

## Quarterly Update 10: 1 October–31 December 2019

### Executive Summary

This is the tenth 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 October–31 December 2019 and:

- provides statistical data on complaints received, finalised complaints and open complaints including the providers related to these complaints
- compares complaint data from 1 October–31 December 2019 and previous quarters
- describes progress made to date in finalising complaints.

## Quarterly update at a glance

**\$58.6m**  
 debts  
 recommended for  
 re-credit

**21%** decrease of  
 complaints on hand



from last quarter

This quarter we  
 finalised  
**3,271**  
 complaints an  
 increase of  
**30%**  
 from last quarter

**36%** increase in  
 complaints received



compared  
 to the same time  
 last year

**6,647** open  
 VET FEE-HELP  
 complaints  
 pending  
 assessment

## Complaints

### Complaints received and finalised

We received 1,514 VET loan assistance related complaints during 1 October–31 December 2019, 66 per cent less than the 4,471 complaints received in the previous quarter. This decrease was anticipated after the peak experienced in the September quarter and is consistent with complaint numbers in the previous two years as depicted in Figure 1.

We received 403 more VET loan assistance related complaints this quarter compared to the same period last year, which represented a 36 per cent increase. This increase may be due to the tax threshold decrease outlined in our [last update](#), as well as media reports of our ongoing work to resolve these complaints.

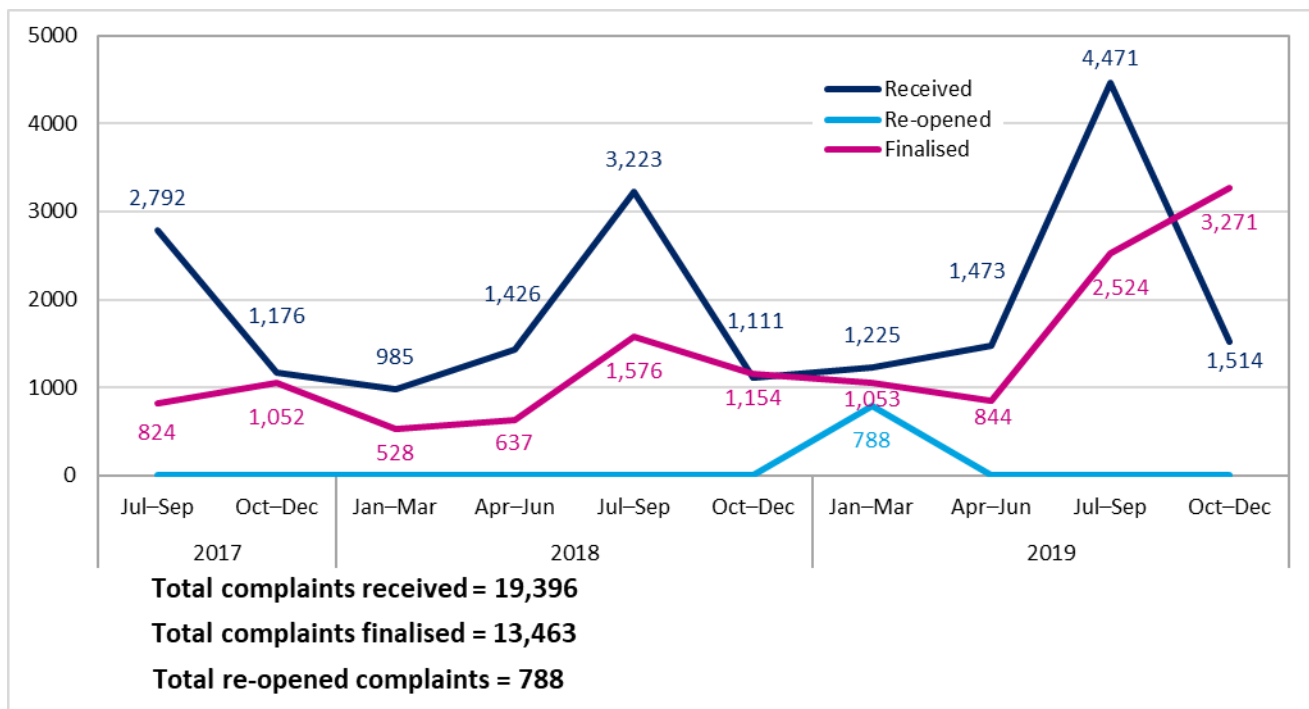
From 1 February 2020, responsibility for assessing our recommendations was transferred to the newly formed Department of Education, Skills and Employment from the Department of Employment, Skills, Small and Family Business. For simplicity, the term ‘the department’ is used throughout this update.

