

Quarterly Update 8: 1 April–30 June 2019

Executive Summary

This is the eighth quarterly update for the Office of the Commonwealth Ombudsman's (the Office) VET Student Loans Ombudsman function. The function came into effect on 1 July 2017 and assesses complaints about the former VET FEE-HELP scheme and the current VET Student Loans program. From 1 January 2019, the function was expanded to assess complaints under new student redress measures that provide a remedy for students who, due to the inappropriate conduct of their VET provider, incurred debts under the VET FEE-HELP loan scheme.

During 1 April–30 June 2019, the Office submitted recommendations to remove individual VET FEE-HELP debts under the redress measures to the Department of Education and Training (the department). On 8 August 2019, the Administrative Arrangements Order for the *Higher Education Support Act 2003* and the *VET Student Loans Act 2016* was amended. From this date, the Department of Employment, Skills, Small and Family Business (Employment) was responsible for administration of these VET loan assistance schemes, including assessing recommendations made by the Office to remove, or not remove, VET FEE-HELP debts under the redress measures.

This update covers the quarter 1 April–30 June 2019 and:

- provides statistical data on complaints received, finalised complaints and open complaints
- compares complaint data from 1 April–30 June 2019 and previous quarters
- describes progress made to date in closing complaints.

During 1 April–30 June 2019, we received 1,478 complaints, finalised 843 complaints, commenced 26 investigations and made 10 preliminary inquiries of providers.

Since the redress measures commenced, we have worked closely with the department to document and agree on processes to support the assessment of complaints and submission of recommendations under the redress measures. We focussed on the quality of recommendations rather than the volume, to ensure our recommendations were well-targeted and that debt removals were justified. With the bedding down of processes largely complete we are starting to see the volume of recommendations increase over time.

As at 31 August 2019, the Office had more than 7,500 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 August 2019, the Office had recommended that the department remove VET FEE-HELP debts for 1,603 complaints, comprising 10,988 units of study. The total value of these recommendations was \$29.8 million, including \$24.8 million in tuition fees and \$5.0 million in loan fees. In addition to these recommendations, we collaborated with the department in the development of Secretary Initiated Actions that have resulted in the removal of VET FEE-HELP debts for over 20,000 students, for a total value of more than \$200 million.

Data and glossary of terms

The data in this update was extracted on 30 July 2019. This update provides data for the period 1 July 2017 to 30 June 2019. Part of this period will be reported in the Office’s 2018–19 Annual Report, which will be released in October 2019, and had an extract date of 2 July 2019. Due to different extract dates, there may be minor differences in the data presented in this update compared to the Annual Report.

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

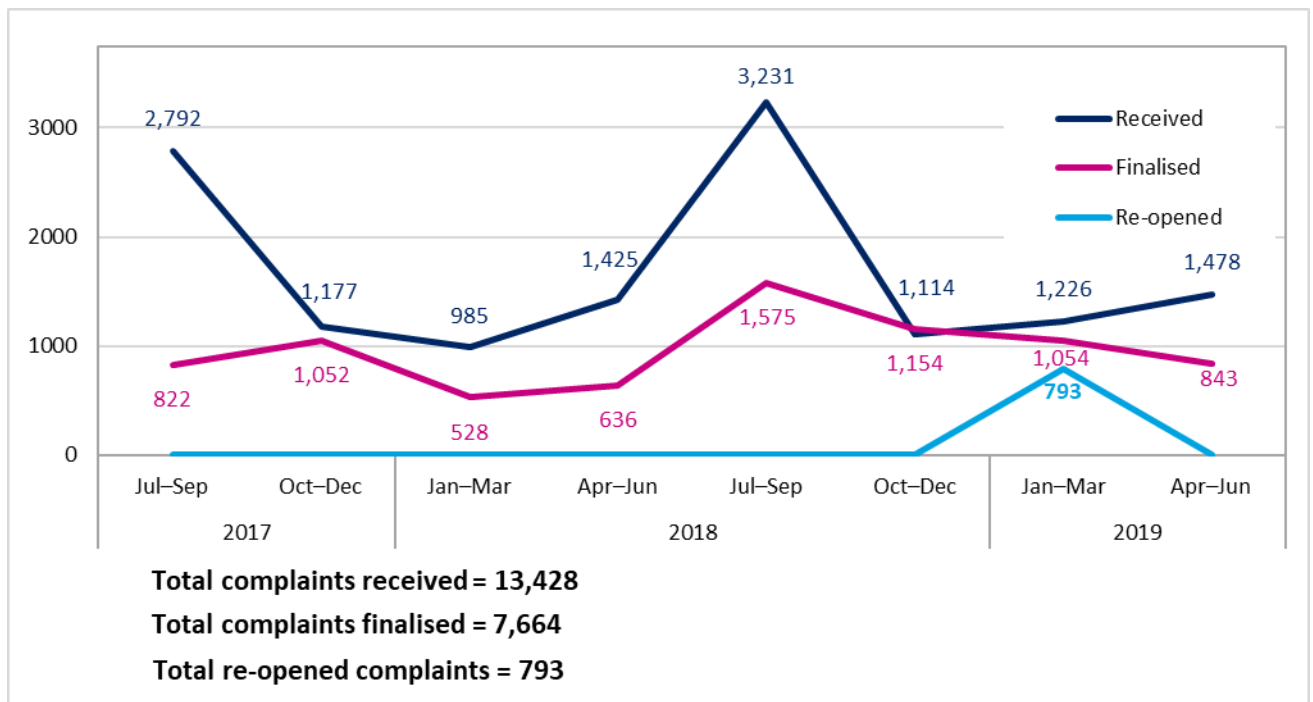
Approaches received and approaches finalised

