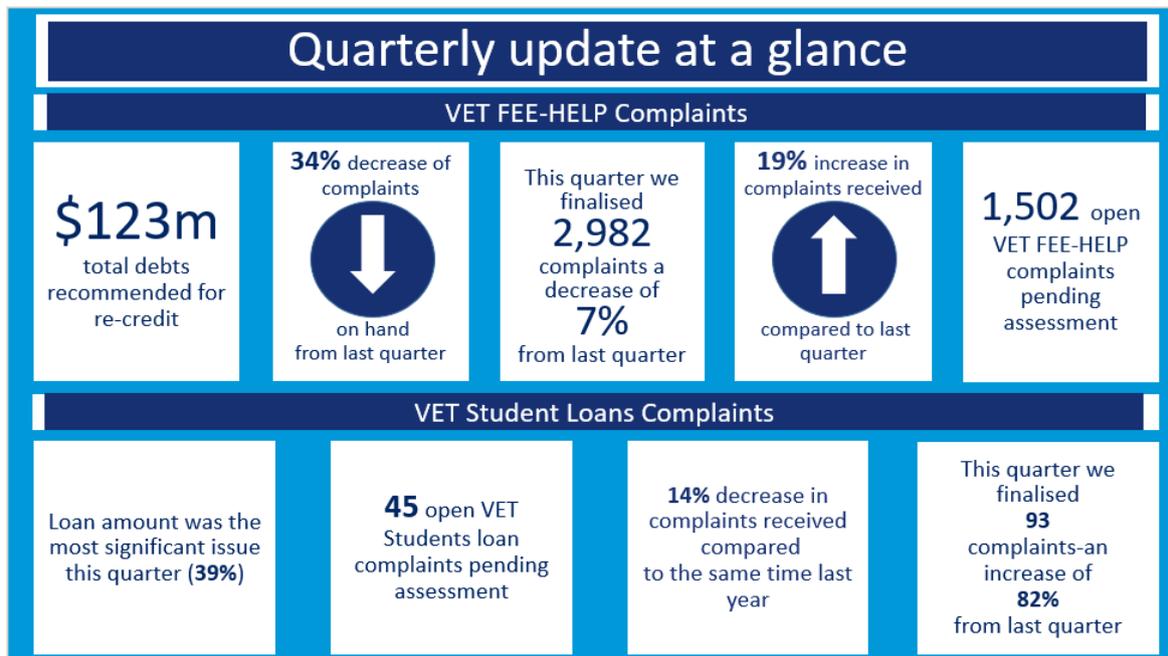
## Quarterly Update 12: 1 April–30 June 2020

### Executive Summary

This is the 12<sup>th</sup> 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 April–30 June 2020 and:

- summarises activities undertaken during the 2019–20 financial year
- outlines our continuing response to the COVID-19 pandemic
- provides statistical data on complaints received, finalised and open for both the VET FEE-HELP scheme and VET Student Loans program
- compares complaint data from 1 April–30 June 2020 and previous quarters complaints for both the VET FEE-HELP scheme and VET Student Loans program
- includes provider statistics for VET-FEE HELP complaints.



## 2019–20 in focus

During 2019–20, we continued to deliver services to the public with minimal disruptions from bushfires and COVID-19. The following summarises the work that the Office undertook in the VSLO function during the 2019-20 financial year:

- We received 8,170 VET FEE-HELP complaints during 2019–20, a 14 per cent increase from the 2018–19 financial year.
- We received 223 VET Student Loan complaints during 2019–20, a 24 per cent increase from the 2018–19 financial year.
- The Office finalised more complaints (11,976) than we received (8,393) during 2019–20.
- We significantly decreased our backlog of complaints, from 6,557 open at 1 July 2019 to 2,898 open at 30 June 2020. This represents a decrease of complaints on hand by 56 per cent.
- We delivered workshops in Better Practice Complaint Management to nine VET Student Loan providers. These workshops are part of our role in supporting education providers with their complaint handling governance and encouraging resolution between students and education providers.
- We published three newsletters for providers, focusing on complaint case studies and highlighting good practices that providers can adopt.
- We worked with the Department of Education, Skills and Employment (the department) to progress VSL complaints about providers who are no longer trading. These complaints are not subject to the student redress measures (see page seven for details).
- We conducted outreach with stakeholders to remind them that complaints need to be lodged with our Office by 31 December 2020 to access the student redress measures. Stakeholders contacted include community support groups, education peak bodies and government agencies. As at 30 June 2020, the Office had made over 750 calls and sent approximately 800 emails to stakeholders. This work will continue during the 2020–21 financial year.
- We made changes to how we operate, including temporarily limiting our phone service, due to the impact of the COVID-19 pandemic.

