

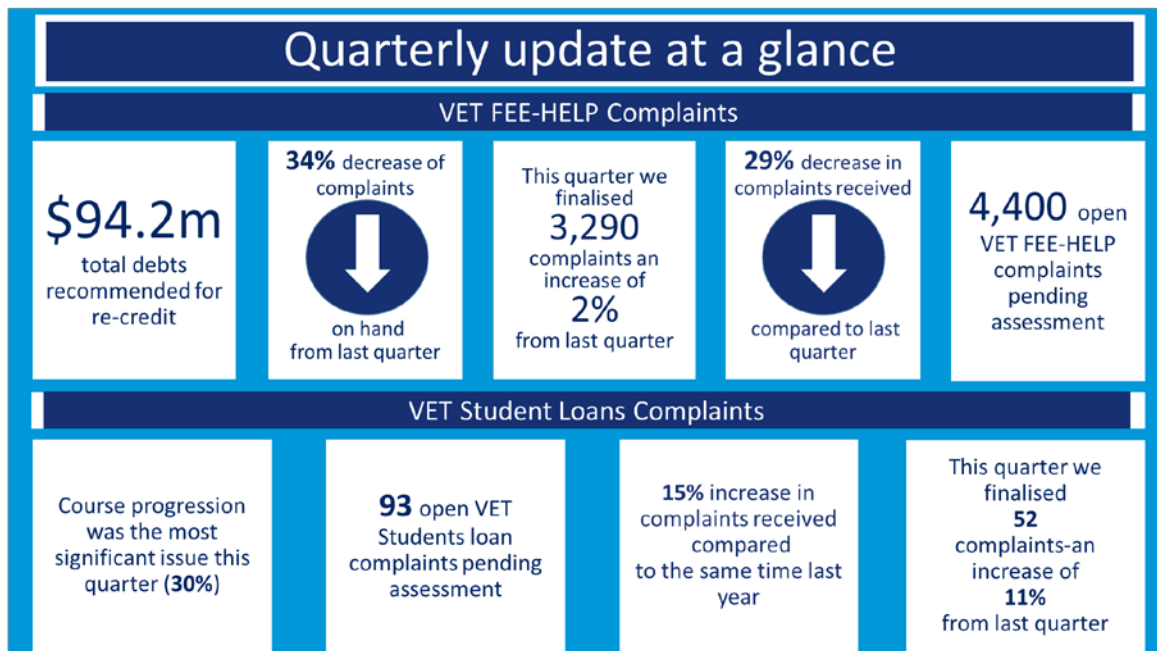
Quarterly Update 11: 1 January–31 March 2020

Executive Summary

This is the eleventh 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 January–31 March 2020 and:

- outlines our 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 January–31 March 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.



Changes to Commonwealth Ombudsman services due to COVID-19 pandemic

As part of our commitment to the health and safety of our staff, many of whom are working remotely or who have been redeployed to other public service agencies so that government resources are focused on the delivery of essential services to the Australian public, it may take longer than usual for the Office to respond to complaints. Our complaint service is continuing within this new environment but we needed to make some changes in order to respond to the demands on our services.

Our phone service has been temporarily limited to 9am to 12 noon Australian Eastern Standard Time Monday to Friday. During this time we are encouraging complainants to lodge complaints through our online [complaint form](#).

VET FEE-HELP Complaints

VET-FEE HELP complaints received and finalised

We received 1,045 VET FEE-HELP complaints during 1 January–31 March 2020, 29 per cent less than the 1,472 complaints received in the previous quarter. This decrease was anticipated after the peak experienced in the July–September 2019 quarter and is consistent with complaint numbers in the previous two years as depicted in Figure 1 below. We received 116 fewer VET FEE-HELP complaints this quarter compared to the same period last year, representing a 10 per cent decrease.

From 1 February 2020, responsibility for assessing our recommendations was transferred to the newly formed Department of Education, Skills and Employment from the Department of Employment, Skills, Small and Family Business. For simplicity, the term ‘the department’ is used throughout this update.

We finalised 3,290 complaints during 1 January–31 March 2020, which was a two per cent increase compared to the 3,220 complaints finalised during the previous quarter. The majority of complaint finalisations are the result of our activity under the VET FEE-HELP Student Redress Measures (the redress measures).

The 3,290 complaints were finalised through the following actions:

- 1,925 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)
- 918 were finalised as a result of the department’s [Secretary Initiated Actions](#) (SIAs), and [tuition assurance](#) activities
- 210 were referred to their provider for consideration through the provider’s grievance procedures
- the remaining 237 complaints were finalised through a range of actions as detailed in Table 1 on page six.

Figure 1 shows complaints received, re-opened¹ and finalised from 1 July 2017–31 March 2020.

