



Quarterly Update 9: 1 July-30 September 2019

Executive Summary

This is the ninth 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.

This update covers the quarter 1 July–30 September 2019 and:

- provides an update on the implementation of the VET FEE-HELP Student Redress Measures
- provides statistical data on complaints received, finalised complaints and open complaints
- compares complaint data from 1 July–30 September 2019 and previous quarters
- describes progress made to date in finalising complaints.

Quarterly update at a glance

\$43.9m
debts
recommended for
re-credit

204% increase in
complaints



from last quarter

This quarter we
finalised
2,524
complaints an
increase of
199%
from last quarter

39% increase in
complaints received



compared
to the same time
last year

7,300
open complaints
pending
assessment
under redress
measures

VET FEE-HELP Student Redress Measures

From 1 January 2019, the function was expanded to assess complaints under the VET FEE-HELP Student Redress Measures (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. Initially, the Office submitted recommendations to remove individual VET FEE-HELP debts under the redress measures to the Department of Education and Training. However, 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) became 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.

As at 5 November 2019, the Office had recommended the removal of VET FEE-HELP debts for 2,429 complaints, comprising 16,206 units of study. The total value of this debt was \$43.9 million, including \$36.6 million in tuition fees and \$7.3 million in loan fees.

In addition to these recommendations, we collaborated with Employment in the development of Secretary Initiated Actions (SIAs) under the redress measures that have resulted in the removal of VET FEE-HELP debts for almost 36,000 students, for a total value of more than \$462 million.

As a result of these SIAs we were able to close over 2,000 of our complaints without further assessment, as complainants' debts had already been removed. While this is a more efficient process than undertaking a full assessment, it still requires the Office to confirm the debt has been re-credited, record the details of the re-credit and contact the complainant before closing the complaint.

As at 5 November 2019, the Office had approximately 7,300 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 continue our arrangement with the Australian Taxation Office (ATO) to enable compulsory student repayments to be deferred.

The Office has implemented efficiencies to increase the number of complaints processed under the redress measures. These include:

- Collaborating with Employment on the development of new SIAs, by providing evidence from complaints and sharing data between the two agencies.
- Reducing time spent on manual data entry by integrating the Office's systems with the Higher Education Information Management System (HEIMS), which hosts data about student loan debts.
- Using 'block recommendations', which involve a rapid assessment of a 'block' of complaints with similar characteristics against a defined and streamlined process, significantly reducing the time taken to assess these complaints.

Complaints

Complaints received and finalised

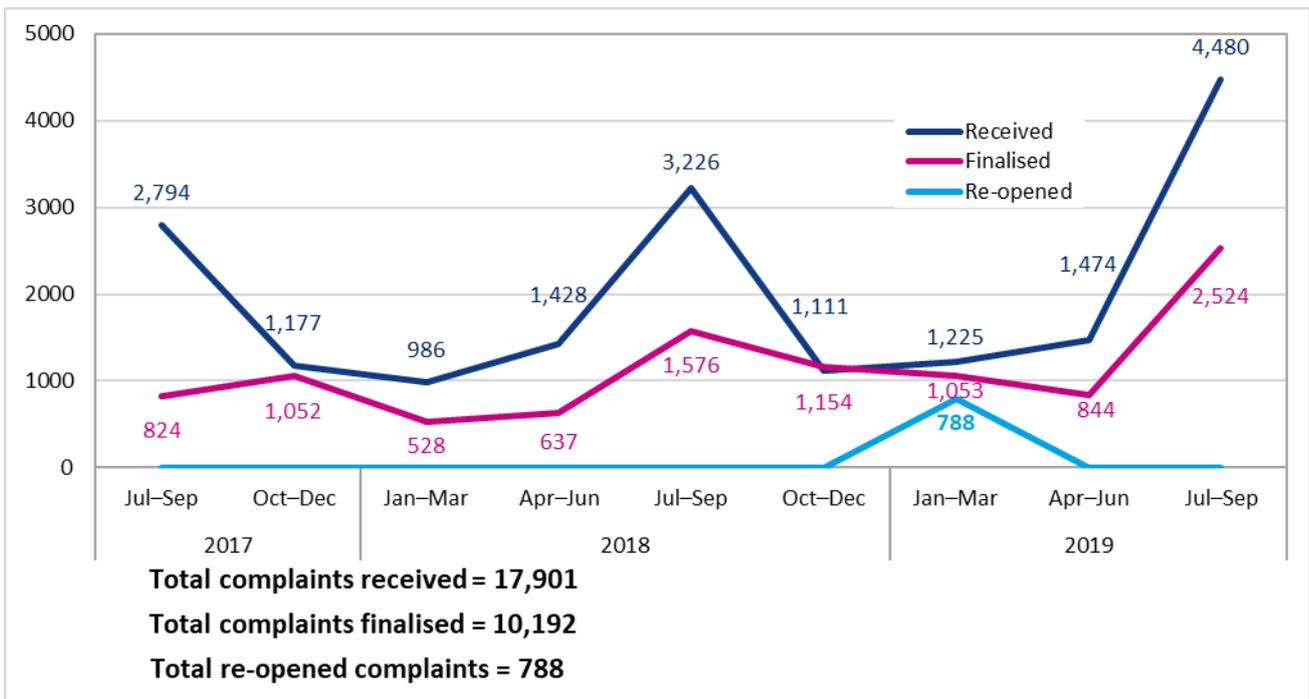
We received 4,480 VET loan assistance related complaints during 1 July–30 September 2019. This represented a 204 per cent increase compared to the 1,474 complaints received in the previous quarter.