During the 2020–21 financial year, we will focus on:

- continuing to improve our complaint handling processes
- delivering online workshops on complaint management to education providers in our jurisdiction
- the development of a VET Student Loan Industry Code of Practice, in consultation with the VET sector, to enhance the existing legislative and regulatory framework by filling gaps, improving clarity, reaffirming key requirements and driving best practice in the sector
- continuing outreach and resources to engage with and support VSL approved education providers
- supporting government agencies in the development of legislation and policy affecting the VET sector.

## Quarterly results – VET FEE-HELP Complaints

### VET-FEE HELP complaints received and finalised

We received 1,236 VET FEE-HELP complaints during 1 April–30 June 2020, 19 per cent more than we received in the previous quarter (1,042). This increase was anticipated given the cyclic nature of complaint numbers in the previous two years as depicted in Figure 1 below. We received 183 less VET FEE-HELP complaints this quarter compared to the same period last year—a 13 per cent decrease.

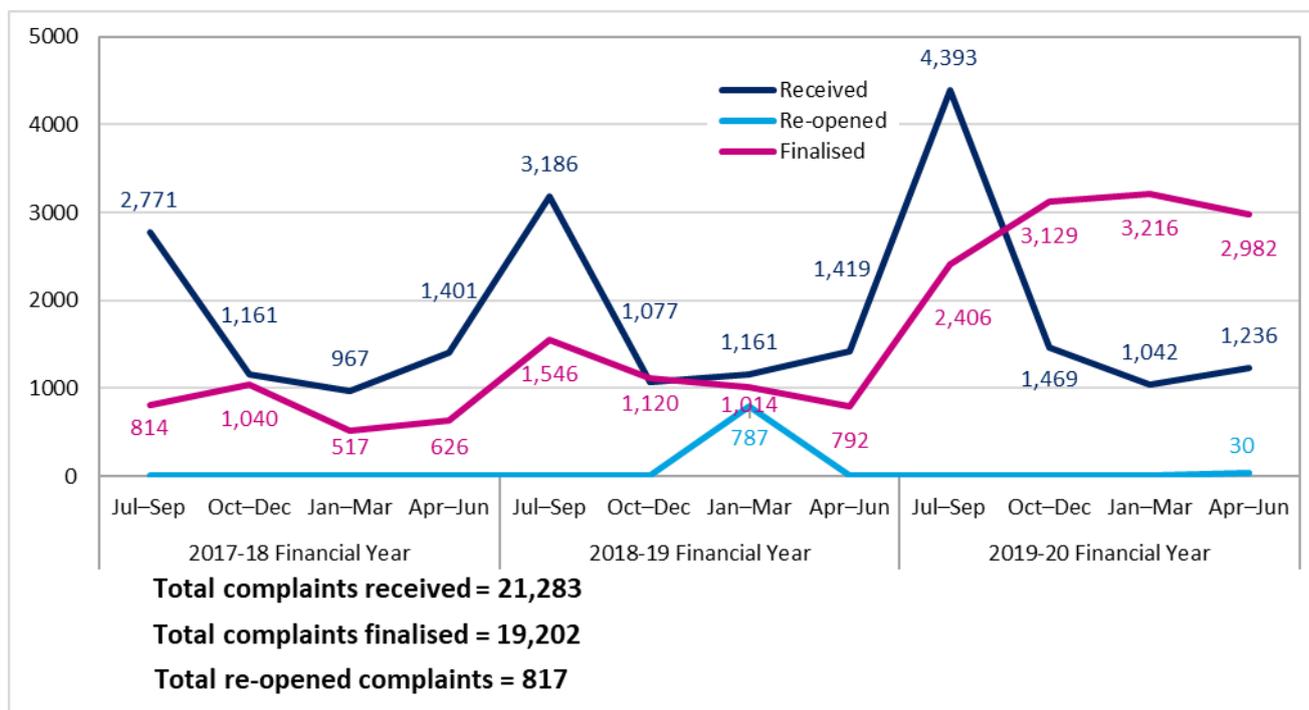
We finalised 2,982 complaints during 1 April–30 June 2020, seven per cent less than we finalised during the previous quarter (3,216). The majority of complaint finalisations are the result of our activity under the VET FEE-HELP Student Redress Measures (the redress measures).

These complaints were finalised through the following actions:

- 1,516 were finalised as a result of 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, 33 complaints were recommended for no re-credit which comprised of 229 units of study.
- 1,050 were finalised as a result of the department’s [Secretary Initiated Actions](#) (SIAs) and [tuition assurance](#) activities
- 199 were referred to their provider for consideration through the provider’s grievance procedures
- 217 complaints were finalised through other actions as detailed in Table 1 on page six.

Figure 1 shows complaints received, re-opened<sup>1</sup> and finalised from 1 July 2017–30 June 2020.