Figure 1—VET-FEE HELP complaints received and finalised during 1 July 2017–31 March 2020

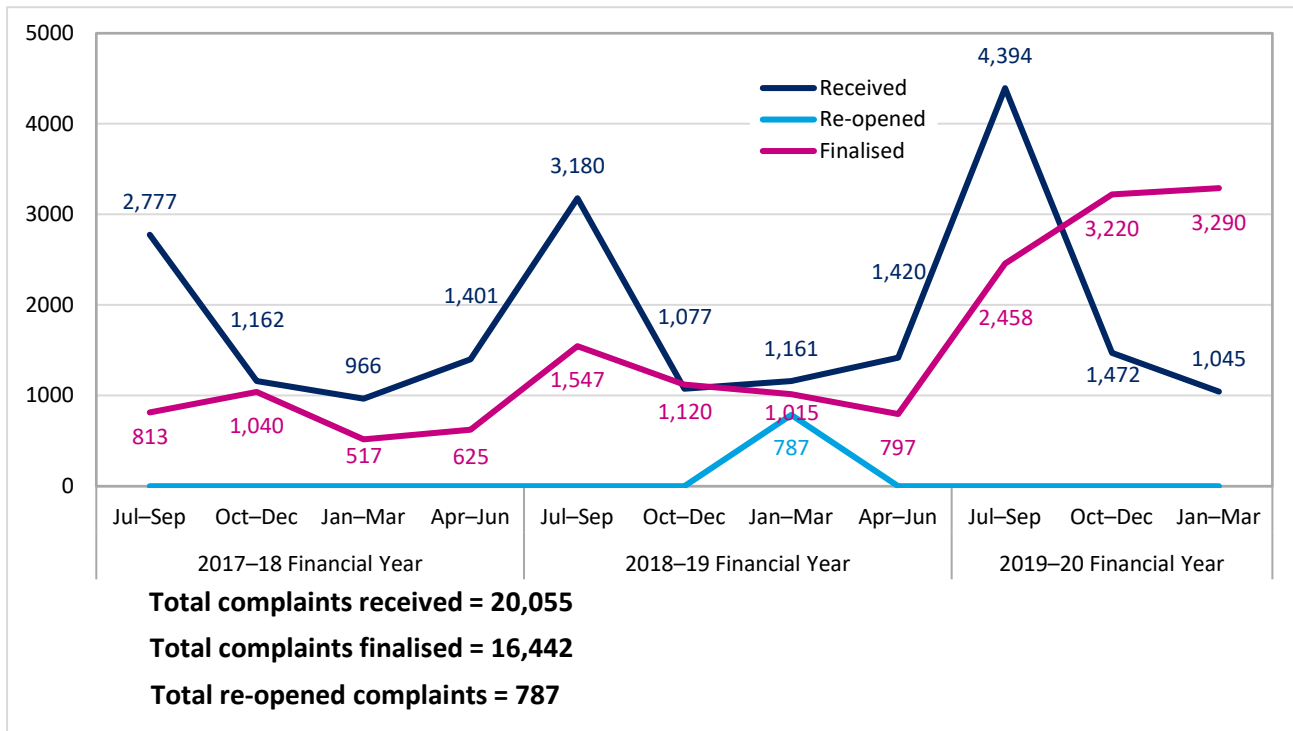
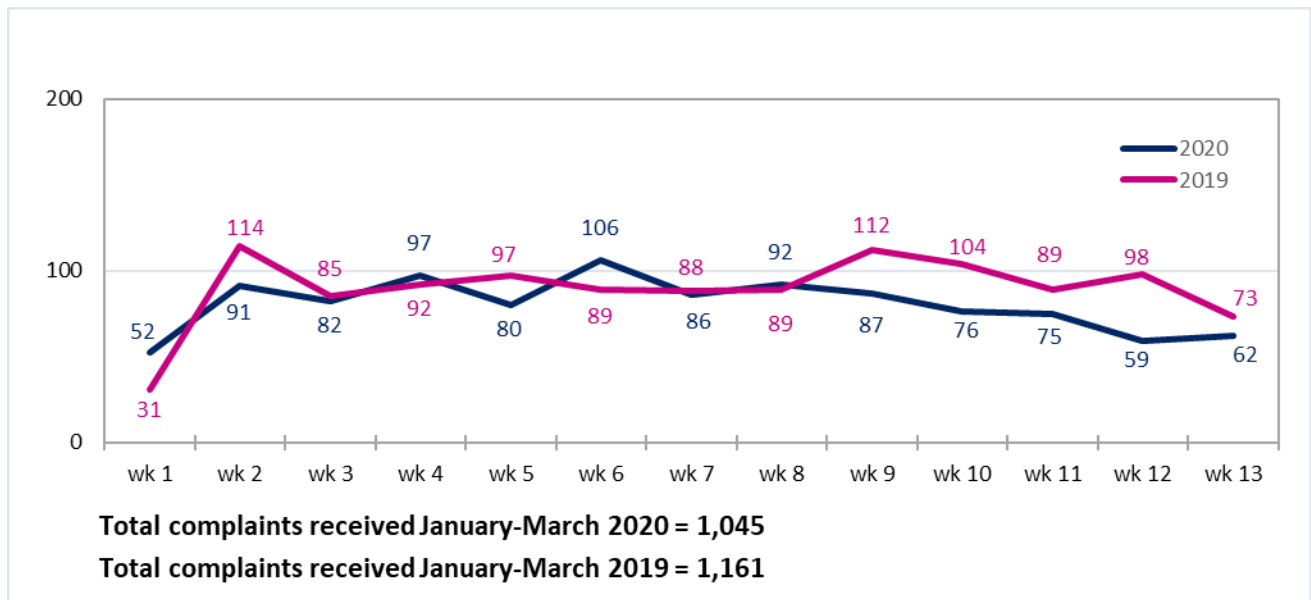