We anticipated that we would receive an increase in complaints during this quarter, as students often learn they have debts during tax time. However we received 1,254 more VET loan assistance related complaints this quarter compared to the same period last year, which represented a 39 per cent increase. The increase of complaints received was likely due in part to the reduction in the income repayment threshold by \$3,917 to \$51,957.¹

We finalised 2,524 complaints during 1 July–30 September 2019, which was a 199 per cent increase compared to the 844 complaints finalised during the previous quarter. This significant increase in the finalisation of complaints is a result of our increased activity under the redress measures. This included the finalisation of 663 complaints as a result of Employment accepting our recommendation to re-credit VET FEE-HELP debts (we do not finalise complaints until we are advised of Employment’s decision), 771 complainants referred to their provider for consideration through the provider’s grievance procedures and the finalisation of 856 complaints as a result of Employment’s SIAs, and [tuition assurance](#) activities.

Graph 1 shows complaints received, re-opened complaints² and finalised complaints from 1 July 2017–30 September 2019.

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

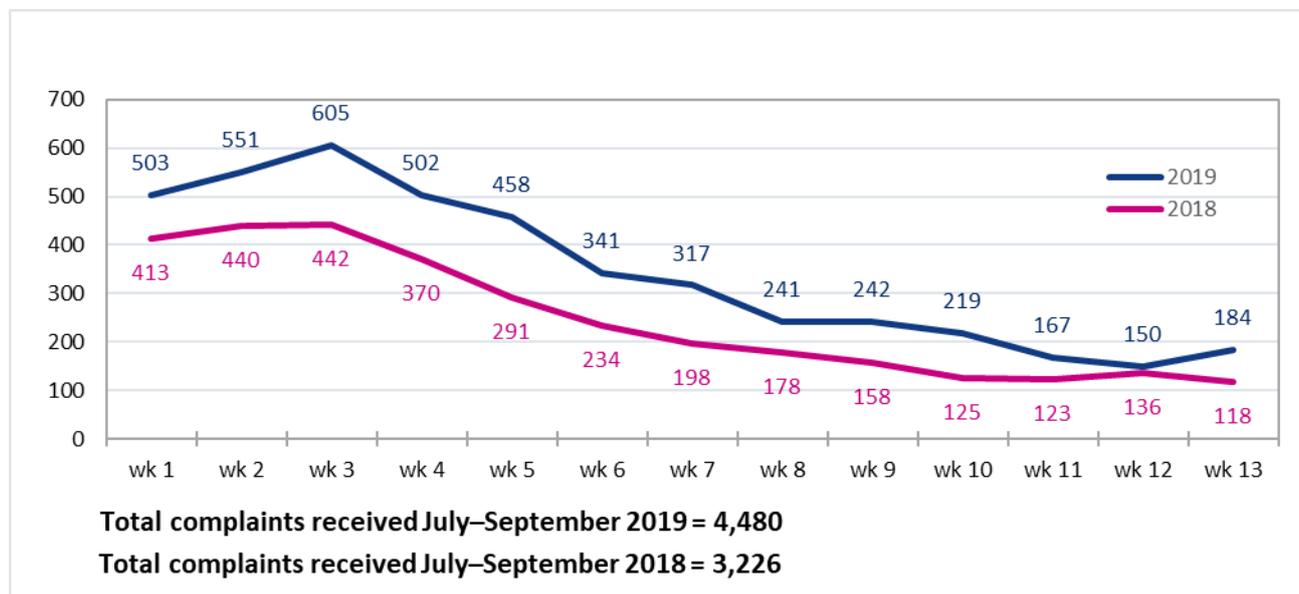


¹ Information available at <https://www.ato.gov.au/Rates/HELP,-TSL-and-SFSS-repayment-thresholds-and-rates/> (accessed on 1 November 2019).

² In January 2019, we revisited complaints finalised in previous quarters that are now eligible for consideration under the redress measures. We identified 788 eligible complaints and subsequently re-opened these complaints for assessment under the redress measures.

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

Graph 2: Complaints received weekly during July–September 2018 and 2019



Complaints by quarter received

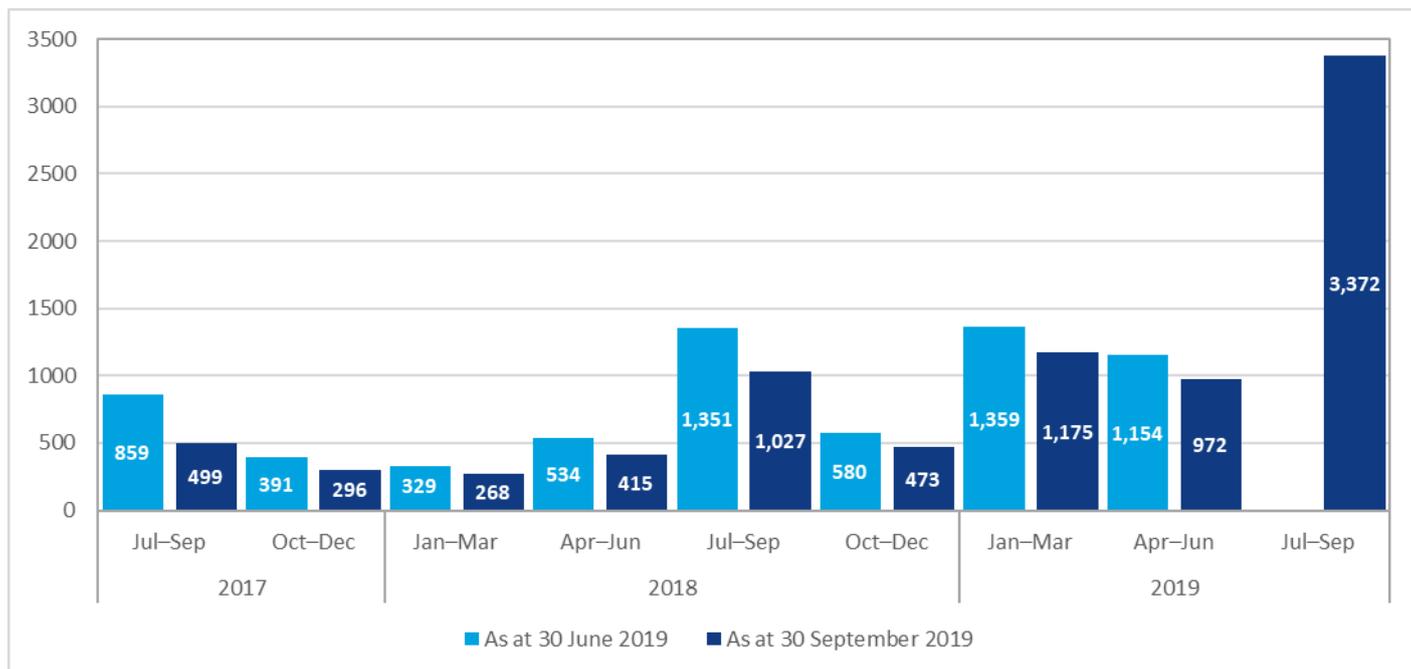
The Office finalises complaints if:

- 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
 - the provider has agreed to re-credit all or part of the complainant’s student loan, or
 - Employment removes all or part of the complainant’s student loan as a result of a Secretary Initiated Action under the redress measures.
- When Employment 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.

