

VET Student Loans

Quarterly Update 1 July to 30 September 2023

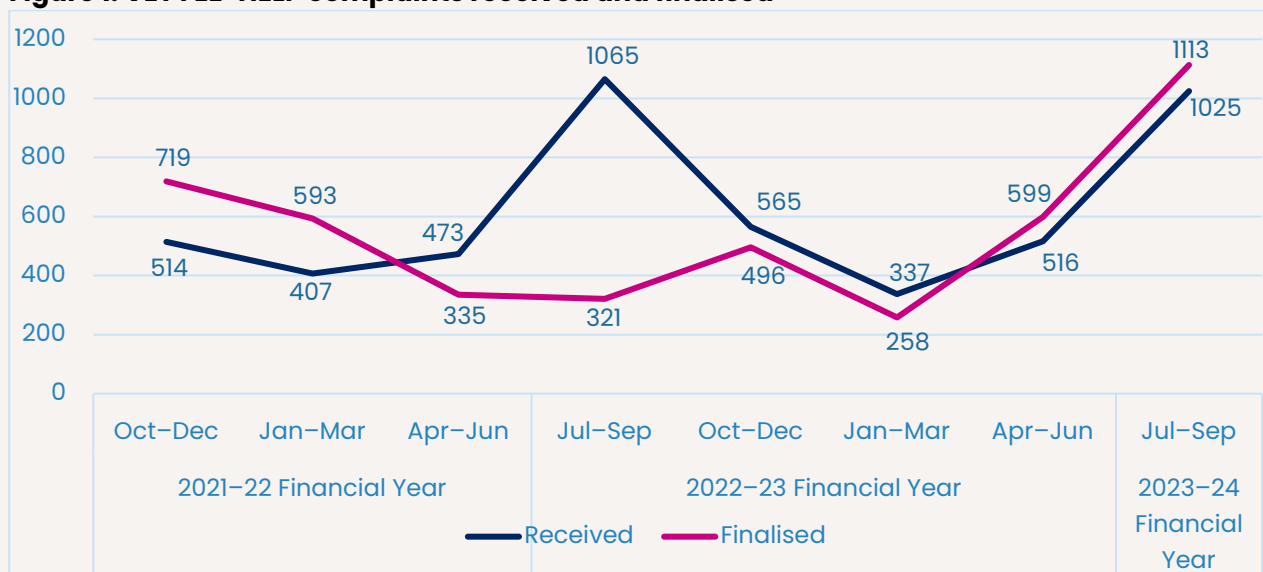
The Office of the Commonwealth Ombudsman's (the Office) role as the VET Student Loans Ombudsman commenced on 1 July 2017. We assess complaints about the former VET FEE-HELP scheme (which operated until 2017) and the current VET Student Loans program (which commenced in 2017).

VET FEE-HELP

Between 1 July 2023 and 30 September 2023, the Office received 1,025 VET FEE-HELP complaints. This was similar to the same period in 2022 when we received 1,065 complaints. During the quarter, we finalised 1,113 complaints – an 86 per cent increase compared to the 599 complaints finalised last quarter. The increase can be attributed to the ongoing implementation of the Office's VET FEE-HELP strategy which has significantly improved the speed of assessment of complaints under the Student Redress Measures, in anticipation of the program's closure in December 2023.

On 30 September 2023, the Office had 2,269 open VET FEE-HELP complaints, which is a reduction of 4% on the 2,357 complaints that were open on 30 June 2023. The current caseload includes a high proportion of complaints about providers who are still operating (53 per cent). These types of complaints are more complex and take longer to finalise than complaints about closed providers.

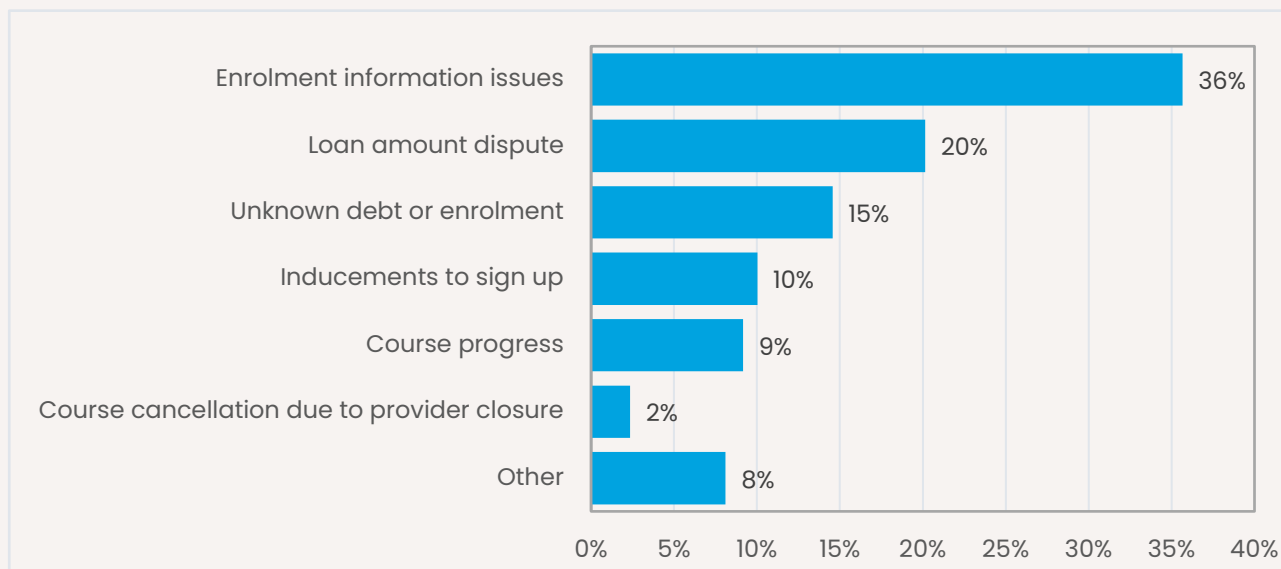
Figure 1: VET FEE-HELP complaints received and finalised