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



<sup>1</sup> In January 2019 and in the current quarter, 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 (817 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 April–30 June 2019 and 1 April–30 June 2020**

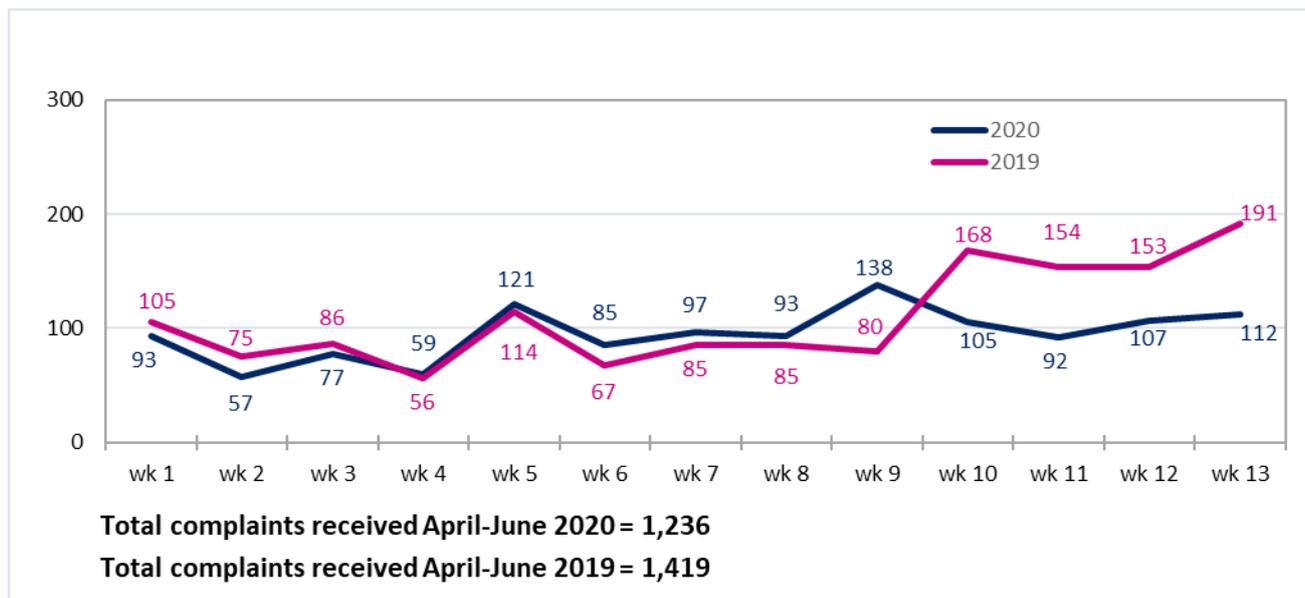
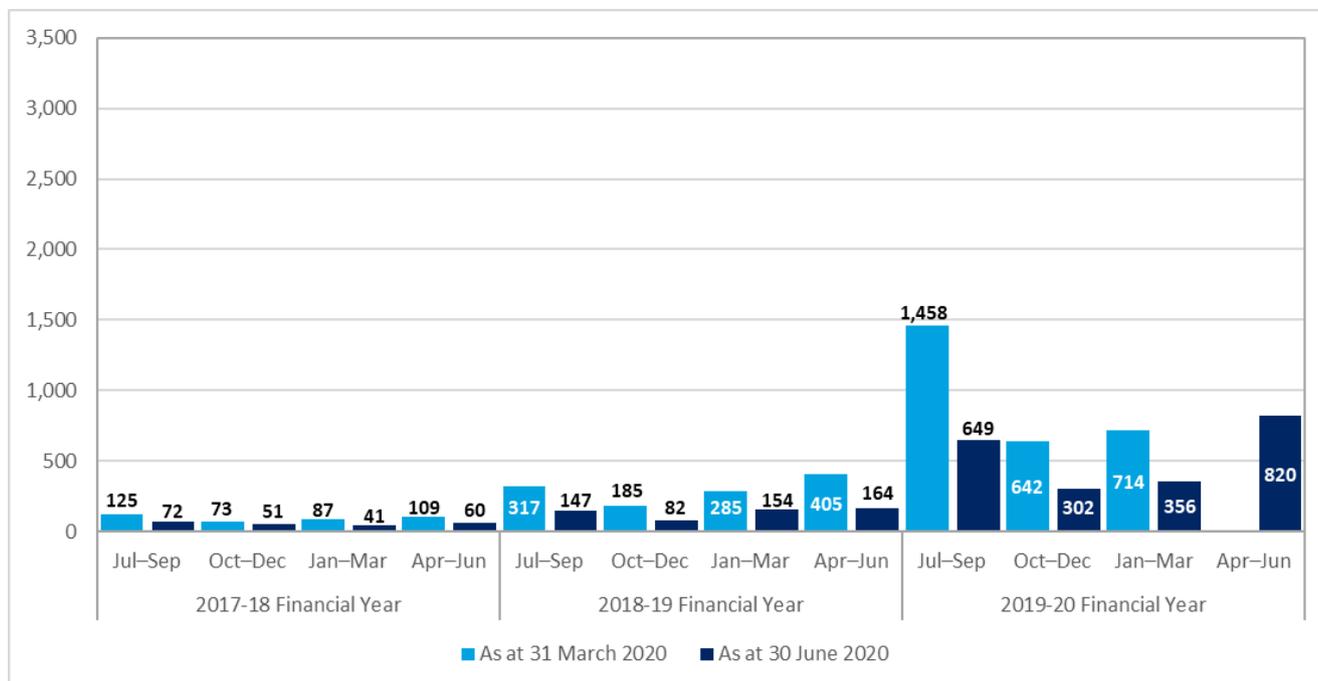


Figure 3 shows complaints that were open as at 30 June 2020, by the quarter they were received, compared to the previous quarter.