Figure 2 shows the number of complaints we received weekly during the quarter.

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



¹ In January 2019, we revisited complaints finalised in previous quarters that were eligible for consideration under the VET FEE-HELP Student Redress Measures (see page five). We identified 787 eligible complaints and subsequently re-opened these complaints for assessment under the redress measures.

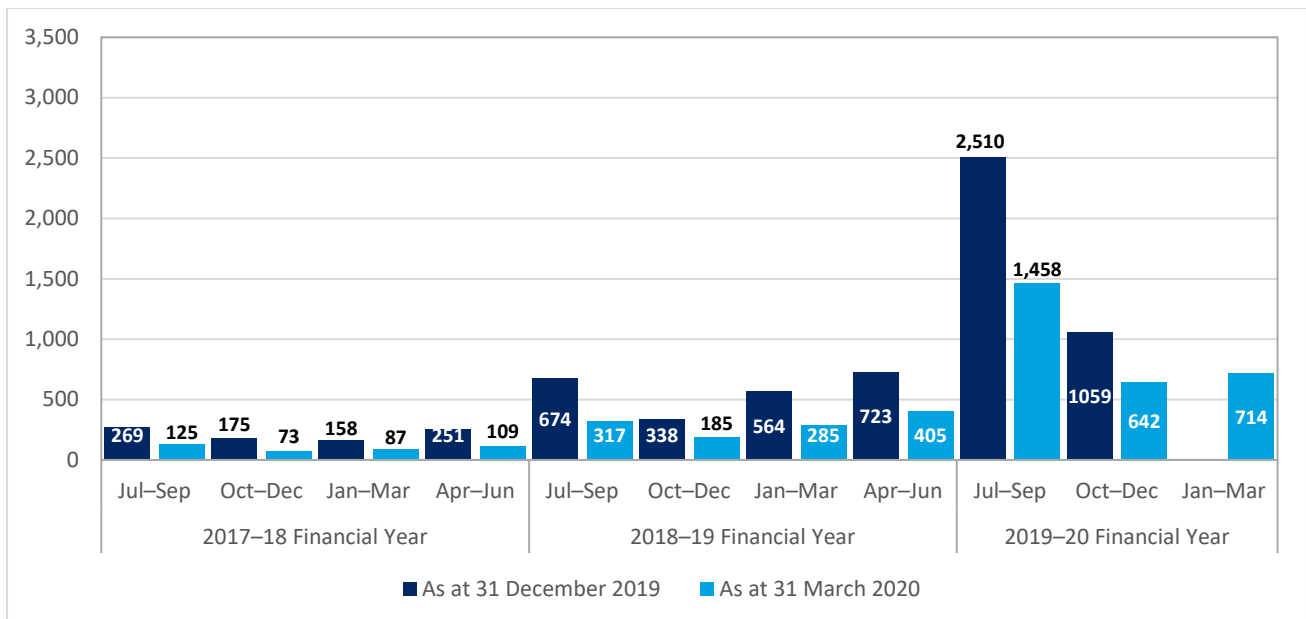
The Office finalises complaints if:

- the complainant can be directed to an external outcome 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
 - the provider has agreed to re-credit all or part of the complainant’s student loan, or
 - the department removes all or part of the complainant’s student loan as a result 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.

Finalised complaint outcomes, which are discussed below, give an indication of the proportion of complaints that may be dealt with by providers or other government agencies.

Figure 3 below shows complaints that were open as at 31 March 2020 by the quarter they were received compared to the previous quarter.