Complaints received and finalised

We received 1,478 VET loan assistance related complaints during 1 April–30 June 2019. This represented a 21 per cent increase compared to the 1,226 complaints received in the previous quarter.

In January 2019, we revisited complaints finalised in previous quarters that are now eligible for consideration under the redress measures. We identified 793 eligible complaints and subsequently re-opened these complaints for assessment under the redress measures. Graph 1 shows complaints received, re-opened complaints and finalised complaints from 1 July 2017–30 June 2019.

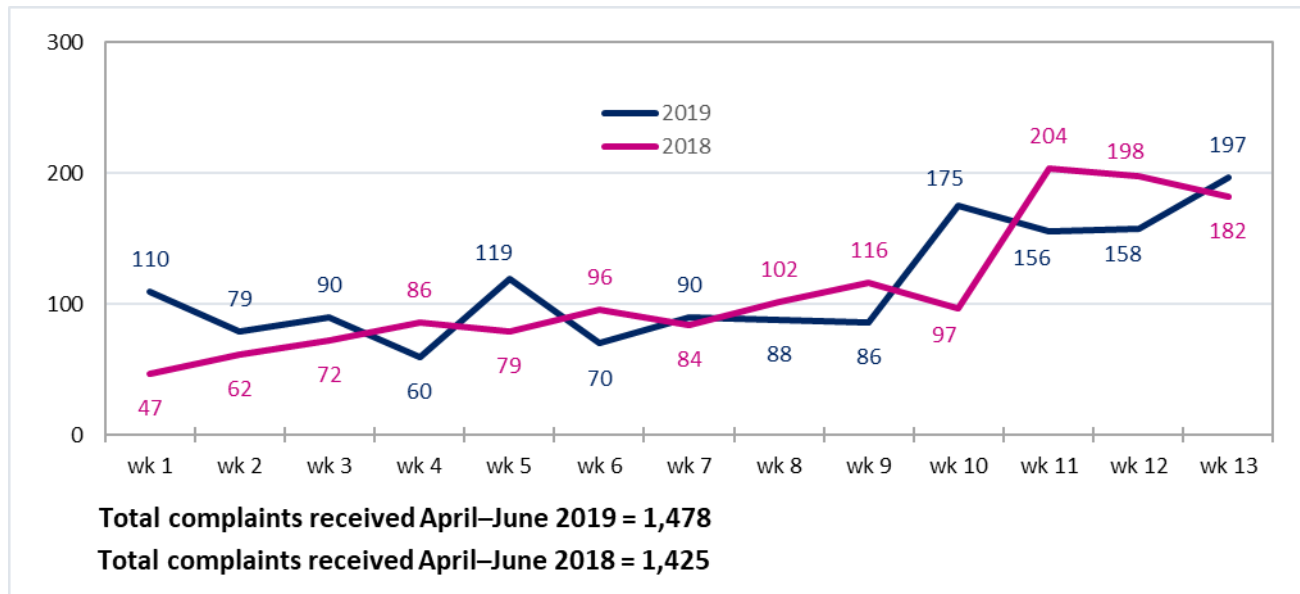
Graph 1: Complaints received and finalised from 1 July 2017–30 June 2019



We finalised 843 complaints during 1 April–30 June 2019, which was a 20 per cent decrease compared to the 1,054 complaints finalised during the previous quarter. This decrease was in part due to a reduction in the number of complaints we referred back to the education provider, but rather deemed more appropriate for consideration under the redress measures.