We finalised 3,271 complaints during 1 October–31 December 2019, which was a 30 per cent increase compared to the 2,524 complaints finalised during the previous quarter. The increase in the finalisation of complaints is a result of our increased activity under the VET FEE-HELP Student Redress Measures (the redress measures). The 3,271 complaints were finalised through the following actions:

- 1,429 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)
- 1,059 were finalised as a result of the department’s [Secretary Initiated Actions](#) (SIAs), and [tuition assurance](#) activities
- 357 referred to their provider for consideration through the provider’s grievance procedures.

Figure 1 shows complaints received, re-opened<sup>1</sup> and finalised from 1 July 2017–31 December 2019.

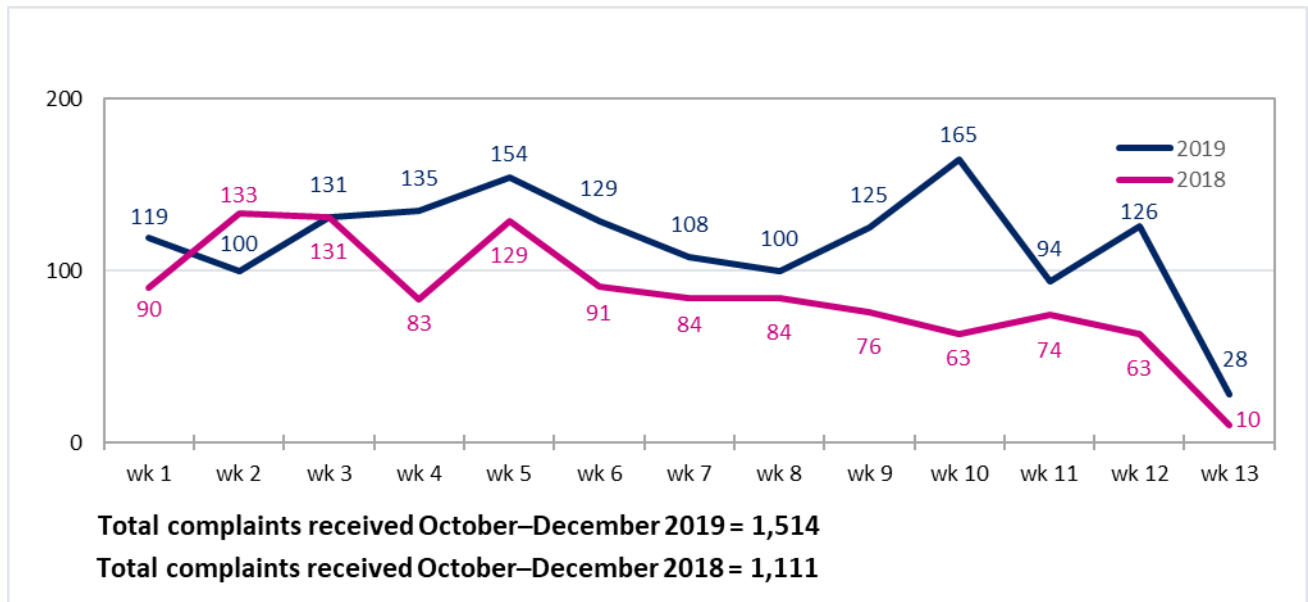
**Figure 1: Complaints received and finalised from 1 July 2017–31 December 2019**



<sup>1</sup> 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.