Finalised complaint outcomes, which are discussed on [page six](#), 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 September 2019 by the quarter they were received.

Graph 3: Open complaints by quarter received



As at 30 September 2019, 1,478 complaints received in 2017–18 remained open. This represents a decrease of 30 per cent compared to the previous quarter 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 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 September 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 September 2019

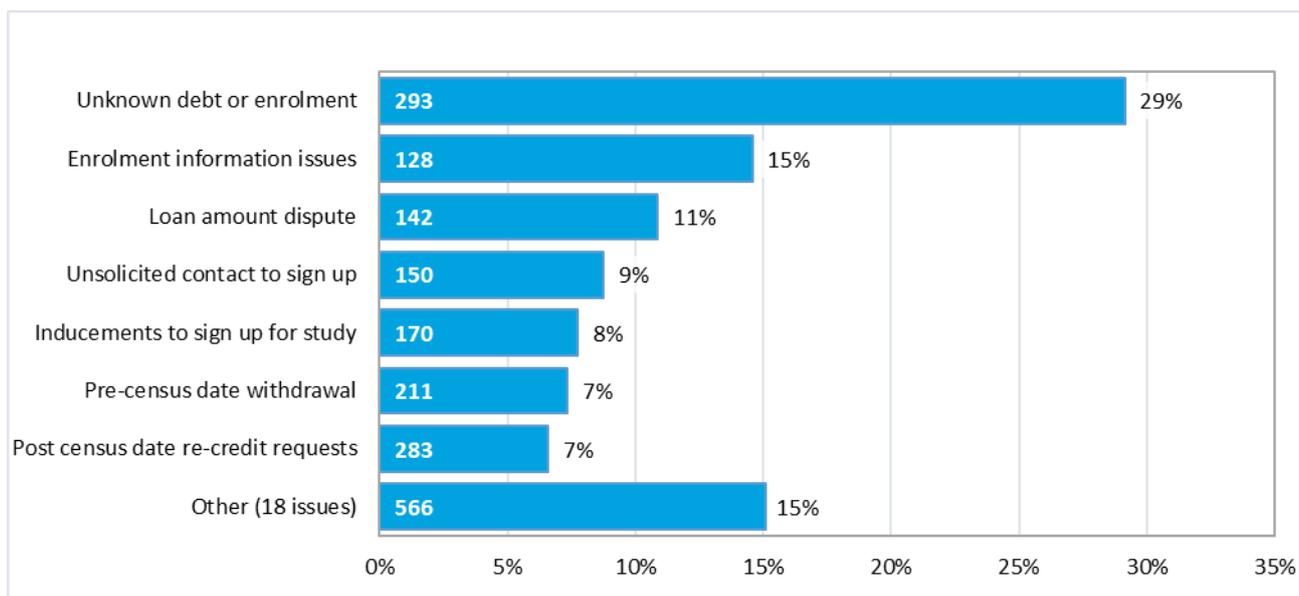
Category	Initial approach	Assessment	Further assessment/ investigation	Further investigation	Total
Open	33	6,071	2,328	65	8,497
Finalised	95	9,091	978	28	10,192

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 July-30 September 2019.

Graph 4: Most common issues in complaints received during July–September 2019



Outcomes for finalised complaints

Table 2 on [page seven](#) includes data for complaints finalised during 1 July–30 September 2019 including finalisation reasons.

Table 2 shows that the Office finalised 771 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 open a new complaint for assessment.

Table 2: Finalisation reasons for finalised complaints between 1 July–30 September 2019

Finalisation reasons	Total number of finalised complaints	% of finalised complaints
The Office finalised complaints as a result of Employment’s SIAs or tuition assurance re-credits.	856	34%
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.	771	30%
The Office finalised complaints after Employment made a decision on our recommendation under the redress measures.	663	26%
The complainant could not be contacted, did not respond to requests for information or did not wish to pursue their complaint, and as a result we decided not to investigate.	167	7%
<p>The Office finalised complaints when:</p> <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. 	49	2%
The complaint could be better dealt with through an external avenue such as Employment, 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.	18	1%

Preliminary Inquiries

As at 30 September 2019, the Office had made 91 preliminary inquiries of providers, including 9 made during 1 July–30 September 2019. Table 3 provides the outcomes of our preliminary inquiries as at 30 September 2019.

