

VET FEE-HELP Student Redress Measures: Righting a Wrong

Contents

Executive summary	3
Student Redress at a glance	6
Background	7
What was VET FEE-HELP?	7
What happened?	7
What was the Government’s response?	10
What happened next?	13
The Student Redress Measures	14
Preparation and Implementation	16
Working through the complaints	18
Results achieved for students	21
What’s next for those impacted?	25



Executive summary

The VET FEE-HELP (VFH) scheme, which was intended to assist students in accessing vocational education and training, became a target for exploitation due to its lack of regulation and oversight. Between 2009 and 2014, unethical providers or their agents enrolled students, often without their knowledge or consent, or with the promise of inducements, burdening them with VFH debts for little to no educational benefit.

In response to this widespread unethical abuse, the Student Redress Measures (SRMs) commenced on 1 January 2019 as one part of the reforms to address these issues. These measures allowed affected students to seek remediation, including having their debt removed if they had incomplete units of study and if there was inappropriate conduct by the provider or their agent. This was part of broader efforts to restore trust in the system, including transitioning to the more tightly regulated VET Student Loans program, which replaced the VFH scheme in 2017.

The VET Student Loan Ombudsman (VSLO) initially received funding of \$13.1 million over 2 years to deliver the SRMs. The estimates of numbers of impacted students fell well short of the actual numbers as the scale of unethical provider conduct became apparent, resulting in several extensions to the SRMs to handle the additional complaints received.

In the end, the VSLO received close to 33,000 complaints under the SRMs. Many students were referred back to the provider to seek remedy from them in the first instance. Students were given the opportunity to return to the VSLO if the provider was unable to resolve their complaint. A number of these students were successful in achieving remedy through their provider or through other mechanisms including tuition assurance, loan re-credits or debt waivers.

Of the 15,779 complaints assessed by the VSLO, in over 90% of cases education providers or their agents were found to have engaged in inappropriate conduct in relation to VFH student loans. Under the SRMs, the Office made re-credit or no re-credit recommendations for fees incurred for units of study to the Department of Employment and Workplace Relations (the department). The Secretary of the Department (the Secretary) then made the decision to re-credit or not to re-credit the student.

The SRMs established a number of tests that the VSLO had to apply before recommending that fees be re-credited. Almost without exception, after working



through the circumstances of individual students, the only time our Office did not recommend re-credit was when we were of the view that the individual had actually completed the relevant units, which meant they were not eligible for re-credit under the SRMs. We found that exploitation of vulnerable people by providers was extremely widespread.

In addition to the recommendations made by the VSLO, we also provided information and data to the Secretary (Department of Employment and Workplace Relations), who was able to exercise their powers to re-credit units of study for groups of individuals regardless of whether a complaint was lodged. This was particularly relevant to certain providers where evidence suggested unscrupulous conduct was widespread or common place.

Over the course of five years, the Office assisted thousands of individuals to achieve remedy through the SRMs, directly by our assessments of their complaints, or through our advice to the Secretary to consider under their powers to re-credit cohorts of students.

While this is a significant achievement, there are still many thousands of individuals who have not sought remedy through the SRMs, likely because they weren't aware the SRMs existed or that they even have a VFH debt. They simply haven't yet reached the relevant income threshold at which the debt starts being collected.

In addition to the outcomes achieved by the SRMs, this report has considered lessons learned:

- Agency complaint management processes need to be robust
- Don't under-estimate the scale of the issue
- Cross-government relationships are essential
- The Ombudsman provides independent and impartial oversight
- Access to remedies shouldn't depend on individual initiative

This highlights the need for redress programs to be accessible and for the agencies responsible for them to be more proactive in identifying those impacted, ensuring all eligible individuals are informed of their rights and have a clear pathway to seek remediation if they have been impacted.

To achieve success in program delivery, collaborative cross-government relationships are essential, and the co-design of programs is ideal. Agencies also need to ensure



OFFICIAL

their complaints management processes are robust and efficient, allowing individuals to easily access the right channels to right a wrong. Complaints also provide intelligence, and in this instance an early warning that something was going drastically wrong.

It is also important to consider what actions could have been taken to avoid the issues that created the need for the SRMs in the first place. Agencies responsible for delivering programs and schemes aimed at benefitting and supporting the broader community need to ensure adequate risk mitigation strategies and controls are part of the design of the program or scheme at the outset.