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

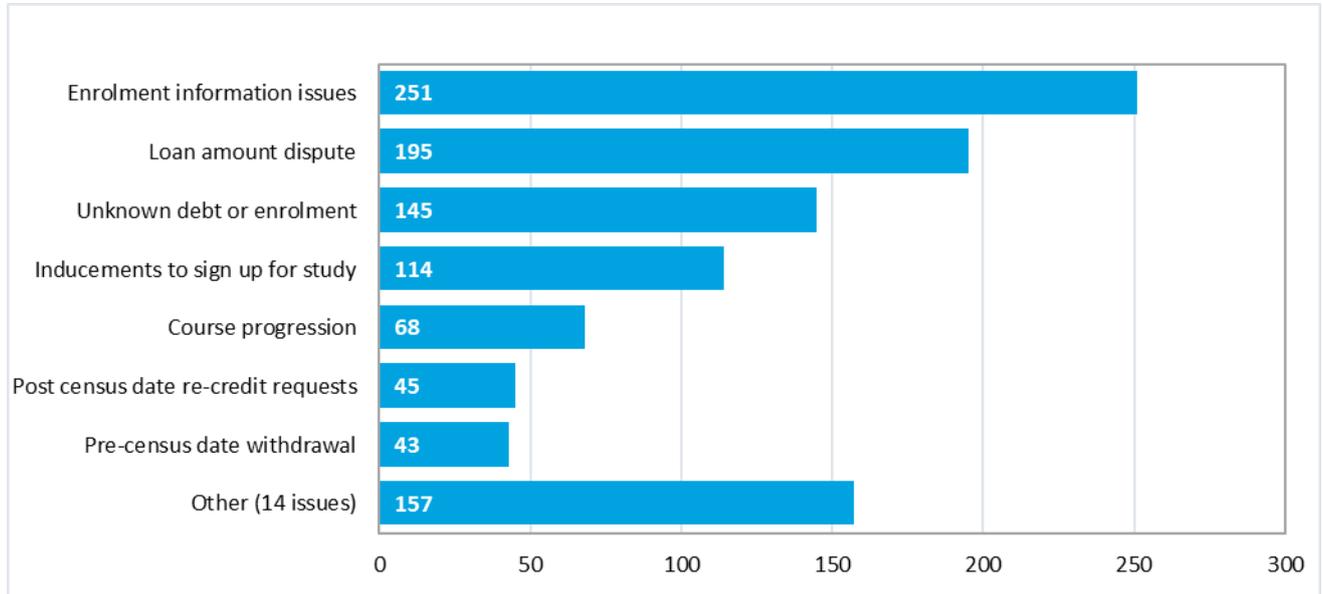


As at 30 June 2020, 224 VET FEE-HELP complaints received in the 2017–18 financial year remained open. This represents a decrease of 43 per cent compared to the previous quarter (394 complaints) and is a result of our targeted efforts to assess and finalise older complaints, reduce our complaint backlog 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 April–30 June 2020.

Figure 4—Issues in VET-FEE HELP complaints received and assessed during 1 April–30 June 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, or
- the complaint is withdrawn or is not within our jurisdiction to investigate.

Table 1 below includes data for the 2,982 complaints finalised during 1 April–30 June 2020, including actions taken to finalise those complaints. It shows that the Office finalised 199 (6.7 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 April–30 June 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.	1,516	50.8%
The Office finalised complaints as a result of the department’s SIAs or tuition assurance re-credits.	1,050	35.2%
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.	199	6.7%
The complainant could not be contacted, did not respond to requests for information or did not wish to pursue their complaint.	172	5.8%
The Office finalised complaints when: <ul style="list-style-type: none"> <li>• a complainant was referred to a tuition assurance operator to seek redress</li> <li>• a provider agreed to re-credit a complainant’s student loan</li> <li>• a provider provided an appropriate remedy</li> <li>• an investigation would not lead to a different result</li> <li>• an action was reasonably open to a provider to take.</li> </ul>	38	1.3%
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	0.2%
<b>Total</b>	<b>2,982</b>	<b>100%</b>

### VET FEE-HELP Student Redress Measures

Information on the redress measures can be found [here](#). As at 30 June 2020, we had recommended the re-credit of VET FEE-HELP debts for 7,762 complaints, comprising 48,075 units of study. The total value of this debt was \$123 million, comprising \$102.58 million in tuition fees and \$20.42 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 \$1.3 billion in tuition fees. More than 9,700 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 June 2020, we had 2,898 open VET FEE-HELP complaints that require assessment. We reduced our complaints on hand by 34 per cent (1,502 complaints) during the quarter, down from 4,400 open complaints at 31 March 2020.