Table 3 – Preliminary inquiry outcomes as at 30 September 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.	66
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 September 2019.	10

Investigations

As at 30 September 2019, the Office had sent 250 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 2019, since the function commenced we had finalised 101 complaints after investigation, 50 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 July–30 September 2019, the Office referred 2,655 complainants to the ATO for deferment of their loan repayments for the 2017–18 financial year. In September 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.

Complaints relating to the VET Student Loans program

During 1 July–30 September 2019, we received 60 complaints relating to the VET Student Loans program. This compares with 37 complaints received about this program during the same quarter in 2018—an increase of 62 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 shows the status of complaints received about the VET Student Loans program between 1 July–30 September 2019.

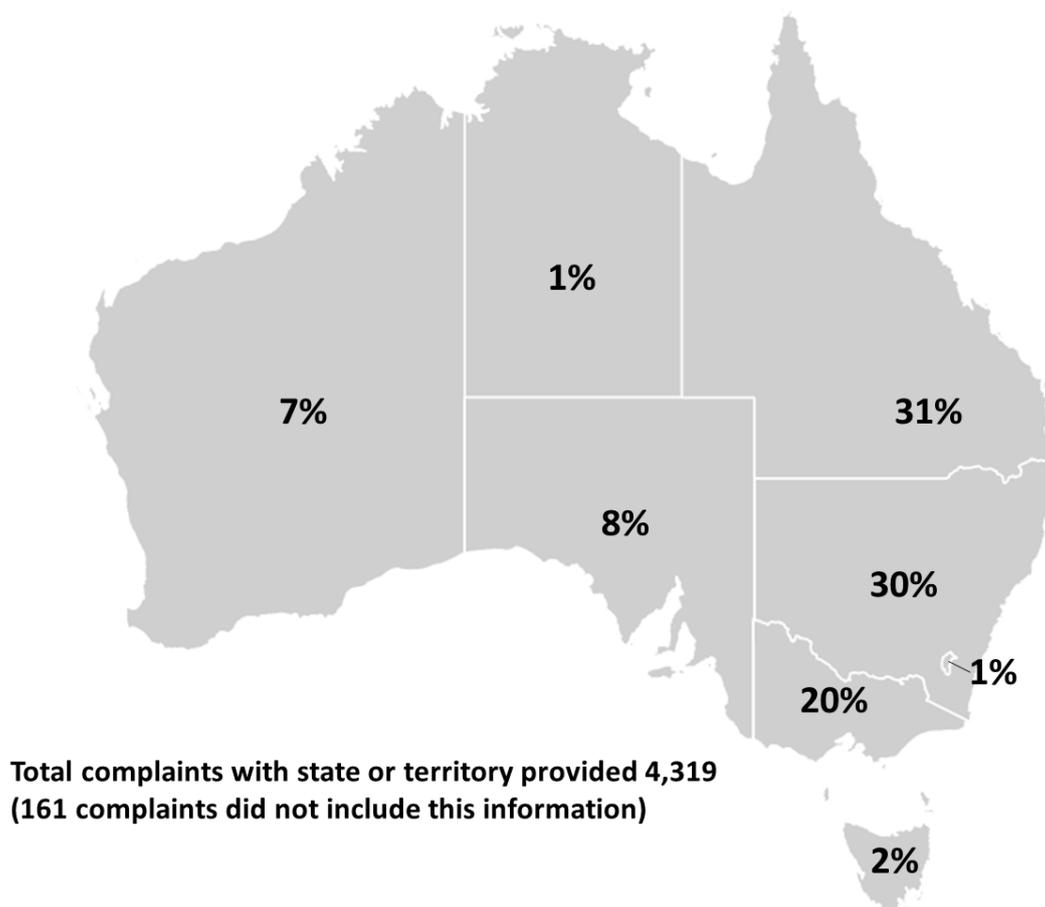
Table 4: Complaints received about the VET Student Loans program 1 July 2017–30 September 2019

Category	Initial approach	Assessment	Further assessment/ investigation	Further investigation	Total
Open	1	67	3	0	71
Finalised	6	249	1	1	257

Complaints by state and territory

During 1 July–30 September 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 July–30 September 2019



Data and glossary of terms

The data in this update provides data for the period 1 July 2017 to 30 September 2019, due to different extract dates, there may be minor differences in the data presented in this update in reference to complaint numbers from the last quarterly update. An explanation of the data presented in this update and a glossary of terms can be found on our [website](#).