Student Redress at a glance



33,383

Complaints received



15,779

Complaints assessed*
under the Student
Redress Measure



14,807

Students** assessed
under the Student
Redress Scheme



\$227.61 million

Value of VFH loans re-credited***



75,990

Units of study re-credited



89%

% of complaints assessed were recommended for re-credit by the VSLO



12%

% of complaints assessed that had a no re-credit recommendation



\$37.671 million

Funding received to deliver the Student Redress Measures over 5 years

*Where the VET provider was still operating, students were referred back to the provider to seek remedy from them in the first instance.

**Some individual students had VET FEE-HELP debts for more than one provider

***Inclusive of loan fees

Background

What was VET FEE-HELP?

Vocational Education and Training refers to education and training programs designed to equip individuals with practical skills and knowledge specific to a particular trade, occupation or career path. It encompasses hands-on, competency-based learning and is often directly aligned with the needs of the labour market.

As part of the Australian Government's Higher Education Loan Program, the VFH scheme was established in 2008, providing eligible individuals with access to education loans to reduce the burden of up-front costs associated with higher-level VET courses and training. Similar to previous schemes, the individual would incur the VFH loan with the course fees being paid by the government, for each individual, directly to the education provider. Compulsory loan repayments would commence through the Australian Taxation Office (ATO) withholding the repayments from an individual's regular pay or from their taxation refunds once their income reached the income threshold¹.

The aim of VFH was to assist eligible individuals undertake higher-level VET courses (Diploma, Advanced Diploma, vocational Graduate Certificate and vocational Graduate Diploma), improving opportunities for people to enter the workforce.

What happened?

With VFH providing full fee-paying individuals access to student loans previously unavailable for higher-level VET courses, there was significant growth with the scheme. Unfortunately, a lack of regulation in the VET sector provided opportunities for providers and their agents to exploit the scheme and the students who were supposed to benefit most from it. Initially, access to the VFH scheme was limited to Victoria as VET sector reform was underway at that time.

¹ [Study and training loan repayment thresholds and rates | Australian Taxation Office](#)



OFFICIAL

In 2012, the VFH scheme was extended to all other states and territories as they agreed to VET sector reform. The following year saw the extension of VFH loans to students undertaking selected Certificate IV courses.

Between 2009 to 2014, the number of VET providers the department (formally the Department of Education) approved under the VFH scheme increased from 39 to 224. With the number of students accessing VFH loans increasing from 5,000 to 200,000 for the same period, the total value of loans increased from \$25.6 million to \$1.76 billion for the same period.

Either directly or through their agents, providers would solicit enrolments, often targeting those most vulnerable, including those from lower socio-economic backgrounds, English as second language and First Nations people.

Quote

"I was only 18 and desperately searching for work as I was living out of home. They approached me in a job agency office and convinced me to sign up for their 12-month course. They said they would give me my own laptop and also money (\$100) if I referred others to sign up."

- Student quote

Many profit-driven providers engaged in unethical and inappropriate conduct, offering inducements and using misinformation in order to sign up as many students as possible, including:

- inducements such as an electronic device (tablets, iPads, laptops/computers, software licences) internet dongle or hub, or mobile phones
- services such as travel, entertainment (tickets for sporting events), hospitality (including daily meals being provided on campus) or accommodation
- advising a person the course is free, or failing to advise it will need to be repaid once they reach a certain income threshold
- enrolling people in multiple courses at multiple providers without their knowledge, understanding or consent.

In 2014, the department started receiving complaints about student experiences with a number of providers, including:

- students unaware they had agreed to the loan, or even who the provider was



- issues in attempting to withdraw from a course but still incurring a debt
- not receiving the sign-on inducements while still incurring a debt
- lack of understanding of what was expected of them to successfully complete their course.

Students, advocates and state consumer affairs bodies raised these concerns with the department and Government. The media also reported on the conduct of the providers and the VFH program².

Lessons learned

Complaint management process needs to be robust

Government agencies that deliver programs and services must invest in robust and efficient complaint management processes to ensure that individuals can easily make a complaint without encountering barriers. Failing to understand or quantify the significance of the complaints agencies receive can lead to widespread consequences. Without a clear grasp of the volume, nature, and urgency of complaints, agencies may overlook systemic issues, allowing problems to fester and grow. When complaint management processes are poorly managed, inadequately staffed or difficult to navigate, individuals may be forced to seek alternative avenues for resolution such as external agencies. This can cause frustration and further complications, however most importantly, members of the community may be put at greater risk.

Additionally, failing to recognise trends in complaints can prevent agencies from identifying broader policy or operational failures, leading to inefficiencies and missed opportunities to rectify or make improvements. Ultimately, this lack of responsiveness exacerbates public frustration and undermines public trust.