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

Figure 2: Complaints received weekly during 1 October–31 December 2018 and 2019



### Open Complaints by quarter received

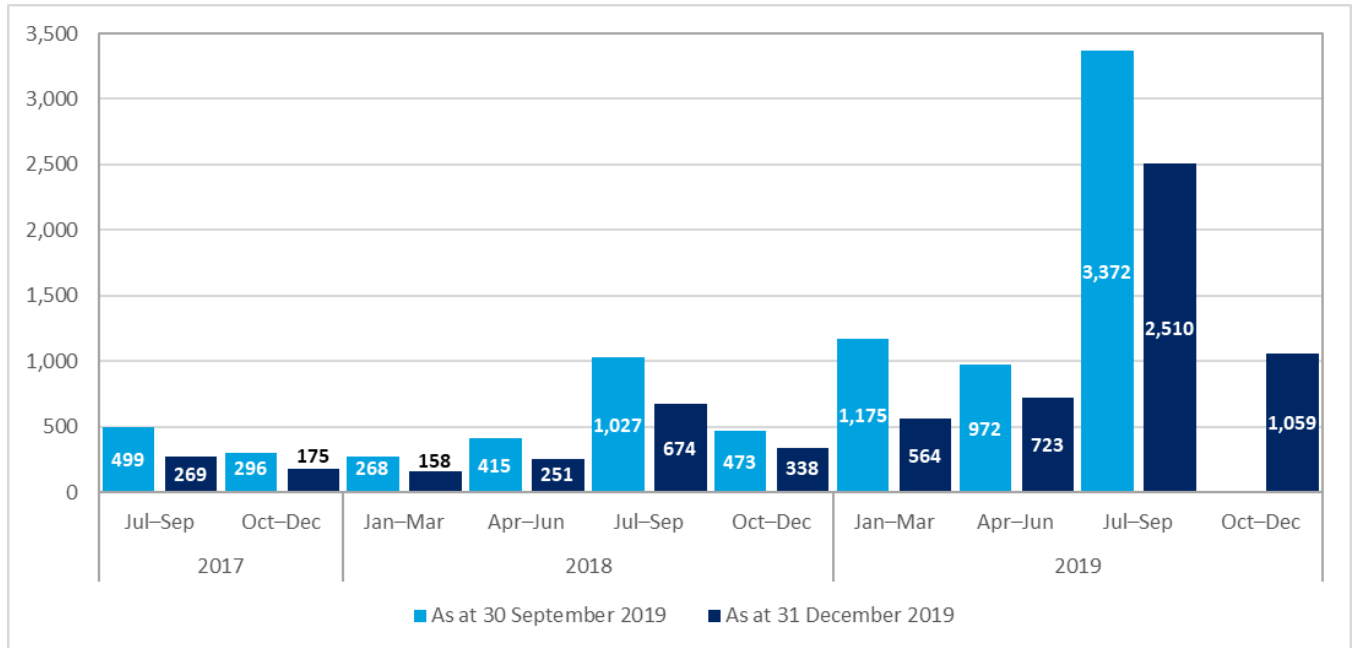
The Office finalises complaints if:

- 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 December 2019 by the quarter they were received compared to the previous quarter.