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 July 2023 – 30 September 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 September 2023), the Office has recommended the re-credit of VET FEE-HELP debts for 13,060 complaints, comprising 70,790 units of study. The total value was \$201.41 million.

VET Student Loans

Between 1 July and 30 September 2023, the Office received 90 complaints about VET Student Loans approved course providers. This is consistent with the complaints we received in the same period last year (91). Figure 3 shows the number of complaints the Office received about VET Student Loans providers during each quarter since 1 July 2021.

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

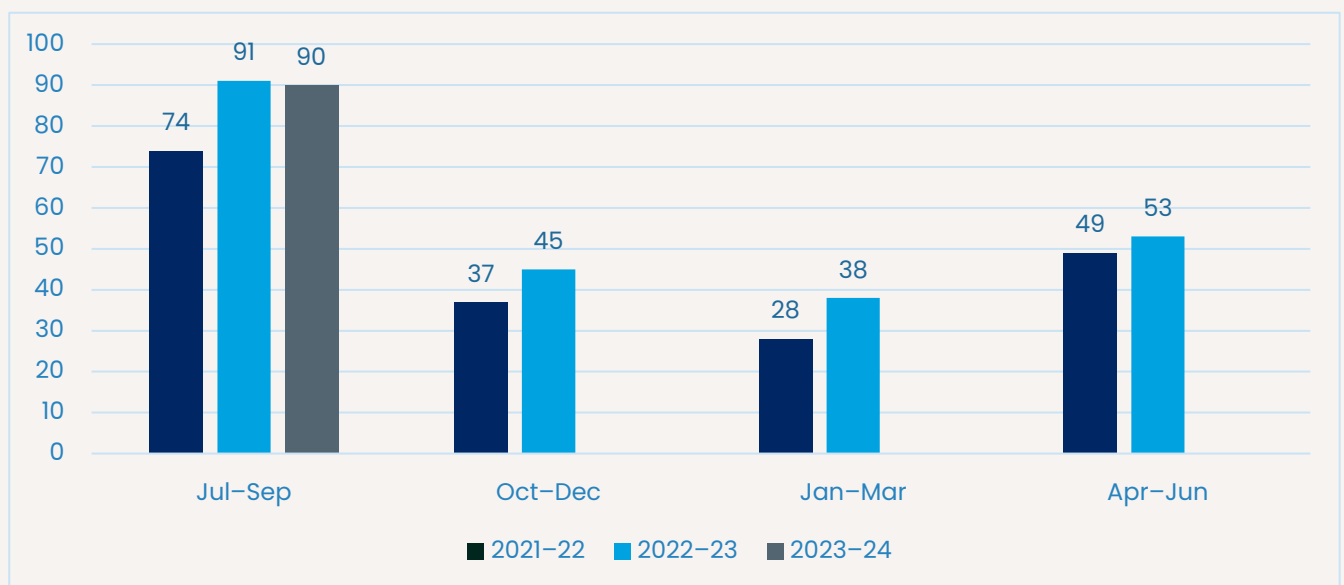
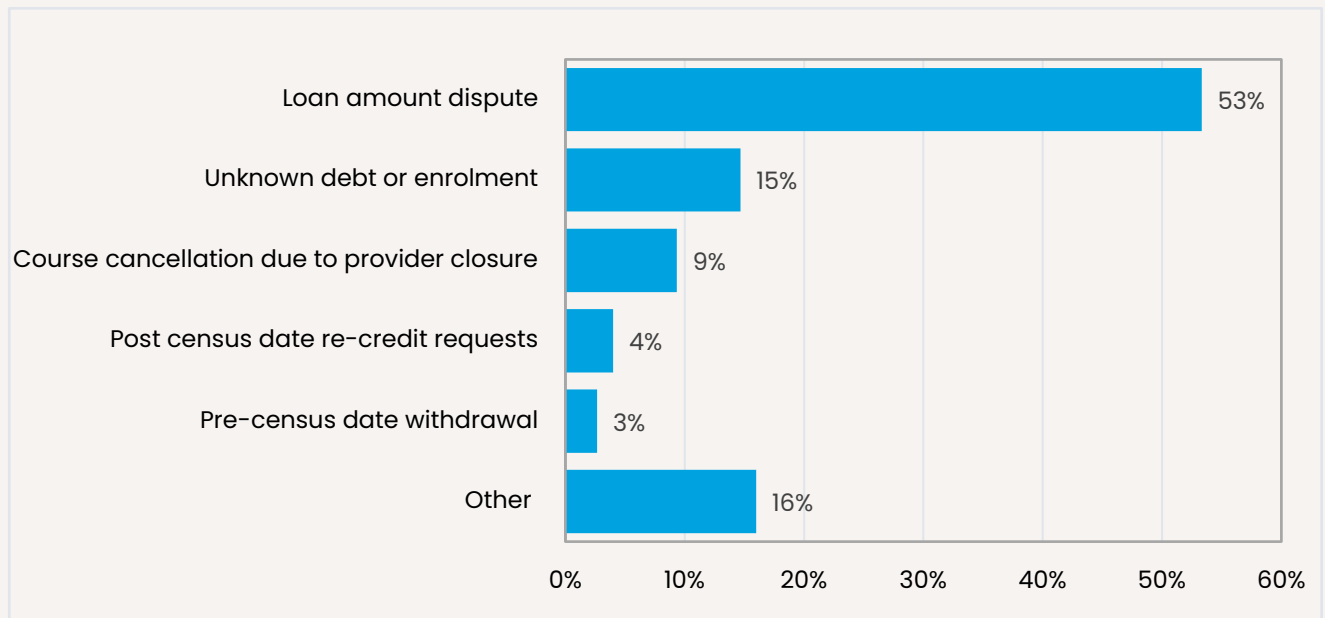