A well-designed complaint management system promotes transparency, responsiveness, and accessibility, allowing individuals to voice their concerns without unnecessary delays or complications. By streamlining complaint management systems, ensuring user-friendly interfaces and providing clear communication,

² [Private training college watchdog urged to crack down on 'spruikers' misleading potential students - ABC News](#)

agencies can reduce the likelihood of individuals needing to go elsewhere for redress. This not only fosters public trust but also keeps the focus on resolving concerns within the most appropriate framework, preventing overburdening other services and ensuring grievances are addressed efficiently.

What was the Government's response?

In 2015, the Senate Education and Employment Legislation Committee³ received evidence of numerous examples of poor conduct and recommended legislative and policy changes to the VFH scheme. Separately, the Australian Competition and Consumer Commission and state and territory fair trading departments commenced litigation under consumer law against several VET providers and brokers⁴.

Amendments to the *Higher Education Support Act 2003*⁵ (HESA), and the introduction of a new Higher Education Support (VET) Guideline 2015⁶ (the Guidelines), prohibited certain enrolment practices from April 2015 (e.g. offering inducements to enrol), and provided some rights for students to recover debts from providers if they or their agents engaged in certain 'unacceptable conduct' after 1 January 2016.

Quote

"I am disputing the debt as I never signed up for any courses. I may have expressed an interest, the debt was raised in 2015, so a long time ago, but I certainly never started studying, I never received any study tools, learning correspondence, guidance or communication from anyone involved with this Institute. I believe this Institute or whatever they are created a debt as they had my information after making enquiries. I certainly did not commit to enrolling in a course officially. I have never once received an invoice for this course."

- Student quote

³ [Higher Education Support Amendment \(VET FEE-HELP Reform\) Bill 2015](#)

⁴ [ACCC takes action against Unique International College following joint investigation with NSW Fair Trading | ACCC](#)

⁵ [Federal Register of Legislation - Higher Education Support Act 2003](#)

⁶ [Federal Register of Legislation - Higher Education Support \(VET\) Guideline 2015](#)

The Australian National Audit Office (ANAO) published a report into the *Administration of the VET FEE-HELP Scheme*⁷ in December 2016. The purpose of the audit was to evaluate the effectiveness of the design and management of the scheme. The ANAO considered if the design and implementation of the scheme achieved its intended goals, and whether the administrative processes protected the scheme's operations, including helping individuals understand their rights and obligations.

The audit found the VFH scheme was poorly designed and the lack of monitoring and control led to cost blow-outs, particularly when the scheme was expanded in 2012. Whilst there were risks identified with the expansion, they were not adequately considered in the legislation or policy design. Risk mitigation strategies were found to be inadequate, while cross-agency responsibilities were not clearly understood. At the time of the ANAO's report publication, the Government had announced the cessation of the VFH scheme which was to be replaced with a proposed VET Student Loans program.

With continued calls from consumer groups and industry for tighter regulation and better oversight of the VET sector, in late 2016 Parliament passed the *VET Student Loans Act 2016*⁸, with the Government putting in place a suite of measures including:

- the closure of VFH to new students after 31 December 2016 (with a grandfathering provision for continuing students)
- the establishment of VET Student Loans scheme to open to new students from 1 January 2017
- stricter provider eligibility requirements as well as lending controls
- the establishment of a new VET Student Loans Ombudsman (VSLO) as part of the Office of the Commonwealth Ombudsman, to receive, consider, and independently resolve complaints about vocational student loans from 1 July 2017 onwards.

⁷ [Administration of the VET FEE-HELP Scheme | Australian National Audit Office \(ANAO\)](#)

⁸ [VET STUDENT LOANS ACT 2016](#)



Case study

In 2014, Poh* advised they agreed to enrol in a Diploma of Community Services Work with a Provider, the enrolment process was quite quick, and they understood the course would cost \$6,000.

At the time, Poh had three children and was receiving Centrelink payments. Poh was able to complete the first unit of study and then enrolled in the second unit of study which included 100 hours of work placement.

In late 2014, Poh informed the Provider that their child was sick and in hospital. The Provider records show, *"Poh rang me in tears, she's really panicking about her college work because her son has fluid on the brain and needs a major operation"*.

Poh was unable to complete their work placement hours due to an injury which meant they were physically unable to attend the placement. On another occasion, Poh informed the Provider their other child was in hospital and this further impacted their ability to complete the placement. Poh was charged \$4,500.

The Provider eventually cancelled Poh's enrolment due to non-engagement for a period of 6 months. Poh incurred a VET FEE-HELP debt of \$13,500 for no educational outcome.