Figure 3: Open complaints by quarter received

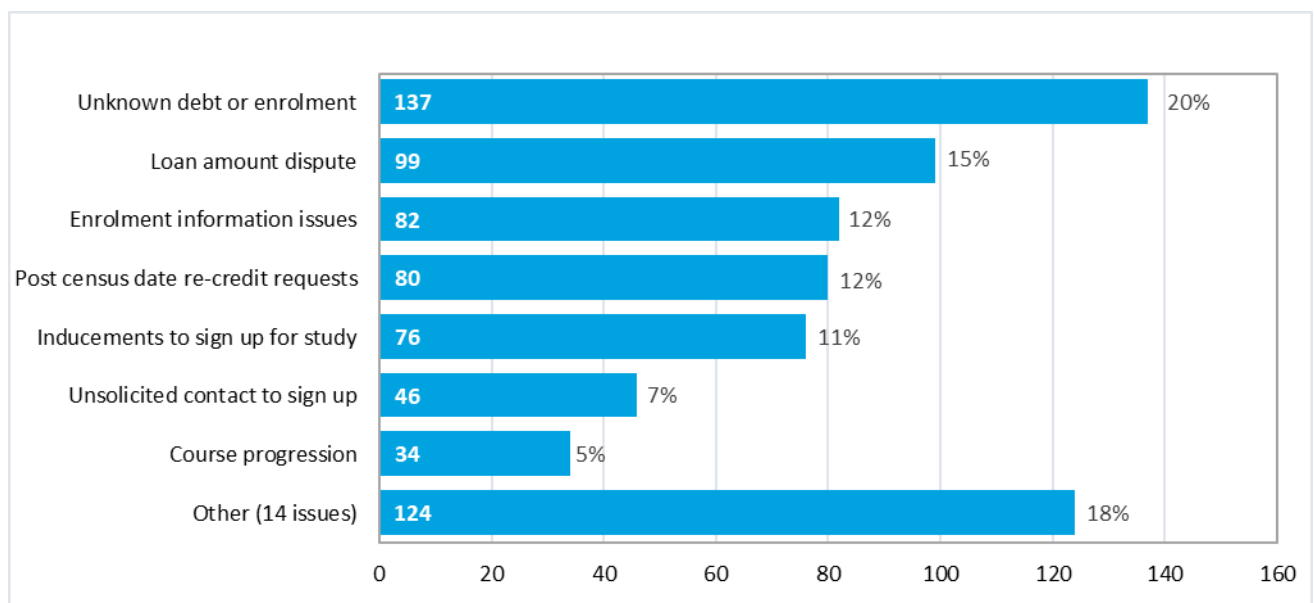


As at 31 December 2019, 853 complaints received in 2017–18 remained open. This represents a decrease of 42 per cent compared to the previous quarter and is a result of our targeted efforts to assess and finalise older complaints, reduce our complaint backlog and achieve outcomes for these complainants. We are continuing to prioritise older complaints over newer complaints.

### Complaint issues

Figure 4 below shows the issues identified in complaints received and assessed during 1 October–31 December 2019.

Figure 4: Issues in complaints received and assessed during 1 October–31 December 2019



### Actions taken to finalise complaints

Table 1 below includes data for the 3,271 complaints finalised during 1 October–31 December 2019, including actions taken to finalise complaints. Table 1 shows that the Office finalised 357 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 1: Complaints finalised between 1 October–31 December 2019**

| 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.  | 1,429                                | 43.7%                     |
| The Office finalised complaints as a result of the department’s SIAs or tuition assurance re-credits.   | 1,059                                | 32.4%                     |
| 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.  | 357                                  | 10.9%                     |
| The complainant could not be contacted, did not respond to requests for information or did not wish to pursue their complaint.  | 228                                  | 7.0%                      |
| The Office finalised complaints when: <ul style="list-style-type: none"> <li>• a complainant was referred to a tuition assurance operator to seek redress</li> <li>• a provider agreed to re-credit a complainant’s student loan</li> <li>• a provider provided an appropriate remedy</li> <li>• an investigation would not lead to a different result, or</li> <li>• an action was reasonably open to a provider to take.</li> </ul> | 181                                  | 5.5%                      |
| 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.   | 17                                   | 0.5%                      |
| <b>Total</b>  | <b>3,271</b>                         | <b>100%</b>               |

## VET FEE-HELP Student Redress Measures

Information on the redress measures can be found [here](#). As at 31 December 2019, we had recommended the removal of VET FEE-HELP debts for 3,447 complaints, comprising 21,503 units of study under the redress measures. The total value of this debt was \$58.6 million, including \$48.8 million in tuition fees and \$9.8 million in loan fees.

In addition to these 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 \$838.4 million in tuition fees.

Over 3,500 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 the complaint.

As at 31 December 2019, we had 6,647 open VET FEE-HELP complaints that require assessment. We reduced our complaints on hand by 21 per cent (1,712 complaints) during the quarter, down from 7,841 open complaints at 30 September 2019<sup>2</sup>.