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

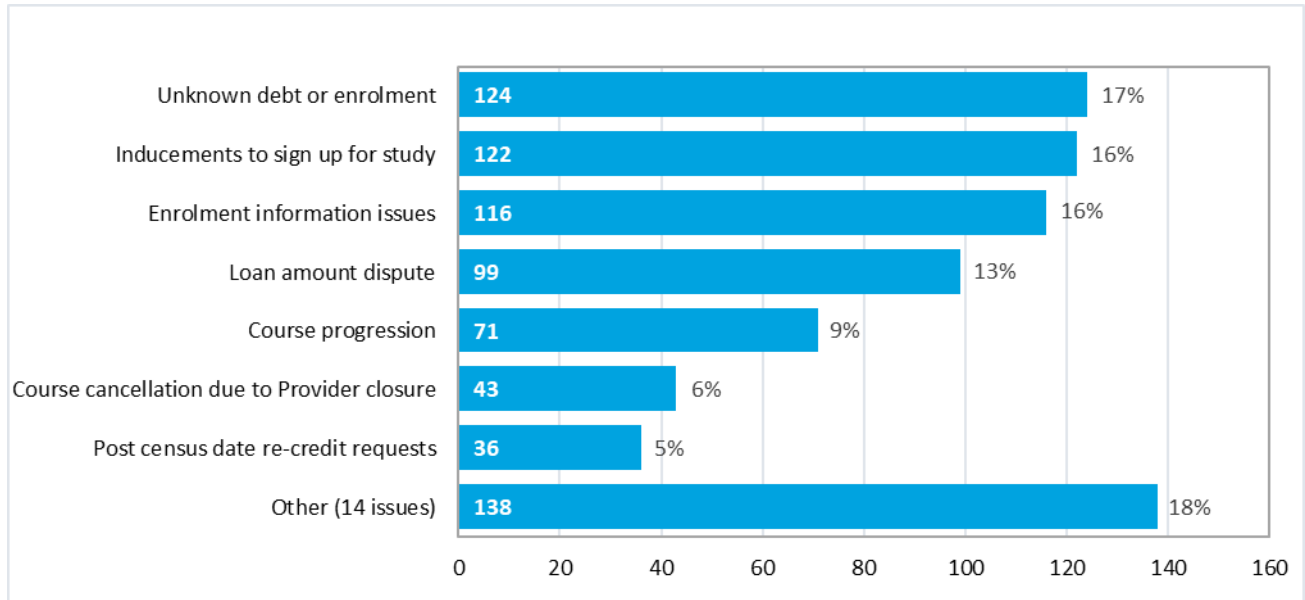


As at 31 March 2020, 394 VET FEE-HELP complaints received in the 2017–18 financial year remained open. This represents a decrease of 54 per cent compared to the previous quarter (853 complaints) and is a result of our targeted efforts to assess and finalise older complaints, reduce our complaint backlog 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 January–31 March 2020.

Figure 4—Issues in VET-FEE HELP complaints received and assessed during 1 January–31 March 2020



Actions taken to finalise VET FEE-HELP complaints

Table 1 below includes data for the 3,290 complaints finalised during 1 January–31 March 2020, including actions taken to finalise complaints. Table 1 below shows that the Office finalised 210 (6.4 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 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 register a new complaint for assessment.

Table 1—VET-FEE HELP complaints finalised between 1 January–31 March 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.	1,925	58.5%
The Office finalised complaints as a result of the department’s SIAs or tuition assurance re-credits.	918	27.9%
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.	210	6.4%
The complainant could not be contacted, did not respond to requests for information or did not wish to pursue their complaint.	192	5.8%
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, or • an action was reasonably open to a provider to take. 	29	0.9%
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.	16	0.5%
Total	3,290	100%

VET FEE-HELP Student Redress Measures

Information on the redress measures can be found [here](#). As at 31 March 2020, we had recommended the re-credit of VET FEE-HELP debts for 5,838 complaints, comprising 36,340 units of study under the redress measures. The total value of this debt was \$94.2 million, including \$78.6 million in tuition fees and \$15.6 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 \$1.2 billion in tuition fees. Over 5,100 of our complaints to date have had some or all units re-credited as a result of SIAs, which has assisted us to reduce our backlog of complaints. 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 31 March 2020, we had 4,400 open VET FEE-HELP complaints that require assessment. We reduced our complaints on hand by 34 per cent (2,247 complaints) during the quarter, down from 6,647 open complaints at 31 December 2019.

The reduction in complaints on hand is due in part to efficiencies noted in the October–December 2019 quarterly update, which continue to streamline our processing of the complaint backlog. We made 991 ‘block’ recommendations during the quarter, which comprised of 6,898 units. We continued to work closely with the department on the development of SIAs, minimising duplication of work. In a continuing effort to work through complaints numbers, we collaborated with the department to finalise key evidence tools used to inform our assessments of new providers and to meet the standard of proof in the recommendation process.