As a result of our assessment of available information, we identified that at no time after learning of Poh's circumstances, did the Provider raise or discuss the option to withdraw without financial penalty under the special circumstances provisions. A recommendation was made for a re-credit of all units of study.

**This case study has been de-identified to protect privacy.*

Lesson Learned

Cross government relationships are essential

Cross-government relationships are critical in managing programs to prevent individual agencies from failing in their responsibilities or derailing the entire process. Many government programs, particularly those designed for redress, involve complex and multifaceted issues that no single department can address in isolation. Through mutual accountability, resource sharing and consistent policy application, governments can mitigate risks. By working together, agencies strengthen each other's



efforts, reduce the chance of failure and ensure programs achieve their intended outcomes.

When the SRMs were first established, the relationship between the VSLO and the department was integral to the success of the program. However, it became apparent that other government agencies, such as the ATO and ASQA would play a more significant role than initially anticipated. As students became aware of their VFH debts through the taxation system, this placed considerable strain on agency resources, and a collaborative approach was necessary to ensure consistent messaging and referral points were provided to individuals.

With the Office's role in assessing complaints under the SRMs ended, and with the SRMs ceasing on 31 December 2024 (for the department), there will be an ongoing need for agencies to properly engage with fresh complaints or enquiries from people who are still only just finding out that they have VFH debts.

What happened next?

On 1 July 2017, the VSLO opened to complaints. Via an agreement between the VSLO and the department, thousands of complaints previously made to the department were transferred to the VSLO, with the Office swiftly receiving thousands more.

It was difficult to predict the number of people who would be contacting the VSLO to lodge a complaint. This was because many people were unaware they had incurred a debt, as their income had yet to reach the income threshold⁹ of \$54,869 (for 2016-17) and compulsory repayments had not commenced. However, it was expected that communication campaigns would generate awareness and with that, enquiries and complaints.

Initially there was limited capacity to assess the complaints received as the VSLO could only rely on existing provisions under the HESA. The HESA only allowed for the assessment of unacceptable conduct for open or unavailable providers (with appointed administrators), leaving no remedy for students with closed providers.

⁹ [Study and training loan repayment thresholds and rates | Australian Taxation Office](#)



This meant a large number of complaints were in limbo while the Government considered redress measures.

The Student Redress Measures

The SRMs were legislated in late 2018 through further amendments to the HESA¹⁰, the Guidelines¹¹ and the *Ombudsman Act 1976*¹².

The SRMs provided a re-credit option for individuals who had incomplete units of study, in circumstances where it was 'reasonably likely' their training provider (or an agent of the provider) engaged in 'inappropriate conduct'. The role of the VSLO was to receive and assess complaints from students with a VFH debt under the SRMs and make recommendations to the Secretary of the Department to either re-credit or not re-credit the debt, in full or in part. The department considered the recommendation and made the final decision.

In practical terms, where the department made the decision to re-credit units of study, the debt associated with those units (inclusive of loan fee and indexation applied by the ATO) was removed from their HELP balance. For students, this meant their debt was removed or refunded.

Additionally, the SRMs gave the Secretary the power to re-credit through Secretary Initiated Actions (SIA). This was done either on the basis of an individual application, or on the Secretary's own initiative, for a cohort of individuals, for an amount equal to the VFH assistance the person received for a unit of study, if the Secretary was satisfied that:

- the person had not completed (or was taken not to have completed) the unit of study, and

¹⁰ [ParlInfo - Higher Education Support Legislation Amendment \(Student Loan Sustainability\) Bill 2018](#)

¹¹ [Higher Education Support \(VET\) Amendment \(VET Fee-Help Student Protection\) Guidelines 2018](#)

¹² [Federal Register of Legislation - Ombudsman Act 1976](#)

- it was reasonably likely that the VET provider (or an agent of the VET provider) engaged in inappropriate conduct towards the individual in relation to the unit of study, or the VET course of study of which the unit forms a part.

When considering if inappropriate conduct existed, the Secretary was required to have reference to a number of factors set out in the Guidelines, including any relevant recommendations from the VSLO.

Lesson Learned

The Ombudsman provides independent and impartial oversight

The purpose of redress is to right a wrong for an individual or a group of individuals. It not only seeks to provide individuals with acknowledgment of the wrongdoing, but also to put a person back in the position they would have been in had that wrong not occurred.

The Ombudsman plays an integral role in the successful administration of a remediation scheme as an independent impartial body, which is essential for maintaining trust, fairness and transparency.

The Ombudsman's role is to operate independently from the agency or authority implementing the remediation scheme. The Ombudsman is impartial, enabling them to consider and assess complaints or disputes without pressure from the scheme administrators. This impartiality reassures individuals that their grievances will be assessed fairly and objectively.