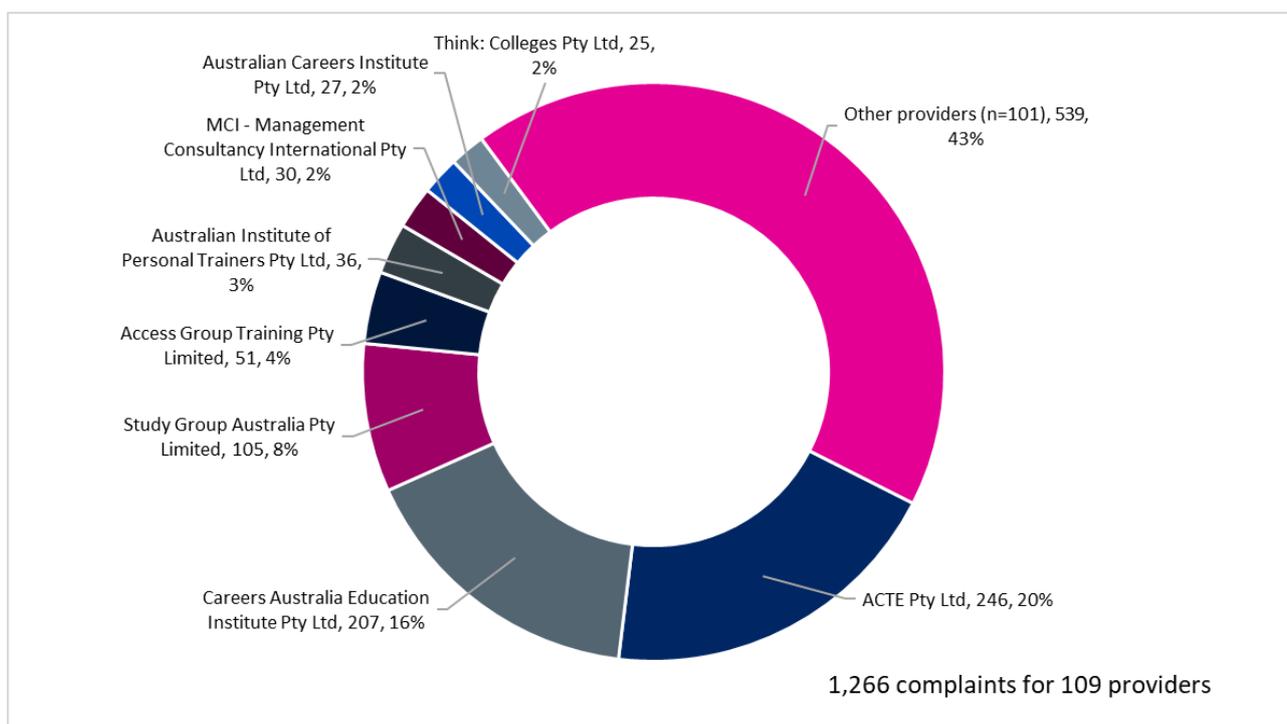
The reduction in complaints on hand is due in part to efficiencies noted in previous quarterly updates<sup>2</sup>, which have enabled us to streamline our processing of complaints. We made 388 ‘block’ recommendations during the quarter, which comprised 2,534 units. We also continued to work closely with the department on the development of SIAs.

The redress measures currently have a sunset date of 31 December 2020, after which the department cannot approve SIAs or re credit debts based on our recommendations. We will continue to make recommendations in 2021 for complaints received prior to the sunset date.

### 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 April–30 June 2020, by provider



<sup>2</sup> 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 April–30 June 2020, by provider

