

VET Student Loans

Quarterly Update 1 April to 30 June 2023

Annual Summary 2022–2023

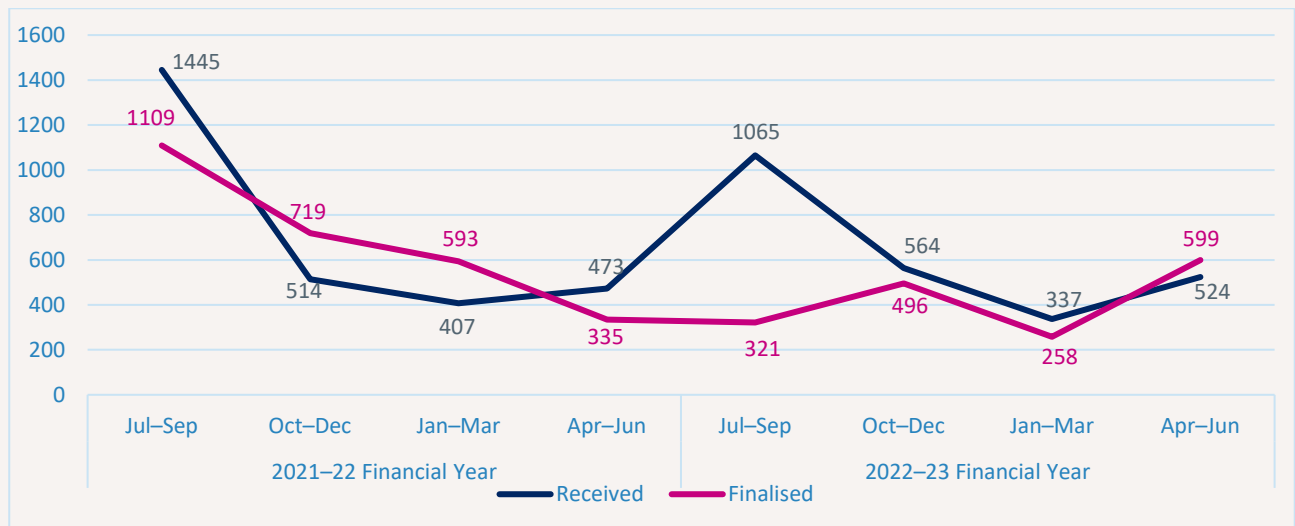
The Office of the Commonwealth Ombudsman's (the Office) role as the VET Student Loans Ombudsman commenced on 1 July 2017. We assess complaints about the former VET FEE-HELP scheme (which operated until 2017) and the current VET Student Loans program (which commenced in 2017).

VET FEE-HELP

Between 1 April 2023 and 30 June 2023, the Office received 524 VET FEE-HELP complaints. This was 11 per cent higher than the same period last year (473 complaints). During the quarter, we finalised 599 complaints, which was a 79 per cent increase compared to the 335 complaints we finalised in the same period last year. The increase can be attributed to the implementation of a new VET FEE-HELP strategy in February 2023, which aims to streamline and speed up the assessment of complaints under the Student Redress Measures ahead of the program's closure in December 2023.

On 30 June 2023, the Office had 2,357 open VET FEE-HELP complaints, a 53 per cent increase compared to 1,542 open complaints on 30 June 2022. The current caseload includes a high proportion of complaints about providers who are still operating (46 per cent). These types of complaints are more complex and take longer to finalise than complaints about closed providers. The Office is progressing assessments to finalise these outstanding VET FEE-HELP complaints by 30 June 2024.