Government agencies are ultimately responsible for delivering and running remediation schemes as they are the entity with the authority, resources and accountability in administering the scheme.

The Office undertook two functions in parallel. One was to support the department in relation to the remediation, while the other was to perform its function as an oversight and integrity function.

In cases where people feel they have been treated unfairly or their issues have not been adequately addressed, the Ombudsman provides independent oversight. By considering these complaints, the Ombudsman provides procedural fairness and encourages agencies to apply policies and procedures consistently.



In addition to safeguards, the Ombudsman adds accountability, fairness and transparency to a remediation scheme, supporting its integrity and increasing public confidence.

Preparation and Implementation

Similar to the establishment of the VSLO, significant preparation was required to ready the VSLO to administer the SRMs. Considerable stakeholder engagement was required with students and VET providers, state and territory government, educational and legal organisations, as well as other community groups.

It was important to engage and educate providers regarding their role within the SRMs, as they were responsible for administering the VFH scheme. The VSLO was responsible for providing relevant and timely communications to the broader VET Sector – both Registered Training Organisations and Higher Education providers, to assist in the effective management and administration of the SRMs.

Effective communication to students and providers was critical to the successful delivery of the SRMs, with the responsibility of the communications jointly undertaken by the VSLO and the department. For students accessing the VFH loan scheme, the department sent out over 700,000 direct communications to this cohort, with subsequent messaging and correspondence being tailored during the grandfathering phase.



Case study

In 2012, Ronnie* was at a shopping centre where he was approached by a sales agent offering a free laptop if they enrolled in a Diploma in Business with a Provider. Ronnie told the VSLO 'I thought that was great and signed up straight away'. He was asked to fill in a few forms and provide some identification, and was told by the sales agent there was no need to read the documents they were signing, as this was general information to start the process of enrolment and have the laptop sent out to him.

Ronnie stated he had not been advised of the course cost and was not aware he had signed up to a VET FEE-HELP loan. The sales agent assured Ronnie the course was fully government funded and he would not have to pay for the course.

At the time of enrolment, Ronnie had only completed up to year 8 of secondary school and was unemployed. Ronnie told the sales agent that he had completed an apprenticeship in panel and paint and the sales agent advised that by completing the Diploma in Business he could run his own shop.

Ronnie could not complete the first module as the course was too challenging for him. Despite attending the campus several times to ask for help, the Provider instructed him to 'just jump online at home'. Ronnie was never provided with any in-person assistance, nor did he receive the laptop as he did not complete the first module as required.

The study data obtained by the Office showed no unit of study had been completed. Based on Ronnie's claims and reported level of education, the VSLO found it was reasonably likely the Provider failed to identify individual learner support needs and failed to provide ongoing support throughout the course or make available the appropriate resources and opportunities for accessing support to ensure progression through the course, as is required of a registered training organisation.

The Provider also failed to ensure that its agent acted appropriately as its agent offered a benefit which is reasonably likely to have induced Ronnie to enrol and apply for VET FEE-HELP assistance (free laptop). In addition, the agent misled or deceived Ronnie by making a promise of a future matter where there was no basis for making that promise (ability to run his own business) and making a claim the course was free.

After considering all available information, which included the Provider's history of non-compliance, the VSLO recommended all units of study be re-credited.

**This case study has been de-identified to protect privacy.*

Working through the complaints

When the VSLO first started assessing VFH debt complaints in 2019, there was already a significant backlog of 7,000 complaints, with a steady flow of complaints continuing to come through.

While the VSLO was making recommendations for re-credit for those individuals who had already lodged complaints, early estimates indicated there were potentially tens of thousands of individuals who had VFH debts. Given the volume of impacted individuals, it was anticipated they would be identified and given redress through the department's SIA process.

Quote

"I had people knock on my door offering study. I accepted but never heard back from them. They also they promised a laptop which I never received and I only just found out about all of this as I was ringing the tax office for something else."

- Student quote

By May 2019, the department had remitted \$5.7 million for 247 students based on recommendations from the VSLO and \$67 million in tuition fees for 4,095 students under a SIA for a closed provider. The assessments by the VSLO, as well as the department's SIA, contained valuable evidence of provider conduct and informed future analysis of additional cohorts, as well as enabling improvements in assessments, recommendation and approval process.

In assessing the complaints, the VSLO gathered a considerable amount of information and data, including:

- accounts from the students themselves
- student claims
- where available, provider documents or system captures
- Australian Skills Quality Authority (ASQA) reports, and
- provider profiles.