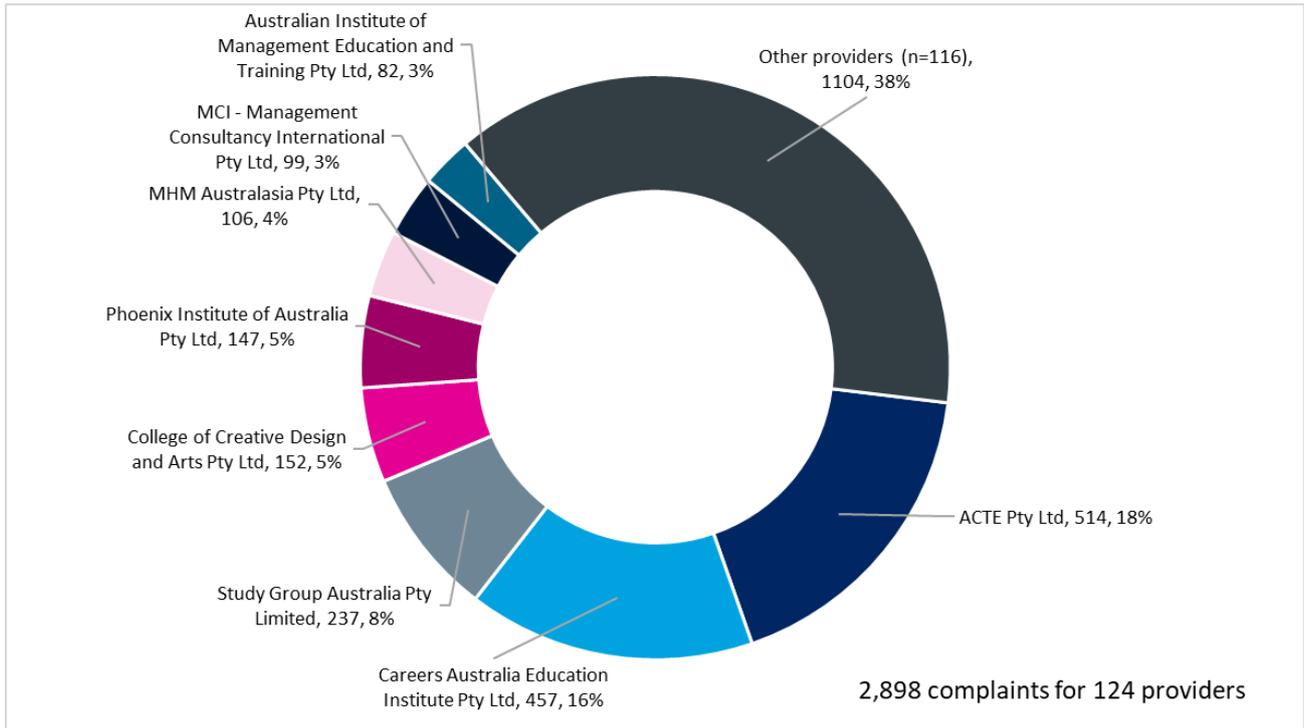
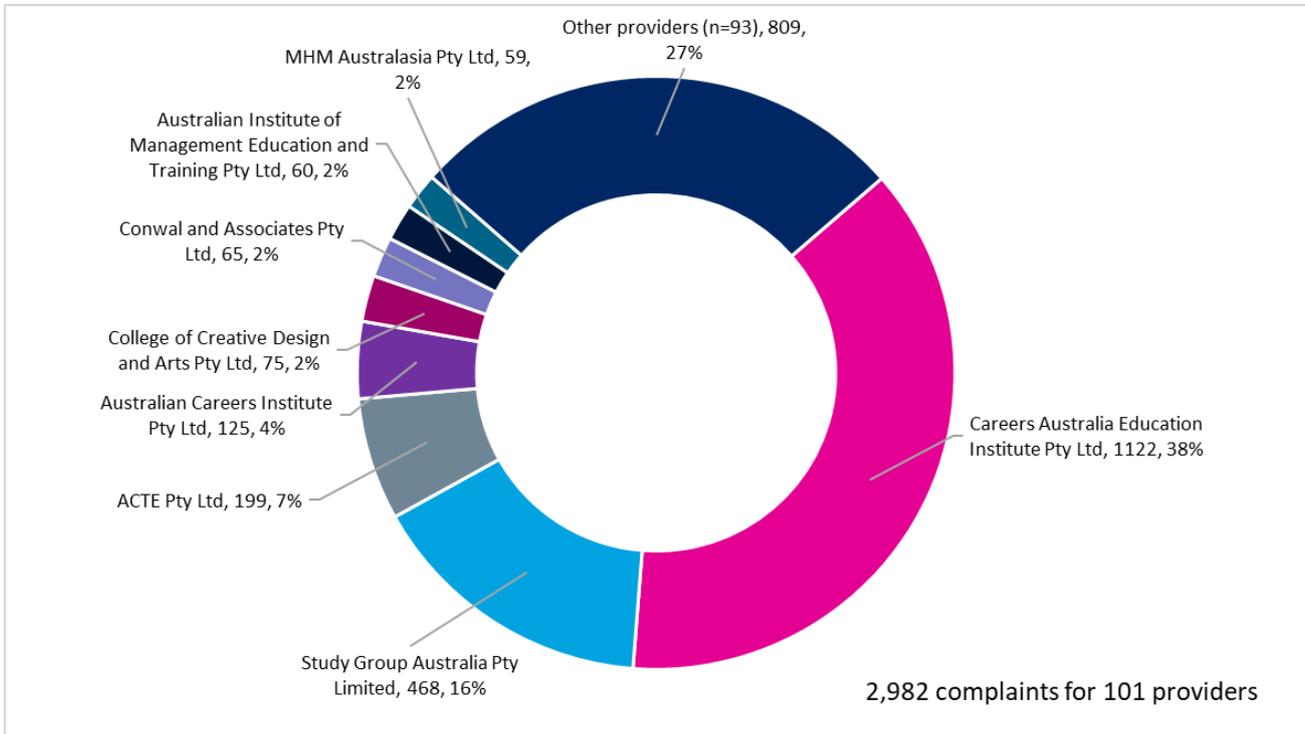