We continue to inform 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 their debt. We continue to offer affected complainants a deferment of compulsory student repayments through our arrangement with the Australian Taxation Office (ATO).

The redress measures currently have a sunset date of 31 December 2020, after which we cannot receive any new applications and the department cannot approve SIAs. We will continue to make recommendations in 2021 for complaints received prior to the sunset date.

In this quarter, we commenced outreach work to providers, community groups, peak bodies and other government agencies to promote the redress measures, highlighting the sunset date and requirement to make an application before 31 December 2020. We will also continue to work with the department to focus on SIAs before 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 January–31 March 2020, by provider

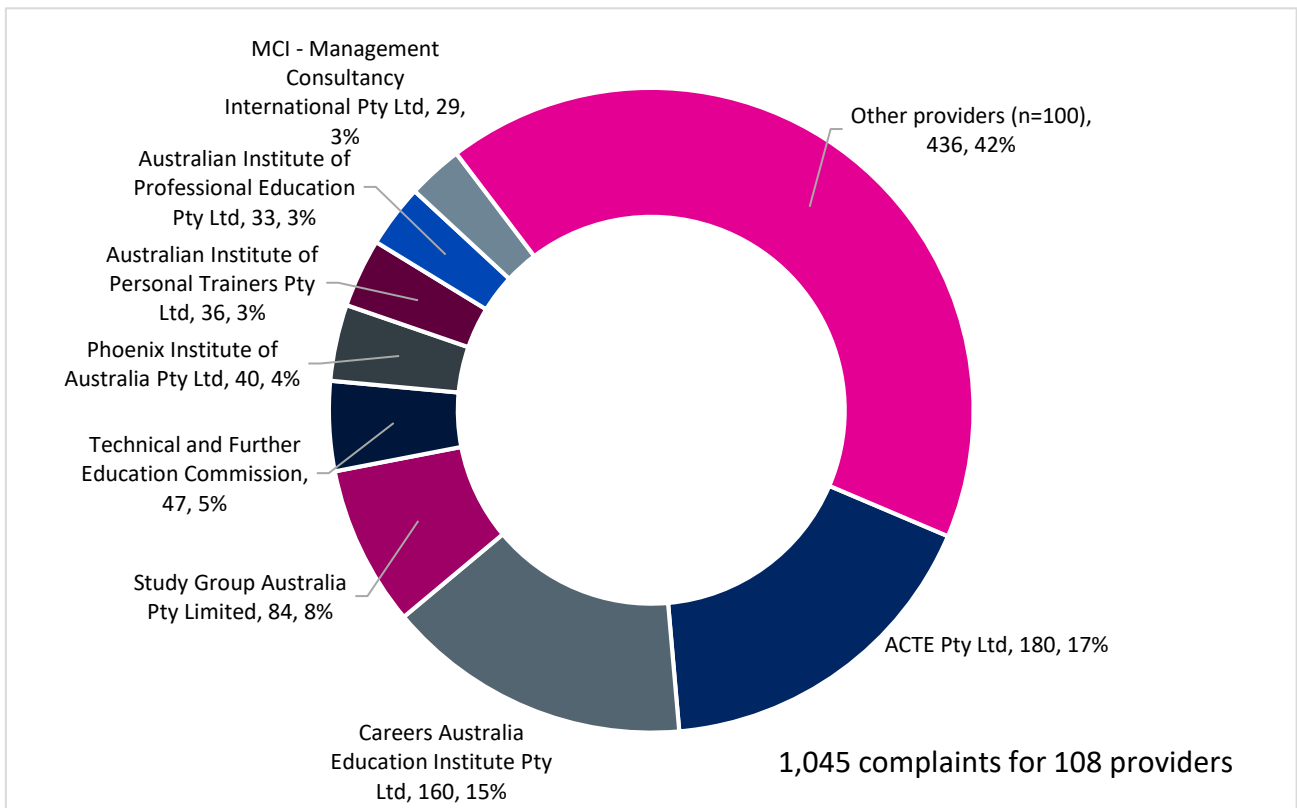


Figure 6—VET FEE-HELP complaints finalised during 1 January–31 March 2020, by provider