The Office finalises complaints after the department makes a decision on whether to re-credit following the Office’s recommendation. At the end of the quarter, there were 239 complaints where the Office had recommended re-credit and was awaiting a decision from the department.

Graph 2: Complaints received weekly during April–June 2019



Complaints by quarter received

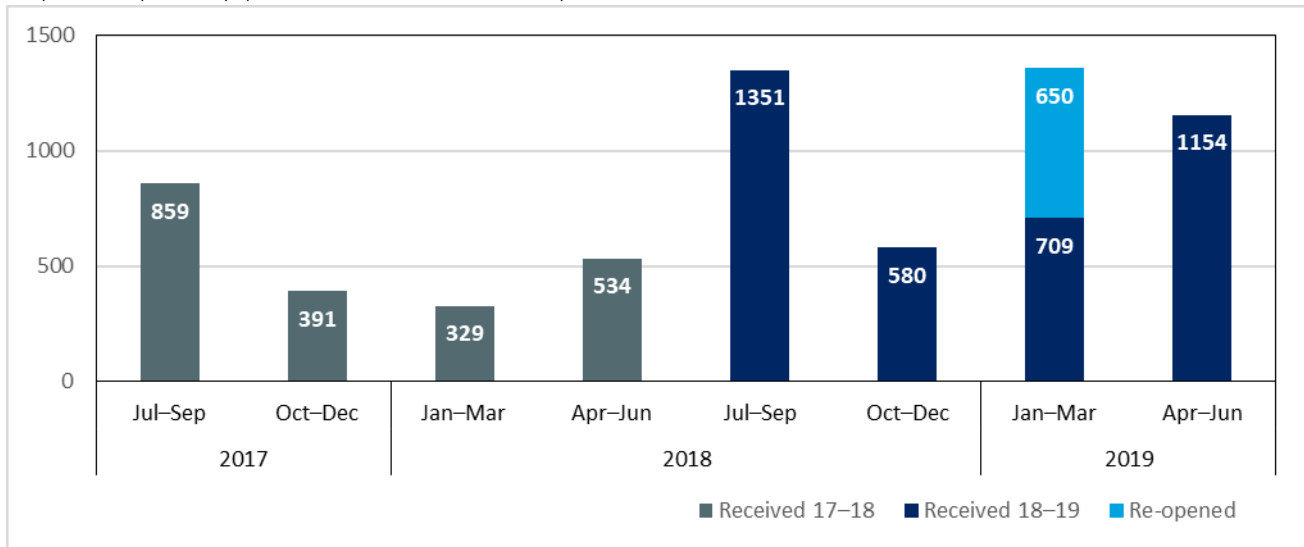
The Office finalises complaints if:

- 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.

Finalised 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 30 June 2019 by the quarter they were received.

Graph 3: Complaints by quarter received that remained open as at 30 June 2019



As at 30 June 2019, 2,113 complaints received in 2017–18 remained open—a decrease of 7 per cent compared to the previous quarter. We expect to see open complaints received in 2017–18 continue to decrease as we assess these complaints under the redress measures.

Complaints finalised 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 30 June 2019 in the case of open complaints, and by the category they were finalised at in the case of finalised complaints.