Figure 7—VET FEE-HELP complaints on hand as at 30 June 2020, by provider



## 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

Jamie\* contacted our Office and explained that some years ago, people had knocked on his door and offered him a laptop if he signed up to do a course. These people had told him that he would not have to do anything in order to keep the laptop, and that if he was contacted by the college, to ignore the phone calls. Jamie signed a piece of paper to receive the laptop, but was unsure what he signed and did not receive any copies of the paperwork. He learned some years later that he had incurred approximately \$75,000 in VET FEE-HELP debt.

Records showed that there was more than one education provider involved in Jamie's debt, and that he had been signed up for four different qualifications between three providers.

We contacted one of the education providers that had enrolled Jamie and found that at the time he had been signed up, the provider had contracted a marketing company to seek enrolments for their college. This marketing company had been found to employ practices such as attending people's homes to sign them up for courses and signing people up in shopping centres or public areas.

In the course of our investigation, we found that the provider's record of Jamie's Commonwealth Assistance Form (CAF) had a signature that did not match his driver's license signature, or the signature on the form requesting the laptop.

This education provider agreed to re-credit \$4,800 in debt that Jamie had accrued with them.

The remaining debt was accrued through providers who were no longer in operation. We were able to assess this under the redress measures. Over \$45,000 of Jamie's debt was re-credited through a SIA after our Office shared our analysis of the provider's actions with the department.

We assessed the remaining debt and found that there was adequate evidence that Jamie had incurred the debt due to inappropriate conduct by the provider. We made a recommendation to the department that the debt was suitable for re-crediting under the redress measures, which it accepted.

As a result of these processes, Jamie has no residual VET FEE-HELP debt.

*\*Identifying information changed for privacy reasons.*

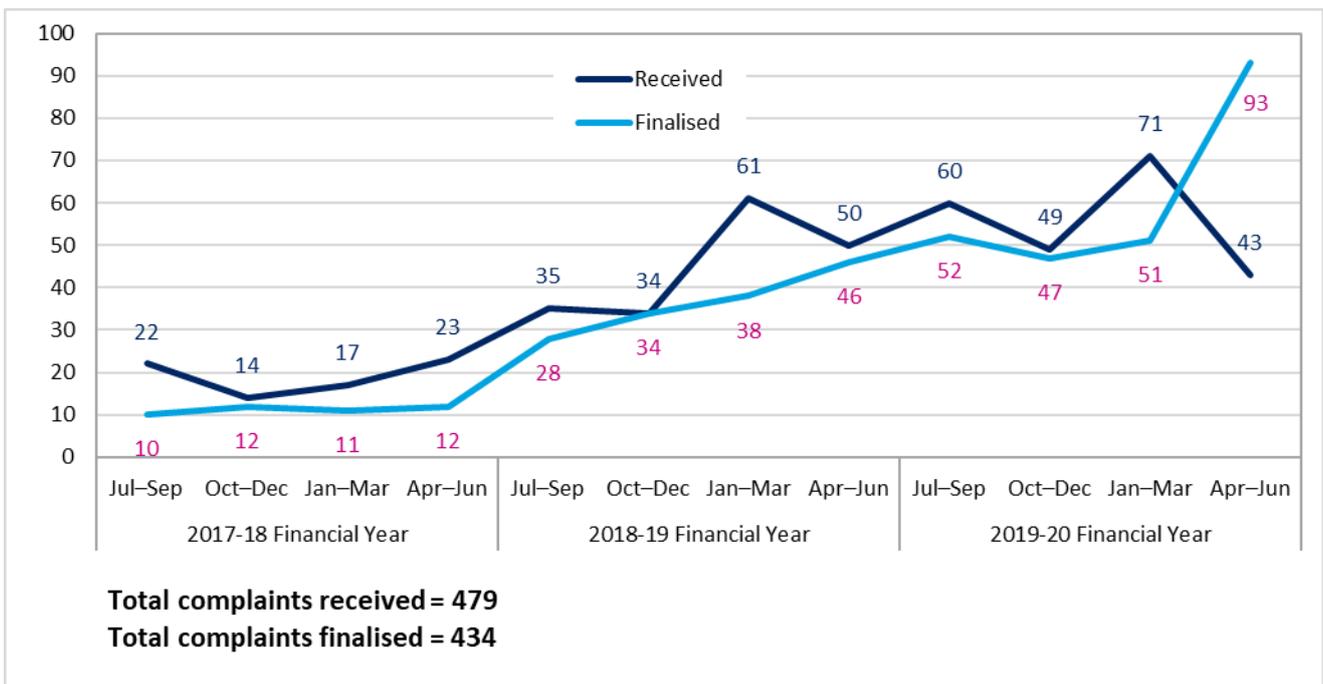
## Quarterly results – VET Student Loans program complaints