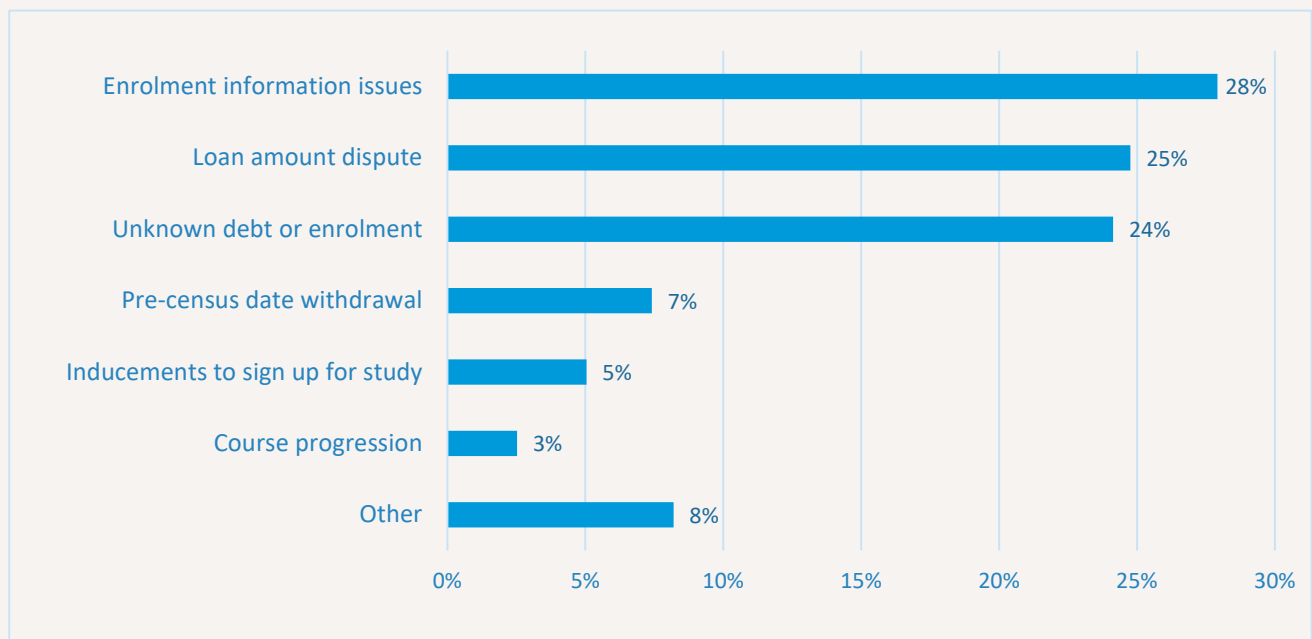
Figure 1: VET FEE-HELP complaints received and finalised



VET FEE-HELP complaint issues

Figure 2 shows the type and percentage of all issues we identified in the VET FEE-HELP complaints finalised during the quarter.

Figure 2: Issues in VET FEE-HELP complaints finalised during 1 April 2023 – 30 June 2023



VET FEE-HELP Student Redress Measures ending

The [Student Redress Measures](#) closed to new complaints on 31 December 2023. The Office will continue to assess complaints received before that date under the Student Redress Measures up until 30 June 2024.

Since the Student Redress Measures commenced on 1 January 2019 (and as at 30 June 2023), the Office has recommended the re-credit of VET FEE-HELP debts for 12,560 complaints, comprising 68,773 units of study. The total value was \$194.66 million.

VET Student Loans

Between 1 April and 30 June 2023, the Office received 51 complaints about VET Student Loans approved course providers. This compares to 49 complaints in the same period last year. Figure 3 shows the number of complaints the Office received about VET Student Loans providers during each quarter since 1 July 2020.

The Office receives complaints about operating providers and those that have stopped trading. Our approach to handling complaints may vary according to the provider's trading status. If the provider is operating, the Office usually requires the complainant to complete their provider's complaints process before we will assess the complaint.