OFFICIAL

Regardless of the provider we were assessing, the VSLO consistently found similar stories and conduct types being complained about. This was especially the case where a broker or agent had been involved. In the complaints received by the VSLO, we found inappropriate conduct by providers and their agents was widespread with the VSLO making re-credit recommendations against 174 of 224 providers.

It was extremely rare for the VSLO to not find inappropriate conduct where a student had incomplete units. Additionally, most of the students who received a no re-credit recommendation (because they had completed the requirements of the units), also made claims of inappropriate conduct.

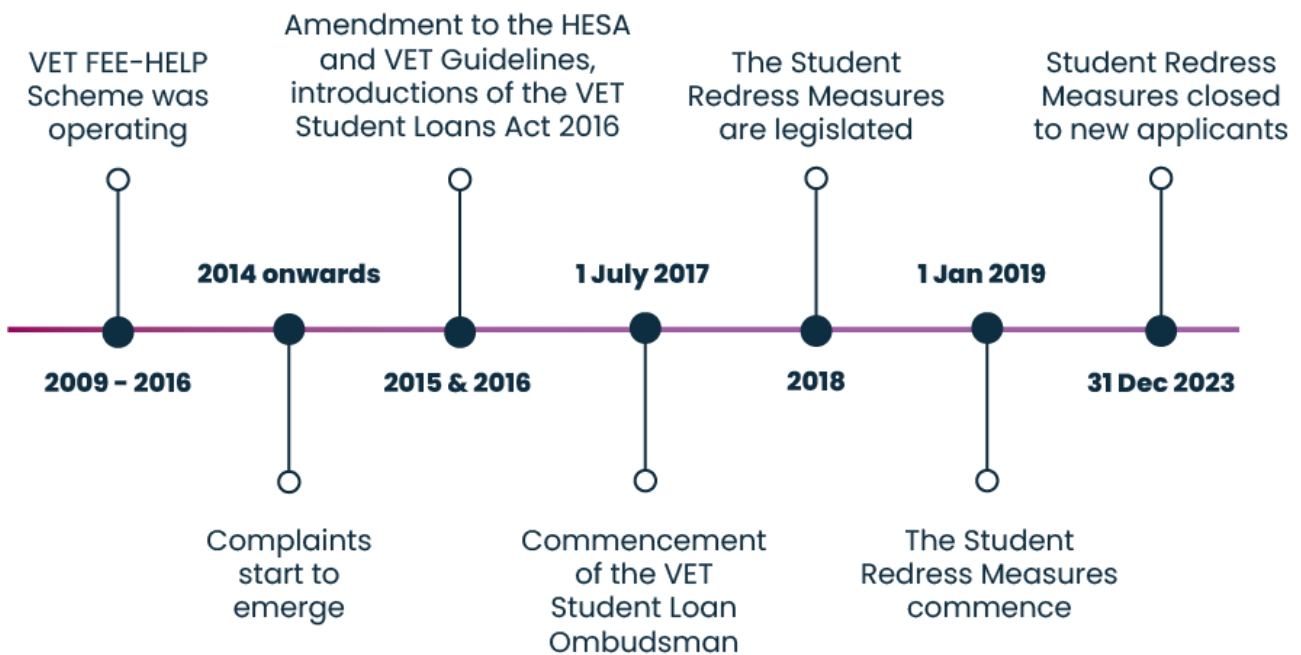
As we continued to work through the complaints, we were able to use the information gathered to produce reports for the department to assist with their ongoing SIA activities. SIAs were able to provide broader benefit to the student community as they provided a benefit to students who may not have been aware they had incurred a debt or that the SRMs existed.

In November 2022, the Minister for Skills and Training announced¹³ a further extension to the SRMs until December 2023, after the department identified 'stuck debts' caused by an IT error which had prevented the transfer of a substantial number of records about VFH loans to the ATO through the usual process. The extension was aimed at providing people affected with the opportunity to have those debts assessed under the SRMs.

In November 2023, the Minister determined that while people's right to apply for re-credit would end 31 December 2023, the department would retain the discretion to re-credit VFH debts on the initiative of the Secretary of the Department for 12 more months to 31 December 2024.

¹³ [Putting students first – extension of redress and waiver of indexation | Ministers' Media Centre](#)





Lessons Learned

Don't underestimate the response

When scoping remediation programs, there is a need to build in flexibility to ensure adequate time and resources are available to sustain the program throughout the duration. This means anticipating that initial projections for the scope, cost and duration of such programs may be underestimated, particularly when dealing with cross-government involvement or large cohort of impacted people.