### VET Student Loan complaints received and finalised

During 1 April–30 June 2020, we received 43 complaints relating to the VET Student Loan program. This compares with 50 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 June 2020



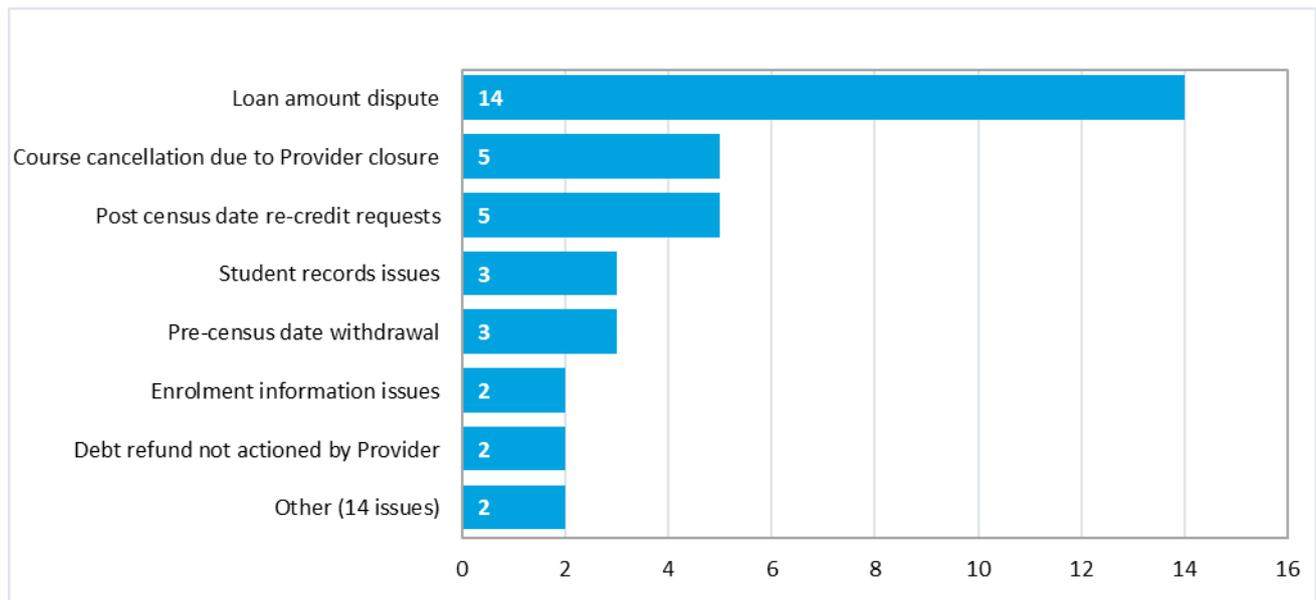
In this quarter we finalised more complaints (93) than we had in previous quarters. This was an increase of 82 per cent from the number of complaints finalised during the 1 January–31 March 2020 quarter (51). The increase in finalisations was due to targeted efforts to focus on complaints about providers 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 (39 per cent), course cancellation by provider (14 per cent) and post census date re-credit requests (14 per cent). Figure 9 below shows the issues identified in VET Student Loan complaints received and assessed during 1 April–30 June 2020.

**Figure 9—Issues in VET Student Loan complaints received and assessed during 1 April–30 June 2020**



Since 1 July 2017, the Office has made 24 preliminary inquiries of providers, including three during 1 April–30 June 2020. Table 2 provides the outcomes of our preliminary inquiries as at 30 June 2020.

**Table 2—Preliminary inquiry outcomes as at 30 June 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.	15
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.	4
Still being assessed as at 30 June 2020.	5

### VET Student Loan complaint investigations

As at 30 June 2020, the Office had sent 13 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 June 2020, we had finalised 10 complaints following investigation, with two investigations resulting in full or partial re-credit of a student’s VET Student Loan debt. Three investigations were open as at 30 June 2020 and 37 complaints about providers who are closed were under assessment.

### Actions taken to finalise VET Student Loan complaints

Table 3 includes data for the 93 complaints finalised during 1 April–30 June 2020, including actions taken to finalise complaints. It shows that the Office finalised 20 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 April–30 June 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"> <li>• a complainant was referred to a tuition assurance operator to seek redress</li> <li>• a provider agreed to re-credit a complainant’s student loan</li> <li>• a provider provided an appropriate remedy</li> <li>• an investigation would not lead to a different result</li> <li>• an action was reasonably open to a provider to take.</li> </ul>	40	43.0%
The complainant could not be contacted, did not respond to requests for information or did not wish to pursue their complaint.	27	29.1%
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.	20	21.5%
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.	3	3.2%
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.	3	3.2%
<b>Total</b>	<b>93</b>	<b>100%</b>

### Data and glossary of terms

This update provides data for the period 1 July 2017 to 30 June 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 previous quarterly updates. 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](#).

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