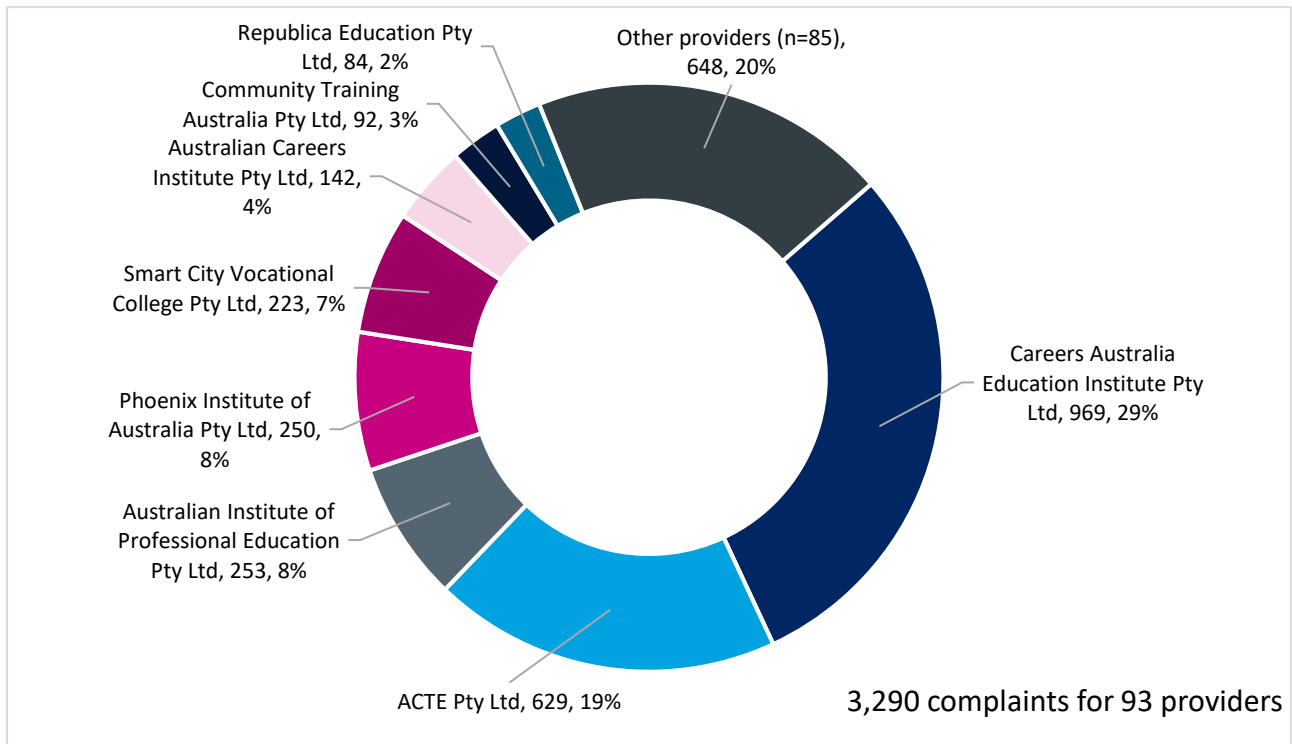
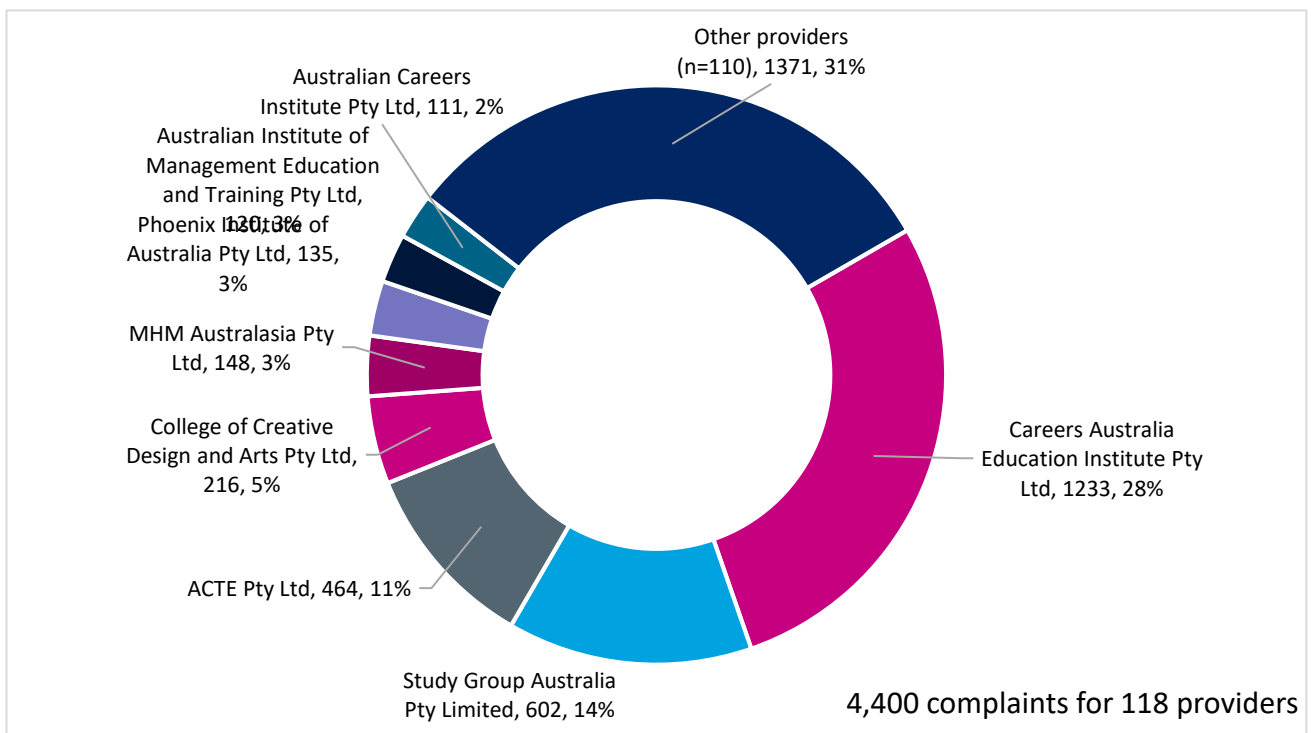