Flexibility allows for adjustments in responses to unforeseen challenges, such as higher volume of complaints or more administrative hurdles than originally expected. Without this adaptive capacity, programs risk becoming inefficient, leaving gaps in service delivery and potentially impacting the groups they are meant to assist. A flexible approach ensures that, as new needs or obstacles arise, the program can scale up resources, extend timelines, or modify operational plans to effectively achieve outcomes.

In developing the SRMs, there was a significant underestimation in both the volume of complaints received and the time required to effectively remediate the impacted students.

Results achieved for students

The Office received 33,383 complaints from students over the duration of the SRMs. At the conclusion of the SRMs, the VSLO had assessed 15,779 or 47% of complaints under the SRMs, affecting 14,807 students, with the remaining complaints being finalised through other means.

Those other means included:

- where a provider was still operating, the VSLO referred students back to their provider for resolution of the debt (to give the provider an opportunity to resolve the matter first)
- the student's debt was re-credited by their provider as part of its complaints process
- the student withdrew their application for assessment once they understood they likely did not meet the criteria for re-credit under the SRMs
- the student's debt was re-credited through other departmental mechanisms, including SIAs.

With respect to SIAs, the Office provided the department with data, analysis and recommendations for potential SIAs, which were one of the matters that could be considered by the department in determining whether to make a SIA.

Of the 15,779 complaints assessed:

- 14,730 (93%) were recommended by the VSLO for 'full re-credit' of all incomplete units for which the complainant had a VFH debt, because the VSLO was satisfied all disputed units were incomplete and there was inappropriate conduct by the provider towards the student in relation to the unit or course
- 1,588 had 'full no re-credit' recommendations.

In assessing the 15,779 complaints, the VSLO made recommendations to the Secretary of the department in relation to 89,115 units of study. Of these:

- 78,564 (93%) units of study were recommended for re-credit
- 10,551 (7%) were recommended for no re-credit.

The value of VFH debts re-credited is \$227.61 million, including loan fees.



The VSLO generally made no re-credit recommendations where the student had completed the requirements of the relevant unit/s. These units are ineligible for re-credit under the SRMs.

Almost 100% of recommendations made by the VSLO in relation to complaints assessed under the SRMs were accepted by the department.

The parameters of the SRMs (as set out in the HESA) provide a deliberately low threshold for evidence of inappropriate conduct – ‘reasonably likelihood’ – compared to the higher threshold for ‘unacceptable conduct’ of ‘balance of probabilities’. That is, when recommending a re-credit to the department, the VSLO was required to determine whether it was reasonably likely that:

- the disputed units of study were incomplete, and
- the individual was subjected to inappropriate conduct.

It is also important to recognise that in some cases the VSLO found that it had sufficient information at hand to assess a complaint without specifically requesting information from the provider.

The assessment of 15,779 complaints over 5 years gave the VSLO a comprehensive understanding of the issues and conduct both of particular providers and of the vocational education sector as a whole during the period 2009–2018.

Lessons Learned

Access to remedies shouldn't depend on individual initiative

Our Office assessed complaints about 174 providers. While some of these providers continue to operate and are approved to offer VET Student Loans, many others simply closed down and disappeared. The fact that these providers are no longer in operation means in most cases, students have no ability to take legal action, seek re-credit directly from them, or even obtain copies of their enrolment or other documents to determine how they came to be enrolled.

While the VSLO considered the circumstances of over 14,000 students, and despite media and outreach campaigns, there are many thousands more who likely do not even know that they have a student debt until their income reaches the threshold for

repayments¹⁴, and yet they have already lost their right to challenge their debts through the SRMs.

The Office remains concerned about the large number of students with VFH debts, who are disadvantaged by timing – that they did not discover their VFH debt until after the end of the SRMs.

Access to redress programs should not be dependent on an individual's initiative because it places an undue burden on individuals, many of whom may be unaware of their rights, the existence of the program, or how to navigate an often complex government program. When access to redress is contingent upon customers taking the first step, vulnerable cohorts are at a significant disadvantage. This approach risks excluding those who are in most need of assistance. Instead, government and their agencies should proactively identify and reach out to the affected individuals, ensuring that they are not only informed but supported through the process of remediation.

Ideally, a remediation system that:

- automatically identifies eligible individuals.
- ensures the government takes unilateral action to address grievances.
- ensures fairness and equity

reduces the likelihood of people falling through the cracks due to lack of knowledge or capacity to initiate redress themselves. By making redress proactive rather than reactive, government can more effectively delivery redress and uphold public trust.

