[YOUR BUSINESS NAME]

[Australian Credit Licence No. XXXXXX]

STANDARD OPERATING PROCEDURE — EXAMPLE

Hardship Application SOP

Step-by-step guide for staff handling a hardship notice, from first contact to closure

Document type	Standard Operating Procedure (example — adapt to your systems and delegations)
Audience	Customer service, collections and hardship team staff
Linked policy	Financial Hardship Policy
Version	1.0
Effective date	*[DD/MM/YYYY]*

How to use this template

This is a **worked example** of a hardship SOP, written for a typical small-to-mid-size credit licensee or debt collection team. Adjust the steps, system names, delegation limits and role titles (*shown in orange*) to match your own systems (e.g. your loan management system, CRM or case management tool) and your delegation of authority.

Quick Reference — Timeframes

Trigger	Maximum time allowed
Acknowledge a hardship notice	1 business day (same day where possible)
Decide, with enough information already on file	21 days from the notice
Decide, after requesting more information (info received)	21 days from receiving the information
Decide, after requesting more information (info not received)	28 days from the date information was requested
Respond to an IDR complaint about a hardship / default decision	21 days from the complaint
Respond to any other IDR complaint	30 days from the complaint

Step-by-Step Procedure

#	Step	What to do	Who
1	Receive & recognise	Treat any indication a customer can't meet a payment as a hardship notice — on any channel, in any words, even mid-way through an unrelated call. See Policy Section 7 for examples.	Any staff member
2	Immediate actions	Same day: log the notice in [your system] with a unique reference; place a hold on outbound collections activity for the account; tell the customer what happens next and by when; check for vulnerability indicators (Step 9).	Frontline / Hardship Officer
3	Acknowledge	Within 1 business day, send written acknowledgement (email/SMS/letter per customer preference) confirming: the notice was received, the reference number, the applicable timeframe, and what information (if any) is needed.	Frontline / Hardship Officer
4	Gather information	Request only what is reasonably necessary (Policy Section 9) — avoid asking for evidence as standard practice. If information is requested, note the request date in [your system]: this starts the 21/28-day clock in the Quick Reference table.	Hardship Officer
5	Assess	Review the customer's circumstances, approximate income/expenses, and the sustainability of the arrangement being sought. Consider the full range of options in Policy Section 10. Consult a Team Leader for cases outside your delegation (see delegation table below).	Hardship Officer / Team Leader
6	Decide within timeframe	Make the decision within the applicable maximum from the Quick Reference table. If you are close to a deadline and missing information, contact the customer proactively rather	Hardship Officer / Team Leader

#	Step	What to do	Who
		than letting the timeframe lapse.	
7	Communicate the decision	Approval: confirm the arrangement, revised schedule, and review date in writing. Decline: confirm the reasons, the right to have the decision reviewed (IDR), AFCA's contact details, and the National Debt Helpline (1800 007 007). Never decline verbally only.	Hardship Officer / Team Leader
8	Implement	Update [your loan management system / CRM] with the new schedule, any fee/interest changes, and a hold or review flag through to the arrangement's end date.	Hardship Officer
9	Check for vulnerability	If there are indicators of family/domestic violence, financial abuse, mental illness, cognitive impairment, or similar, refer to your specialist team immediately — do not require the customer to repeat their story, and do not request evidence as a condition of initial support. See Policy Section 13.	Any staff member → Specialist Team
10	Monitor & follow up	Contact the customer before the arrangement ends to check in and confirm next steps. If circumstances have changed again, treat this as a new hardship notice and return to Step 1.	Hardship Officer
11	Escalate if dissatisfied	If the customer disagrees with the outcome or how it was handled, log this as a complaint and hand to the IDR / Complaints Team the same day. Do not treat a customer's disagreement as "case closed."	Hardship Officer → IDR / Complaints Team
12	Record keeping	Confirm the file contains: the notice, all correspondence, information requested/received, the assessment, the decision and reasons, and the outcome. Retain per your record-keeping policy (commonly 7 years).	Hardship Officer

Example Delegation of Authority

Set your own limits — the figures below are placeholders. Keep this table aligned with your formal Delegations of Authority Matrix, if you maintain one separately.

Role	Can approve	Timeframe still applies
Frontline / Customer Service	Acknowledge and log a hardship notice; refer for assessment. No authority to approve or decline.	N/A — refer within 1 business day
Hardship Officer	*Deferral or reduced payments up to [X] months; fee waivers up to $[X]*	As above
Team Leader / Senior Hardship Officer	*Deferral or reduced payments up to [X] months; interest reduction up to [X]%; fee waivers up to $[X]*	As above
Responsible Manager / Compliance	Formal NCC variations deferring/reducing repayments beyond 90 days; interest waivers; complex, high-value or legally contentious cases; all matters escalated to IDR.	As above

Escalation Triggers

If this happens...	Escalate to...	By when
Customer disputes the decision or how it was handled	IDR / Complaints Team	Same day
Indicators of family/domestic violence, financial abuse, or other vulnerability	Specialist / Vulnerable Customer Team	Immediately
Request is outside your delegation limit	Team Leader / Responsible Manager (per delegation table)	Same day
Possible systemic issue (e.g. a system error affecting multiple customers)	Compliance / Responsible Manager	Immediately
Customer, or someone acting for them, indicates they cannot cope / mentions self-harm	Team Leader + your organisation's welfare/support protocol	Immediately — follow your safeguarding procedure

Information Checklist by Hardship Reason (Guide Only)

This is a guide to what is reasonably necessary — not a mandatory checklist. Do not request more than the situation requires (Policy Section 9).

Reason given	What we would typically ask for
Job loss / reduced income	Generally none required initially; if evidence is later needed, a simple statement of new income is usually sufficient.
Illness or injury	Generally none required initially; do not request medical detail beyond what is reasonably necessary.
Family or domestic violence	No evidence required — refer to specialist team; see Policy Section 13.
Natural disaster	Generally none required; a declared disaster area may allow streamlined handling per your organisation's disaster response protocol.
Relationship breakdown / bereavement	Generally none required initially.
Ongoing / long-term hardship, or request for a large variation	May require a simple statement of income and expenses to assess a sustainable long-term arrangement.

Suggested Language (Adapt to Your Voice)

Acknowledging a verbal notice

“Thank you for letting me know — I've noted this as a hardship request today, reference *[XXXX]*. We'll get back to you with a decision within *[21/28]* days, and I've paused any collection activity on this account in the meantime. Is there anything else affecting your situation I should know about?”

Declining a request

“I'm sorry, based on what we've reviewed we're not able to offer [the arrangement requested] because [reason]. You can ask us to review this decision through our complaints process, and if you're still not satisfied you can take this to the Australian Financial Complaints Authority (AFCA) — I'll send their details with this letter. You're also welcome to speak with a free financial counsellor on the National Debt Helpline, 1800 007 007.”