This reduction in complaints on hand is due in part to efficiencies noted in the last quarterly update. We made 412 'block' recommendations during the quarter, which involved streamlined processing. We also worked closely with the department on the development of SIAs, minimising duplication of work.

We also made recommendations to not re-credit student loan debts for seven complaints. We made these recommendations to allow complainants access to review rights with the department. The number of these recommendations was low in the last quarter as we were focusing on complaints that warranted a recommendation for re-credit. We expect the number of recommendation for no re-credit will increase in the next quarter.

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

We will work with other government agencies to promote the redress measures during the first half of 2020, 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.

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<sup>2</sup> In our previous quarterly update, we reported the Office had approximately 7,300 open VET FEE-HELP complaints that required assessment as at 5 November 2019.

### 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 a VET loan approved provider.

Figure 5: Complaints received during 1 October to 31 December 2019, by provider

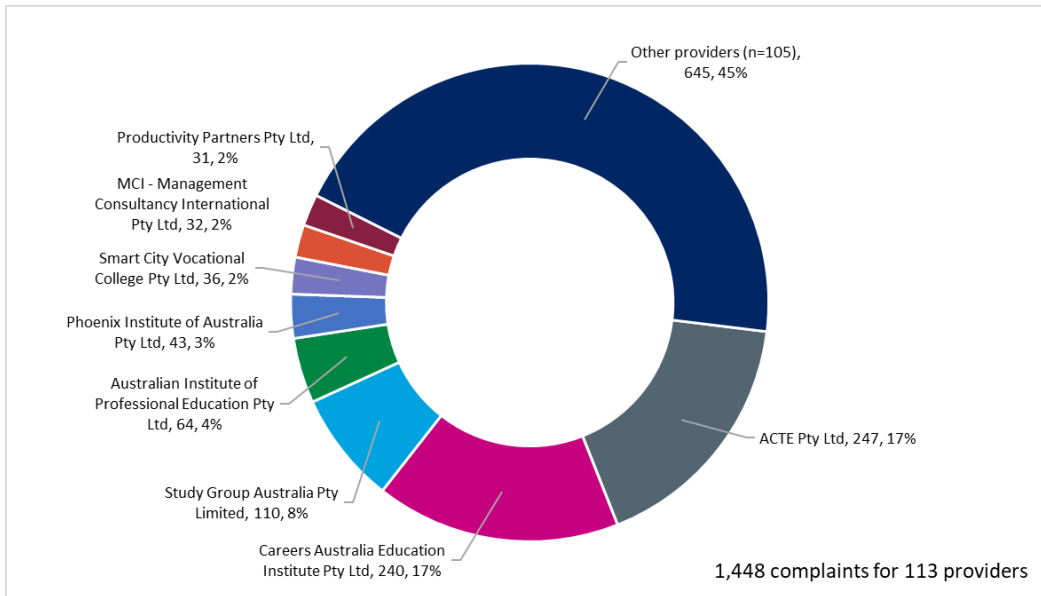