Figure 7—VET FEE-HELP complaints on hand as at 31 March 2020, by provider



Process to defer debts with the Australian Taxation Office

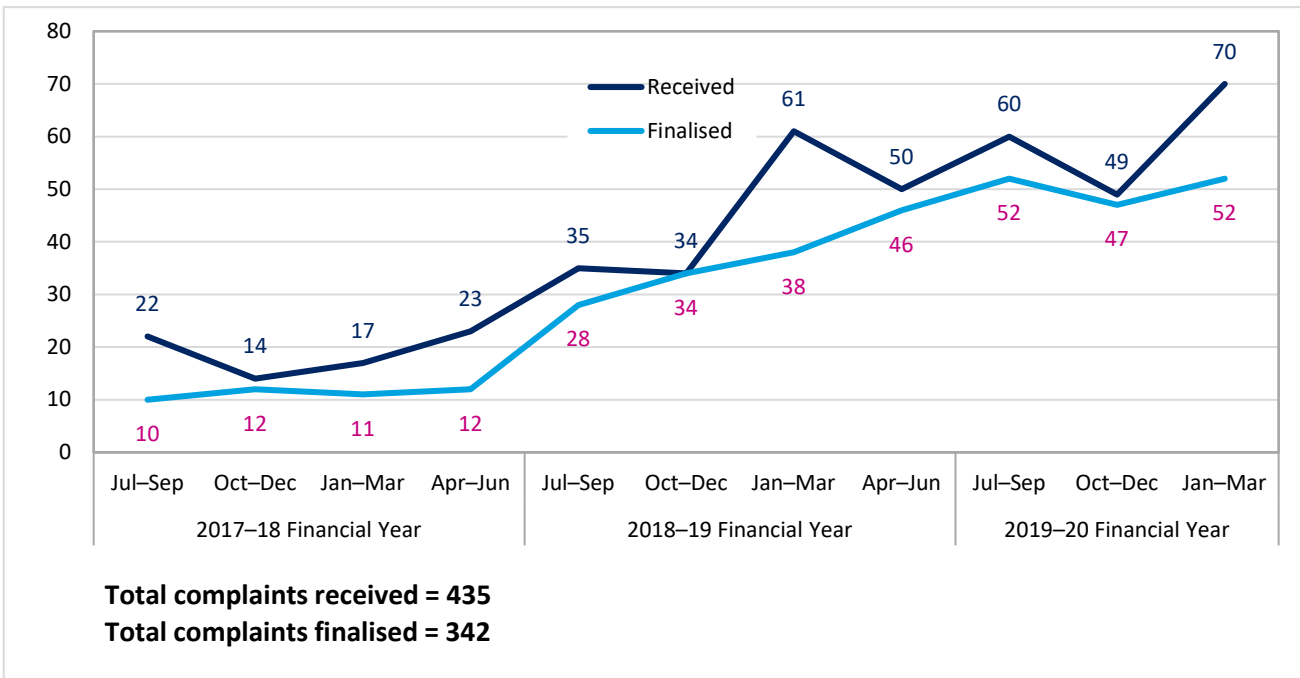
We have a formal arrangement with the ATO where complainants' compulsory student repayments may be deferred while we assess and investigate their VET FEE-HELP complaint. Complainants are made aware that the deferment is temporary, the debt remains and indexation continues to accrue unless the debt is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

VET Student Loans Program complaints

VET Student Loan complaints received and finalised

During 1 January–31 March 2020, we received 70 complaints relating to the VET Student Loan program. This compares with 61 complaints received about this program during the same quarter in 2019—an increase of 15 per cent. Figure 8 below shows the VET Student Loan complaints received and finalised since 1 July 2017.