Table 1: Open and finalised complaints by category as at 30 June 2019

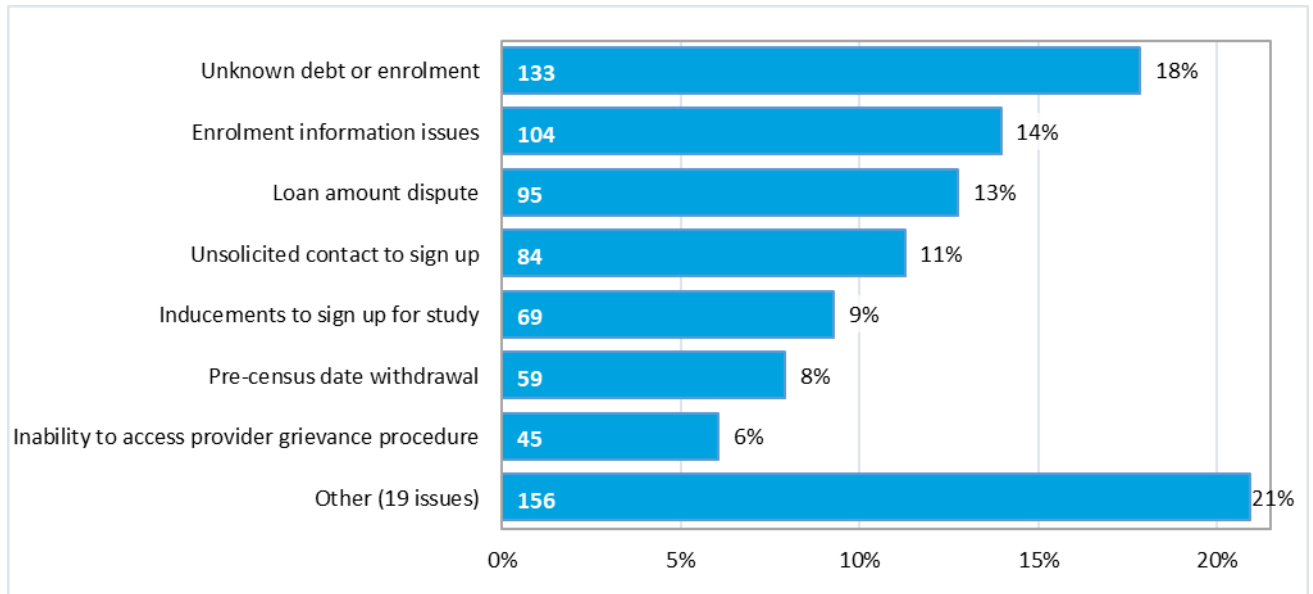
Category	Initial approach	Assessment	Further assessment/ investigation	Further investigation	Total
Open	183	4,743	1,568	63	6,557
Finalised	80	7,248	312	24	7,664

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 on page five shows the most common issues raised for validated complaint issues received during 1 April–30 June 2019.

Graph 4: Most common issues in validated complaints received during April–June 2019



Outcomes for finalised complaints

Table 2 on [page six](#) includes data for complaints finalised during 1 April–30 June 2019 and shows the complaint issue outcomes. Complaints can include multiple issues, therefore there are more issues (1,490), than total finalised complaints (843).

Table 2 shows that the Office finalised 459 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 open a new complaint for assessment.

Table 2: Finalisation reasons for finalised complaint issue outcomes between 1 April–30 June 2019

Finalisation reasons	Total number of finalised complaint issues	% of finalised complaint issues
<p>Investigation was not warranted in all the circumstances and therefore no investigation was commenced. This includes when:</p> <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. <p>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.</p>	491	33
<p>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:</p> <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 finalise complaints after the department makes a decision on our recommendations. As at 30 June 2019, we had finalised 276 complaints after making a recommendation and 239 complaints where we had made recommendations remained open pending a decision by the department. 	470	31
<p>The complainant has not yet followed the provider’s complaint-handling or grievance procedures.</p>	459	31
<p>The complainant cannot be contacted, does not respond to requests for information or does not wish to pursue their complaint.</p>	42	3
<p>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.</p>	28	2

Preliminary Inquiries

As at 30 June 2019, the Office had made 81 preliminary inquiries of providers, including 10 made during 1 April–30 June 2019. Table 3 on page seven provides the outcomes of our preliminary inquiries as at 30 June 2019.

Table 3 – Preliminary inquiry outcomes as at 30 June 2019

Outcome of preliminary inquiry	Total
No investigation required following preliminary inquiry response. This is due to the provider confirming the student has not complained to it in the first instance or providing evidence that suggests our Office does not need to investigate.	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.	15
Still being assessed as at 30 June 2019.	14

Investigations

As at 30 June 2019, the Office had sent 227 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 2019, we had finalised 84 complaints after investigation, 38 of these complaints resulted in a full or partial re-credit of a student's VET FEE-HELP debt.