Figure 4 shows the issues identified in the VET Student Loans complaints the Office finalised during the quarter.

Figure 4: Issues in VET Student Loans complaints finalised during 1 July 2023 – 30 September 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, [here](#).

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.

Importance of clear and accurate fee information

Kylie became unemployed during COVID-19 and enrolled in a 2-year diploma. She expected this to be fully subsidised by her State government, but her provider informed her there were no fully subsidised places left. The only suitable option for Kylie was to pay using a VET Student Loan (VSL).

Kylie understood that she enrolled in the course at a partially subsidised rate of \$10,000, to be paid for with the VSL.

Halfway way through the course, Kylie's provider sent her an email to say she had exceeded the loan cap for the course and would need to pay an outstanding fee. After speaking to her provider, Kylie re-enrolled in a fully subsidised place but the VSL she incurred in her first year still applied. The loan amount was higher than Kylie expected, so she complained to her provider.

The provider informed Kylie that she was initially enrolled as a 'fee-for-service' student with a total course fee of \$21,000, so no subsidy applied to her first year fees and she had been charged correctly.

Kylie was not satisfied with this outcome and complained to the Office.

In investigating this complaint, the Office considered whether the provider had given Kylie correct information about the fees and subsequent VSL she would incur. While the correct course fee of \$21,000 was on the VSL application, later fee statements included both fee-for-service and subsidised fee amounts and showed the total course fee as the subsidised amount.

In its response to the Office, the provider acknowledged there was an incorrect fee amount on one of the fee notices due to an administrative error but commented that Kylie could have raised the fee issue within the required timeframes if she was concerned.

Outcome

The Office considered it reasonable that Kylie did not raise this issue earlier, given the total course fee amount on several fee notices corresponded with the amount she expected to pay.

The Office also found that the provider charged its 'fee-for-service' students a significant gap fee that was not clearly outlined in the documents it gave Kylie. As a result, Kylie was not fully informed of either her total VSL amount or her obligation to pay gap fees.

The Office viewed that the information gaps and inconsistencies had an adverse effect on Kylie, as she did not understand the higher fee would apply to her studies. Breaches of the VSL legislation having an adverse effect on students can result in re-credits. The Office asked the provider to re-credit Kylie the difference between the fee-for-service rate it had charged, and the rate Kylie expected to be charged.

The provider agreed to this remedy and re-credited the difference.

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 July 2023–30 September 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](#).

Please note: This document is intended as a guide only. For this reason, the information should not be relied on as legal advice or regarded as a substitute for legal advice in individual cases. To the maximum extent permitted by the law, the Commonwealth Ombudsman is not liable to you for any loss or damage suffered as a result of reliance on this document. For the most up-to-date versions of cited Acts, please refer to the [Federal Register of Legislation](#).

For more information visit ombudsman.gov.au or call 1300 362 072.