Figure 8—VET Student Loan complaints received and finalised during 1 July 2017–31 March 2020

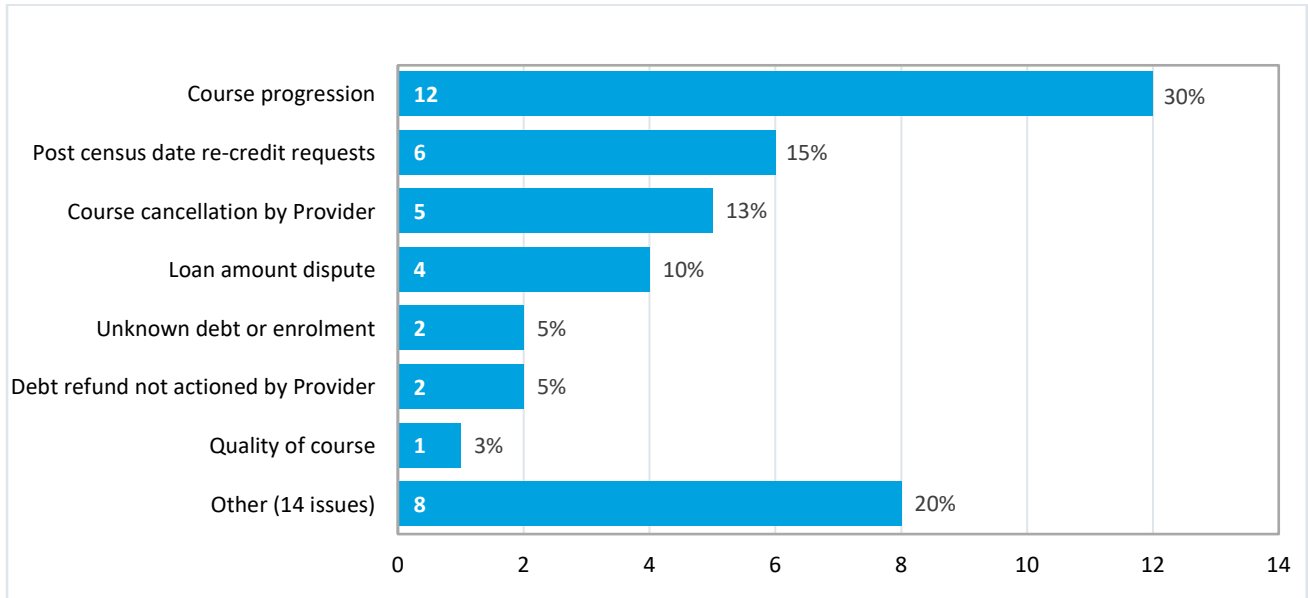


To date, we have not investigated many complaints regarding the VET Student Loan providers. This is because, in the majority of complaints received, the complainant had not yet followed the provider’s complaint handling or grievance procedure.

VET Student Loan complaint issues

The most common issues raised in complaints about the VET Student Loan program relate to course progression (30 per cent), post census date re-credit requests (15 per cent) and course cancellation by provider (13 per cent). Figure 9 below shows the issues identified in VET Student Loan complaints received and assessed during 1 January–31 March 2020.

Figure 9—Issues in VET Student Loan complaints received and assessed during 1 January–31 March 2020



VET Student Loan preliminary inquiries

Since 1 July 2017, the Office has made 21 preliminary inquiries of providers, including nine during 1 January–31 March 2020. Table 2 provides the outcomes of our preliminary inquiries as at 31 March 2020.

Table 2—Preliminary inquiry outcomes as at 31 March 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.	14
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.	2
Still being assessed as at 31 March 2020.	5

VET Student Loan complaint investigations

As at 31 March 2020, the Office had sent 10 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 31 March 2020, we had finalised six complaints following investigation, with two of these complaints resulting in a full or partial re-credit of a student’s VET Student Loan debt. Five investigations were open and under active assessment as at 31 March 2020.

Actions taken to finalise VET Student Loan complaints

Table 3 below includes data for the 52 complaints finalised during 1 January–31 March 2020, including actions taken to finalise complaints. Table 3 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 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 register a new complaint for assessment.

Table 3—Complaints finalised during 1 January–31 March 2020

Actions taken to finalise complaints	Total number of finalised complaints	% of finalised complaints
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	38.5%
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, or • an action was reasonably open to a provider to take. 	16	30.8%
The complainant could not be contacted, did not respond to requests for information or did not wish to pursue their complaint.	7	13.4%
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.	5	9.6%
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.	4	7.7%
Total	52	100%

Data and glossary of terms

This update provides data for the period 1 July 2017 to 31 March 2020. Our data is dynamic and regularly updated as new information comes to light. For this reason, there may be minor differences in data when compared to what was reported in the last quarterly update. Previous quarterly updates are available at the Ombudsman's [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>