Figure 3: VET Student Loans complaints received

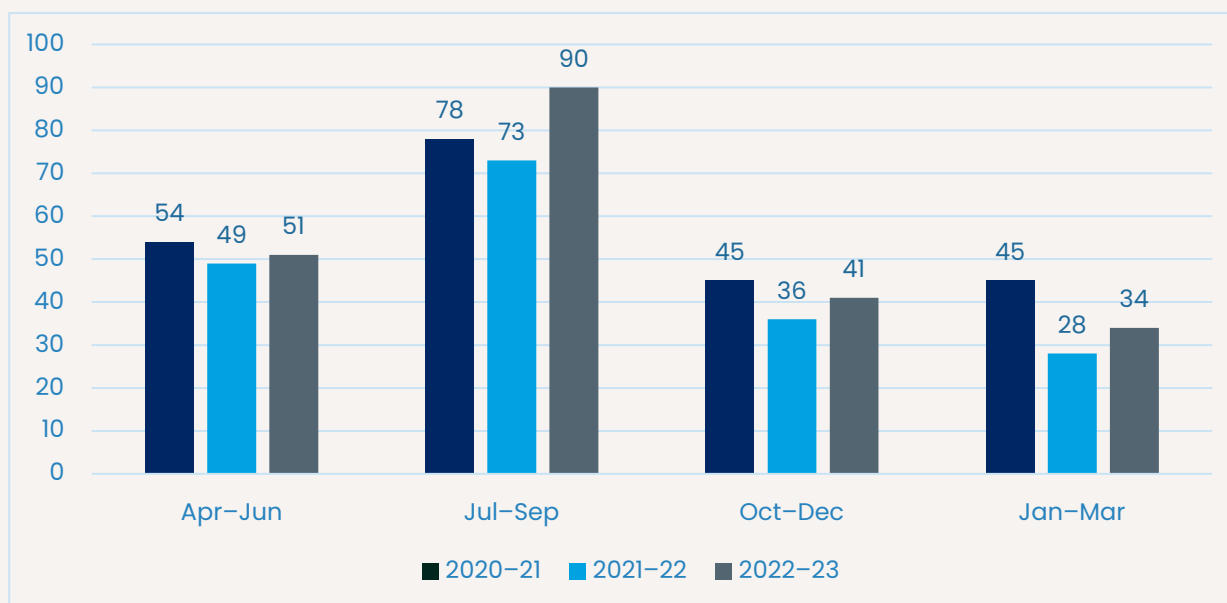
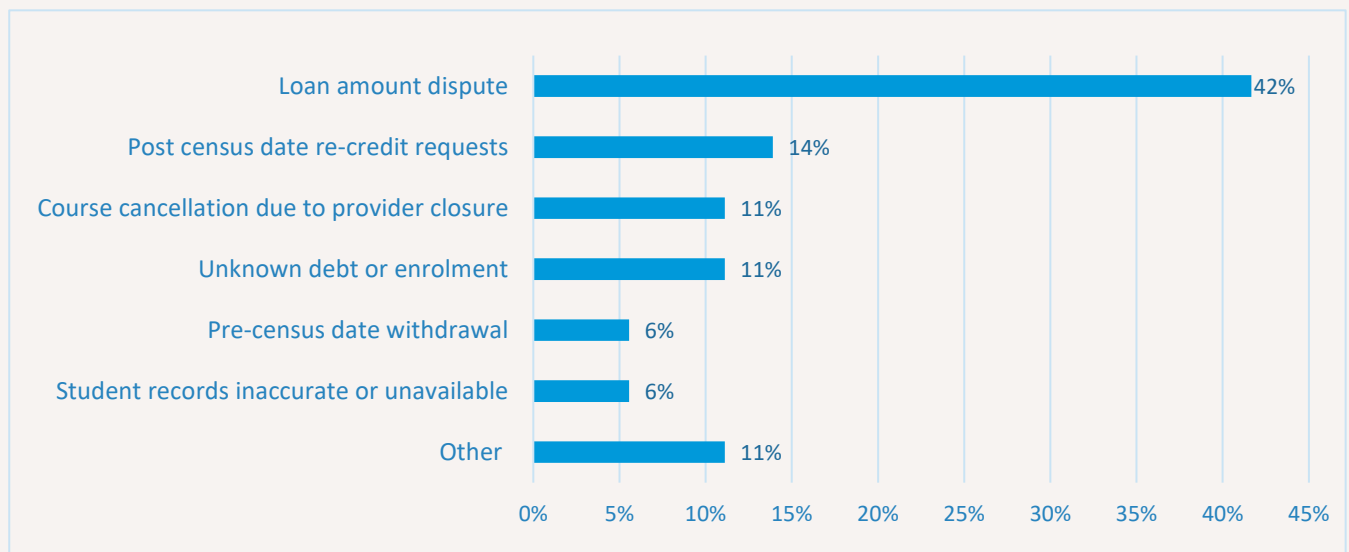


Figure 4 shows the issues identified in the VET Student Loans complaints the Office finalised during the quarter.

Figure 4: Issues in VET Student Loans complaints finalised during 1 April 2023 – 30 June 2023



Historic VET Loan Assistance records appearing on Australian Tax Office (ATO) records

In August 2022, a DEWR IT system update resulted in some historical VET FEE-HELP and VET Student Loans records belatedly appearing on student's ATO records. Impacted students were contacted by DEWR in September 2022, and again in November 2022. Further information is available on [DEWR's website](#).

The Office received several complaints about these debts. For complaints that disputed the debt itself, the Office assessed these as usual. Where complainants were dissatisfied with how DEWR managed the transfer of the debts to the ATO, the Office liaised with DEWR to understand how it was responding to individuals.

Case study

Eric enrolled in and completed a Diploma with a VET Student Loans approved course provider.

After completing the Diploma, Eric made a complaint to the provider about it contravening Australian Consumer Law (ACL), by engaging in misleading and deceptive conduct, as it:

- misled them about the fees for the Diploma by representing that all the fees excluding a small amount would be paid by the Government
- did not inform them of the range of payment options, and
- did not advise them that they were acquiring a VET Student Loan that would need to be paid back to the Government.