Case study

Tomislav* advised he was contacted by the provider via social media where the provider advised they would help him with basketball and getting into a professional team or a college overseas. Tomislav does not recall communication about study, he was young and did not understand his VET FEE-HELP obligations. He advised he was not made aware of loan fees or census dates. Tomislav trusted the provider's verbal advice that he would only need to pay for the course once he earned a certain amount, which at his age seemed to

¹⁴ [Study and training loan repayment thresholds and rates | Australian Taxation Office](#)

be a lot of money. Additionally, there was a focus on basketball therefore he did not think much about what he was signing.

Tomislav recalls spending approximately 10 to 15 hours in total on study, the rest of his time was spent in basketball training or working out in the gym. He recalls being asked to sign forms whilst in training and therefore was not concerned with reading documents given the pressure on him to return to training. He advised he did 2 or 3 very basic assignments where the answers were provided by teachers. He recalls finishing the 2 years with the provider and receiving the diploma via email but has not received any benefit from his enrolment with this provider.

The provider supplied the Office with a copy of an application form signed by Tomislav which includes basic information, with a focus on basketball. There was no information regarding course cost, census dates or VET FEE-HELP including loan fees or indexation.

Tomislav acknowledged that he undertook some study however, claimed that it was very minimal, and he was given answers to questions and although he may have received a diploma certificate, the provider did not report that all units of study had been completed. Additionally, the provider failed to supply the Office with any evidence to support the completion of any units of study.

The provider supplied a VET FEE-HELP assistance form signed by Tomislav prior to course commencement. While this form appears to meet the standards, Tomislav was young and trusted the verbal advice given to him by the provider therefore did not read the forms he was asked to sign. The provider also failed to supply sufficient evidence of mandatory Commonwealth Assistance Notices being sent to or received by Tomislav.

Tomislav was trusting the verbal advice given by the provider with the focus as well as incentive put on basketball rather than the diploma level course he was enrolled in. The provider's application form supports this. The provider did not supply any evidence to show Tomislav was made aware of his obligations under the VET FEE-HELP scheme. Most importantly, the provider did not supply any evidence of course completion to justify the certificate that was sent to Tomislav via email.

As a result of our assessment, the Office concluded it is reasonably likely that the provider misled or deceived Tomislav to enrol and apply for VFH assistance by failing to provide sufficient information on the student loan scheme and student obligations, including census dates. Additionally, as the Office was satisfied Tomislav could not be taken to have completed any units of study, the Office recommended all units be re-credited.

*This case study has been de-identified to protect privacy



What's next for those impacted?

The VSLO has now assessed and made recommendations in relation to all complaints lodged before the SRMs ceased on 31 December 2023. Likewise, the VSLO has assisted the department, through providing information and data of inappropriate conduct by providers, to remediate cohorts of students via Secretary Initiated Actions until 31 December 2024. The VSLO's role in administering the SRMs came to a close on 31 October 2024.

However, there are potentially thousands more individuals who have not yet had the opportunity to seek redress. This may be because their income has not yet surpassed the income threshold for debt recovery, or they were either unaware of VSLO or unable to lodge a complaint. Individuals are able to check if they have a VFH debt and the amount via their [ATO online services](#) account.

For debt disputes and complaints after 31 December 2023, students should in the first instance be referred to their education provider (if still open and operating), or to the department if their provider is no longer operating.

Should a student have concerns with a VFH debt which has not been resolved to their satisfaction, and all other dispute pathways have been exhausted, they do have the option to lodge a debt waiver with the Department of Finance.

This is little comfort to those who are disadvantaged by timing.



Disclaimer

The Commonwealth owns the copyright in all material produced by the Ombudsman. With the exception of the Commonwealth Coat of Arms, the Office of the Commonwealth Ombudsman's logo, any material protected by a trade mark, and where otherwise noted, all material presented in this publication is provided under a Creative Commons Attribution 4.0 licence.

The details of the relevant licence conditions are available on the Creative Commons website (creativecommons.org/licenses/by/4.0/deed.en) as is the full legal code for the CC BY 4.0 licence.

The Commonwealth's preference is that you attribute this report and any material sourced from it using the following wording:

Source: Licensed from the Commonwealth Ombudsman under a Creative Commons 4.0 licence. This report is available from the Commonwealth Ombudsman website at www.ombudsman.gov.au.

Use of the Coat of Arms

The terms under which the Coat of Arms can be used are set out on the It's an Honour website www.pmc.gov.au/government/its-honour

Contact us

Inquiries regarding the licence and any use of this report are welcome at:

Commonwealth Ombudsman

Level 5, 14 Childers Street

Canberra ACT 2600

Tel: 1300 362 072

Email: ombudsman@ombudsman.gov.au