Figure 6: Complaints finalised during 1 October to 31 December 2019, by provider

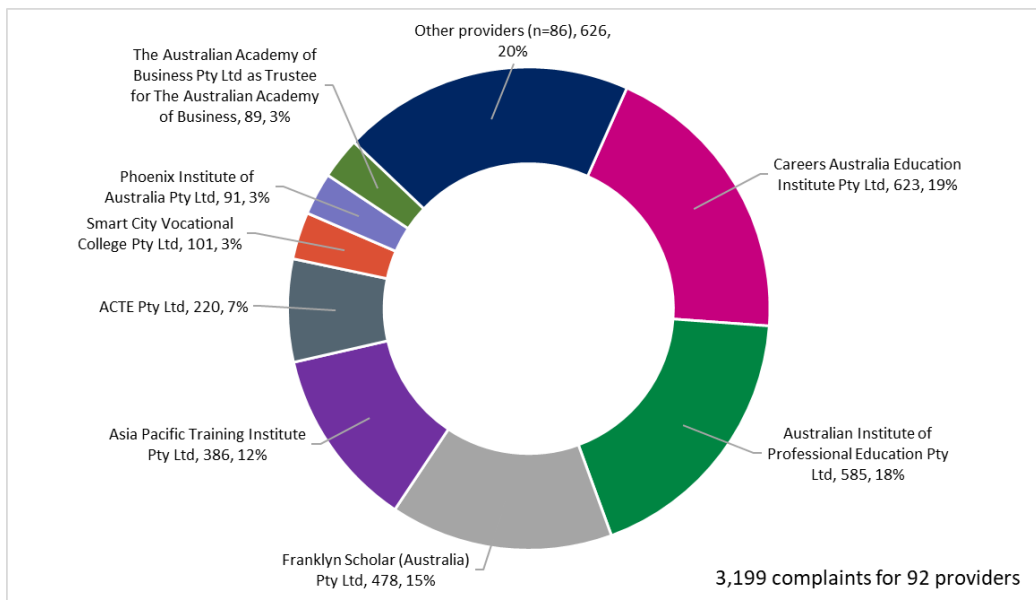
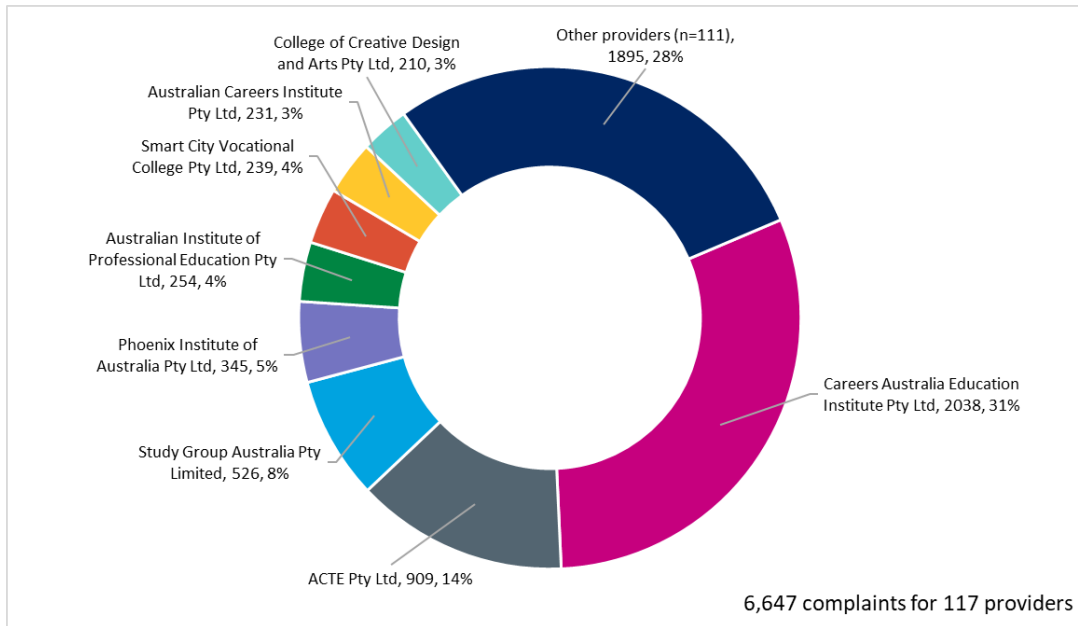


Figure 7: Complaints on hand as of 31 December 2019, by provider



### Preliminary Inquiries

As at 31 December 2019, the Office had made 123 preliminary inquiries of providers, including 32 made during 1 October–31 December 2019. Table 2 provides the outcomes of our preliminary inquiries as at 31 December 2019.

Table 2: Preliminary inquiry outcomes as at 31 December 2019

| 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. | 84    |
| 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.                  | 18    |
| Still being assessed as at 31 December 2019.   | 21    |

### Investigations

As at 31 December 2019, the Office had sent 302 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 December 2019, since the function commenced we had finalised 126 complaints after investigation, with 73 of these complaints resulting in a full or partial re-credit of a student’s VET FEE-HELP debt. Other investigations have resulted in decisions that further investigation is not warranted, for example because the provider’s actions were reasonable in the circumstances. These complaints have then been referred internally for assessment under the redress measures. 176 investigations were open and under active assessment as at 31 December 2019.