Eric also claimed the provider had engaged in unconscionable conduct, as:

- it only allowed two days to review the enrolment documents before executing and returning them, not allowing sufficient opportunity to review the documents and seek independent advice
- Eric was only 18 and did not understand the nature of what he was signing up for
- Eric was not given the opportunity to negotiate or seek further explanation on the terms and conditions
- the provider used its stronger bargaining position to pressure Eric to enrol under the prescribed terms and conditions in the enrolment pack.

Eric wanted a full re-credit for his VET Student Loan.

The provider did not agree that it had breached any statutory obligations under ACL, and upheld this decision upon appeal, as:

- its Letter of Offer and Statement of Fees clearly set out the tuition fee and how Eric could pay it
- it had given Eric the option of alternative payment methods before signing the documents
- Eric had initialled and signed documents that included the details of the fees, how they would be paid including information that the VSL would be payable to the Government upon reaching the income threshold

- Eric could have chosen to not sign the enrolment documents, cancel his enrolment within the 2-day cooling off period, or cancel before any of the census dates
- Eric confirmed he understood the enrolment documents
- the only pressure Eric was subject to was time, which resulted from Eric choosing a course commencing 2 days later
- Eric had completed the Diploma he enrolled in with no indication of undue influence or unwillingness to receive the services.

Our Assessment

Our investigation considered:

- the information provided by Eric and the provider
- the *VET Student Loans Act 2016* (VSL Act)
- the *VET Student Loans Rules 2016* (VSL Rules), and
- the Provider's Student Handbook.

Our assessment focused on whether the provider had engaged in unacceptable conduct and followed the VSL Act and VSL Rules correctly. Breaches of the ACL can only be determined by a Court however the Office can consider whether a VET Student Loans provider's actions or decisions appear contrary to any law including ACL. The Office may also consider whether a provider's actions or decisions appear to be unjust, unreasonable, or wrong in all the circumstances.

Outcome

The Office found that the provider did not appear to have engaged in unacceptable conduct, substantially followed the VSL Act and VSL Rules correctly, and appeared to have acted reasonably in the circumstances, as:

- The provider adequately informed Eric about his financial liability in the Letter of Offer which he and his parent (as witness) had signed. The letter set out the applicable fees including the VSL amount.
- The provider sent Eric invoice notices which reflected the VSL debt Eric would incur, and his option to cancel his enrolment before census dates if he did not want to incur the VSL for that study period.
- Eric successfully completed and attained the Diploma and the provider incurred costs in providing this service.



Annual Summary

1 July 2022 to 30 June 2023

Between 1 July 2022 and 30 June 2023:

- We received 2,490 VET FEE-HELP complaints, a 13 per cent decrease compared to 2021–22.
- We received 224 VET Student Loan complaints, a 24 per cent increase compared to 2021–22.
- We finalised 1,906 VET Loan assistance (VET FEE-HELP scheme and VET Student Loans) complaints.
- The number of open complaints on hand increased by 51 per cent, from 1,602 on 30 June 2022 to 2,420 on 30 June 2023. The caseload included a high proportion of complaints about providers who are still operating (47 per cent). These types of complaints are more complex and take longer to finalise than complaints about closed providers.
- We developed and released resources to support signatories to the VSL Code of Practice, including a self-assessment checklist and a logo.
- We conducted outreach:
 - On digital and social media platforms to increase awareness of Redress Measures and the need for applications to be lodged with the Office by 31 December 2023.
 - Through delivery of 4 information sessions to Financial Counsellors about our role, including VFH and VSL complaint handling processes.
 - Through delivery of a Better Practice Complaint Management workshop to a VSL approved course provider.

During the 2023–24 financial year, we are focusing on:

- Assessing existing VET FEE-HELP complaints and any new complaints received by 31 December 2023 under the Student Redress Measures.
- Continuing to improve our complaint handling processes.
- Continuing outreach and developing resources to support VSL approved education providers.



VET Loan Assistance complaint issues

Figures 5 and 6 show the type and percentage of all issues we identified in VET Loan Assistance complaints finalised during 2022-23.

Figure 5: Issues in VET FEE-HELP complaints finalised during 1 July 2022–30 June 2023