Process to defer debts with the Australian Taxation Office

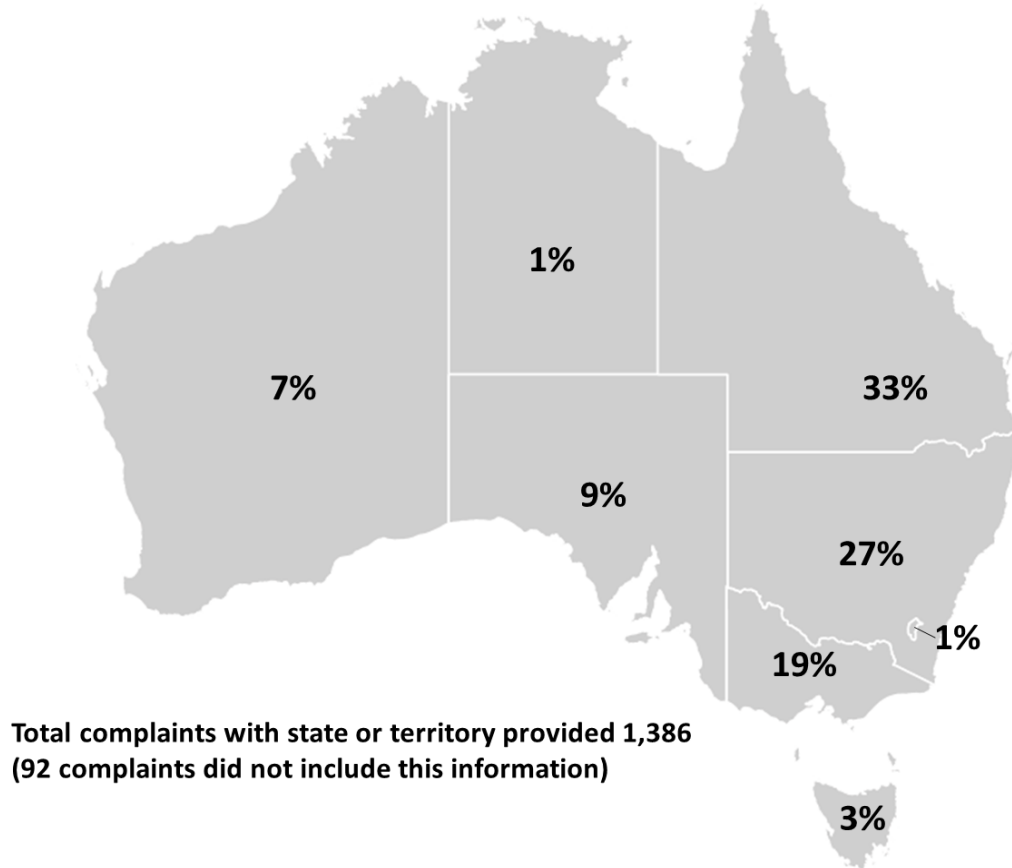
We have a formal arrangement with the ATO where complainants' compulsory student repayments may be deferred while we assess and investigate their complaint. Complainants are made aware that the deferment is temporary, the debt remains and indexation continues to accrue unless the debt is removed or otherwise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

During 1 April–30 June 2019, the Office referred 396 complainants to the ATO for deferment of their loan repayments for the 2017–18 financial year. In June 2019, we contacted complainants who were eligible for a rollover of existing deferments for the 2018-19 financial year and provided instructions on how to do this.

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

During 1 April–30 June 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 April–30 June 2019



Complaints relating to the VET Student Loans program

During 1 April–30 June 2019, we received 48 complaints relating to the VET Student Loans program. This compares with 27 complaints received about this program during the same quarter in 2018—an increase of 78 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 4: Complaints received about the VET Student Loans program 1 July 2017 – 30 June 2019

Category	Initial approach	Assessment	Further assessment/ investigation	Further investigation	Total
Open	0	61	2	1	64
Finalised	6	205	0	0	211

Outlook

In previous quarterly updates, we indicated that we expected to receive an increase in complaints from July to October each year when tax returns are due and students learn that they have debts. In July 2019, we received 2,448 VET loan assistance related complaints. This represents a 36 per cent increase compared to the 1,802 complaints received in July 2018. A large proportion of the received complaints relate to unavailable providers and will be assessed under the redress measures.

From 1 July 2019, the compulsory repayment threshold for income contingent student loans was reduced from \$51,957 to \$45,881¹. This may affect students when they complete their 2019–20 tax returns. We expect that we will see a similar or larger increase in complaints received in July 2020 compared to July 2019.

¹ <https://www.ato.gov.au/Rates/HELP,-TSL-and-SFSS-repayment-thresholds-and-rates/>, accessed 5 September 2019