### 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 October–31 December 2019, the Office referred 771 complainants to the ATO for deferment of their loan repayments for the 2017–18 financial year.

### Complaints relating to the VET Student Loans program

During 1 October–31 December 2019, we received 47 complaints relating to the VET Student Loans program. This compares with 36 complaints received about this program during the same quarter in 2018—an increase of 31 per cent.

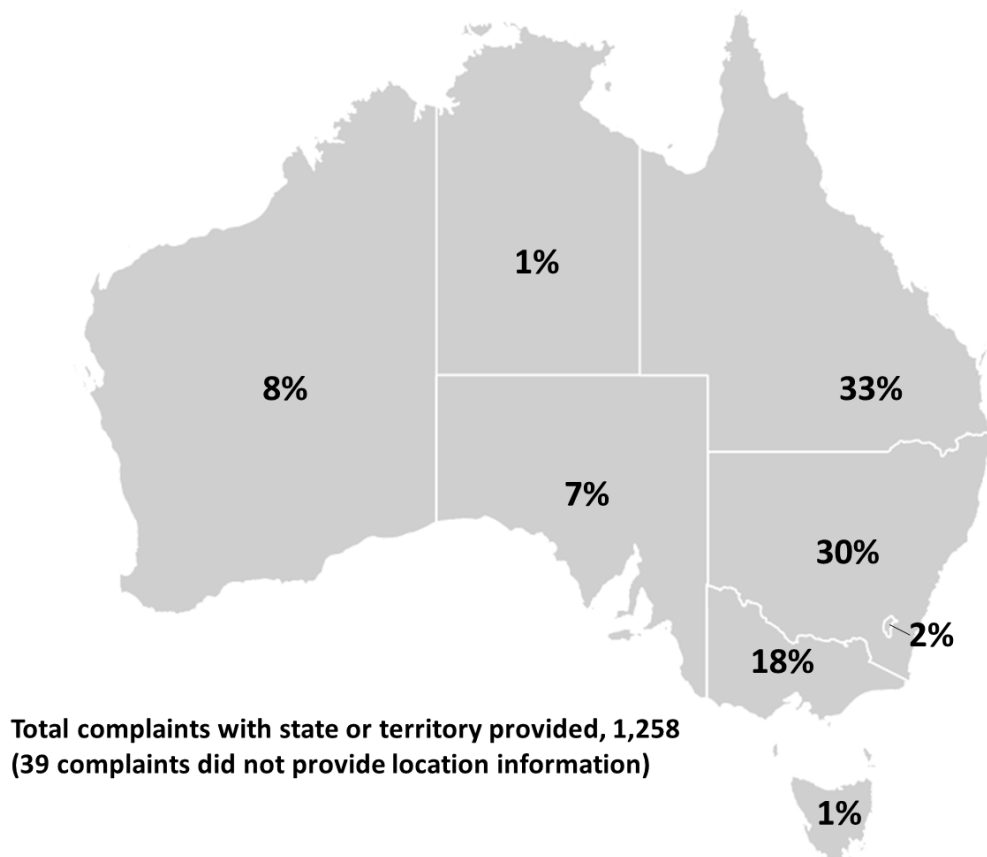
The most common issues raised in complaints about the VET Student Loans program relate to loan amount (21 per cent), course progression (11 per cent) and post census date re-credit requests (11 per cent).

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

### Complaints by state and territory

During 1 October–31 December 2019, we received complaints from people in each state and territory in Australia as outlined in Figure 8 below.

Figure 8: Complaints received by State and Territory 1 October–31 December 2019



## Data and glossary of terms

The data in this update provides data for the period 1 July 2017 to 31 December 2019. 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](#).

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More information is available at <https://vet.ombudsman.gov.au/how-we-can-help>