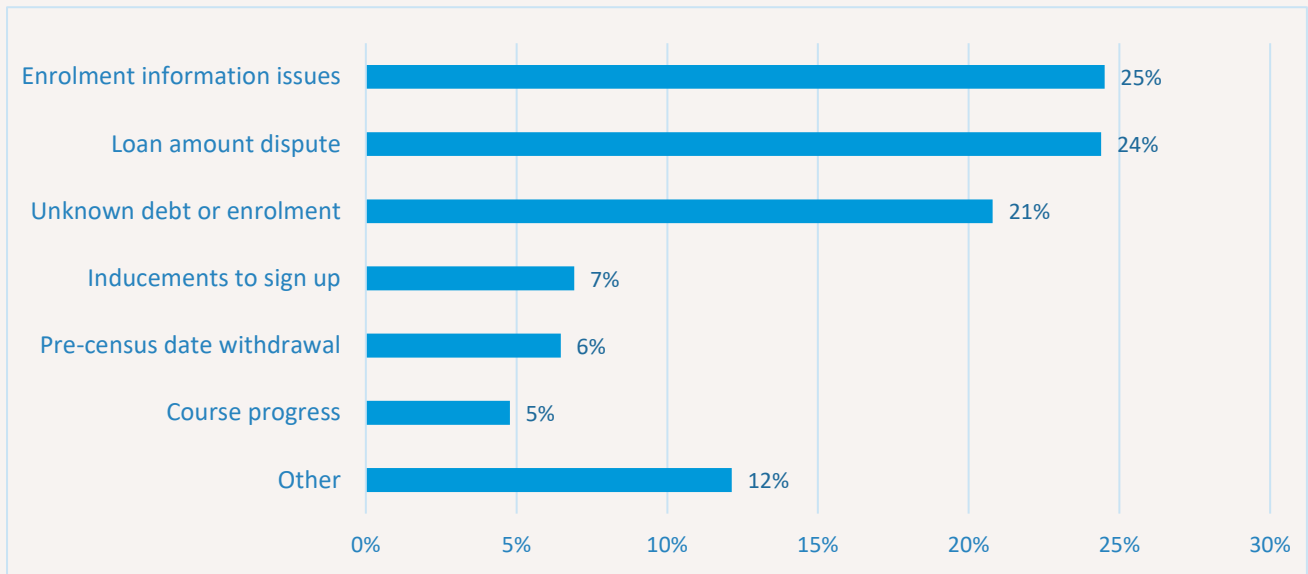
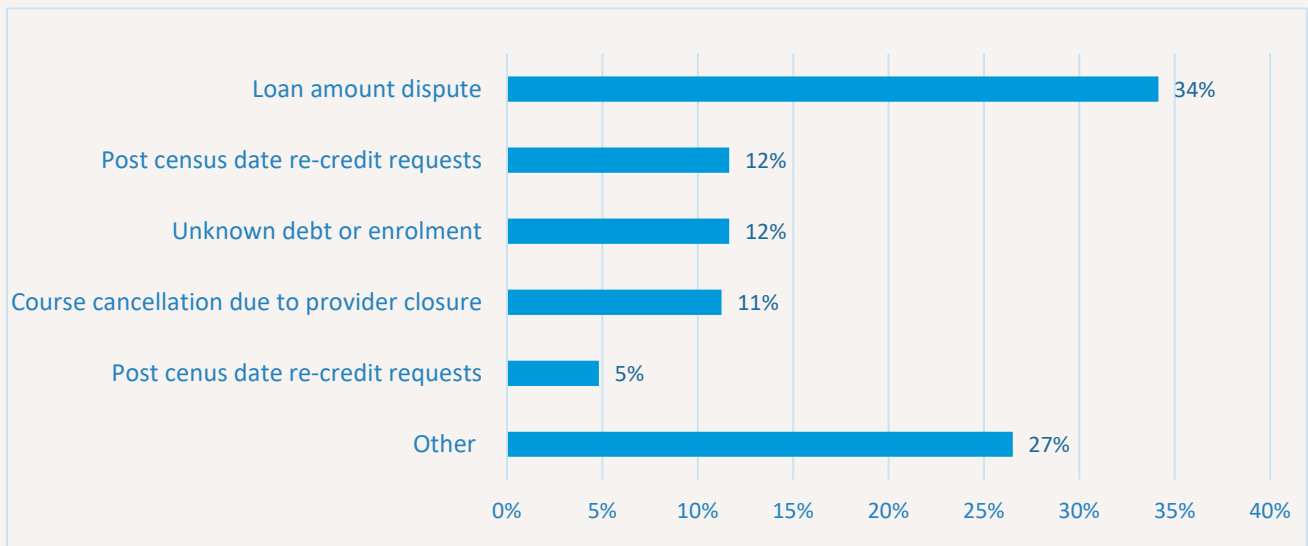


Figure 6: Issues in VET Student Loans complaints finalised during 1 July 2022–30 June 2023



Data and glossary of terms

Refer to [Data and Glossary summary: VET Student Loans Ombudsman quarterly updates](#) for definitions of complaints, issues and other terms.

The quarterly data in this update covers the period 1 April 2023–30 June 2023. Our data is dynamic and may be updated if 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 on the Ombudsman's [website](#).

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